

Investigating the influence of reference groups on Generation Y's social commerce buying behaviour

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ABSTRACT

Consumer behaviour is the essence of marketing. It is the most important factor for marketers to understand and comprehend. Having a thorough knowledge of how a certain target market behaves allows businesses to tailor their activities accordingly and enables them to fulfil specific consumer needs.

The internet and social media are becoming vital for a successful business model. Various environmental factors have led to the rise of e-commerce. Social commerce is a new type of e-commerce where products and services are bought and sold via social media platforms. Social commerce is presenting attractive opportunities for businesses to improve their marketing endeavours and profitability levels.

Generation Y is the largest generational cohort and are frequent users of the internet and social media platforms. Staying connected with friends and family by means of social media is of great importance to Generation Y. Reference groups to whom consumers refer to and consult when making purchase decisions, play an important role in determining the behaviour of this generation, especially via social media channels.

The purpose of this study is to investigate the influence of reference groups on the buying behaviour of Generation Y on social commerce platforms. Existing literature fails to examine the influence and importance of reference groups on Generation Y's social commerce behaviour. Hence, this study investigated various aspects regarding the influence of reference groups on Generation Y's social commerce buying behaviour.

The study was conducted by implementing a qualitative approach and made use of an exploratory research design. A non-probability judgement sampling method was used in order to recruit participants. Data was collected by means of three focus group sessions, comprising a total 26 participants. The data was analysed by means of the Morse and Field approach and ATLAS.ti was used to code the data as well as for categorical and thematic analyses. Consequently, four themes were identified, which comprised of 13 categories.

The results indicated that reference groups do indeed influence Generation Y's buying behaviour on social commerce platforms. Family and friends are considered as their primary reference group due to the high level of trust they have with these referents. Influencers are also regarded as a primary reference group of Generation Y. Reference groups have a strong influence on the approach and avoidance behaviour of this generational cohort.

The preferred social commerce platform of Generation Y is Instagram, followed by Facebook Marketplace on which they mainly purchase electronics, clothing, and other items perceived to be less expensive. Generation Y predominantly make use of social commerce platforms to search for information and read product reviews, but hardly leave reviews or make actual purchases on these platforms.

Due to the strong preference of Generation Y for buying products online, it is recommended that businesses who target this generational cohort make their products and services available online. It is further recommended to utilise Instagram and Facebook Marketplace when making their offerings available on social commerce platforms. Family and friends, as well as influencers who appeal to the Generation Y cohort should be recruited and incentivised to advertise products and services to Generation Y, seeing that these are the two primary reference groups of the generation cohort.

KEY TERMINOLOGIES USED IN THIS STUDY

Reference groups

Schiffman and Wisenblit (2019:243) explain that reference groups are those groups to which consumers compare themselves to and who exert influence on the norms, values, and behaviours of others. Reference groups are individuals or groups of individuals that a consumer considers when making decisions. Consumers value the opinions of these referents that include, *inter alia*, a family member, a friend, or a celebrity. These referents influence the consumer's behaviour, values, conduct and decisions (Joubert, 2013:26).

Buying behaviour

According to Ramya and Ali (2016:76), consumer buying behaviour can be described as the selection, purchase, use, and disposal of products and services to satisfy the needs and wants of consumers. Terblanche (2016:57) asserts that consumer buying behaviour includes the decision-making process applied by consumers when purchasing a product or service.

Generation Y

Markert (2004:21) defines Generation Y, also commonly referred to as Millennials, as those individuals born between 1986 and 2005.

Social commerce

Social commerce can be described as the selling of goods and services through social media platforms (Shirazi *et al.*, 2021:790). Social commerce platforms include, *inter alia*, Facebook, Instagram, Pinterest, Twitter, and Snapchat (Hussain *et al.*, 2021:2).

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CHAPTER 1

INTRODUCTION AND CONTEXTUALISATION

1.1 INTRODUCTION

Chapter 1 provides the introduction and overview of the study. The chapter commences by presenting the background to the study. The problem statement and rationale for conducting the study is motivated, followed by a brief overview of the constructs investigated in the study, as well as a description of the context in which the study has been conducted. The primary and secondary objectives of the study are then discussed. The chapter continues by presenting the research methodology implemented to achieve the objectives of the study. In conclusion, the chapter provides a brief outline of each chapter within this study.

1.2 BACKGROUND

1.2.1 E-commerce

According to Nel (2016:203), the internet has profoundly impacted organisational models since its arrival in the late 1980s. The internet has become a vast global marketplace for the exchange of goods and services as consumers use it for various reasons like searching for product prices and reviews, selecting services and products, placing orders and completing payments online (Javadi *et al.*, 2012:81). The sale of goods and services via a digital channel to an end user is defined as e-commerce (Statista, 2021a). An opportunity for traditional retailers to engage in e-commerce has emerged due to the exponential growth of internet usage and its widespread availability, making it possible for such retailers to have an online presence and to promote and sell their offerings online with a much wider audience (Nel, 2016:203). According to Javadi *et al.* (2012:81), the rise in popularity of online shopping is prevalent in many countries including South Africa, and can largely be attributed to improved network availability as well as the ease and minimum effort involved when searching for, selecting, and paying for goods and services online. Online shopping is one of the most popular online activities consumers engage in (Sabanoglu, 2020a). According to Coppola (2021), approximately 1.92 billion consumers purchased products online with total revenue for e-commerce transactions surpassing US\$3.5 trillion worldwide. Sabanoglu (2020a) asserts that the global e-commerce revenue figures are expected to reach US\$6.54 trillion in 2022. The South African e-commerce market is estimated to accrue a total revenue of over US\$1.48 million in 2021, and with a growth rate of 8.16%, reach a projected market volume of over US\$6.30 million by 2025 (Statista, 2021b). It is projected that 31.6 million South African consumers will be shopping online by 2025 (Daniel, 2020).

The advent of the global COVID-19 pandemic in early 2020 spurred the sudden growth of the e-commerce market, as Governments imposed various lockdowns and restrictions in countries around the world (Vader, 2021). In South Africa, monthly online transactions grew by 40% since lockdown restrictions were imposed in 2020, together with a massive influx of retailers opting to sell their goods and services online for the very first time (West, 2020). According to Bhatti *et al.* (2020:1450), consumers are weary of leaving their homes to go shopping due to the risk of contracting the virus. In addition, consumers have become accustomed to the ease and convenience of online shopping during the lockdown period (Albertyn, 2020). The shift in consumer behaviour pertaining to e-commerce will transcend channels and will most definitely have an effect on social commerce (Llewellyn, 2021).

1.2.2 Social commerce

The line between social media and e-commerce is increasingly becoming blurred, commonly referred to as social commerce. As more consumers opt to spend more time shopping on the internet than in brick-and-mortar stores, so too have they started spending more time on social media platforms (Wertz, 2019). Social media technologies and platforms like TikTok, Twitter, YouTube, Facebook, Snapchat, and Instagram have led to vast e-commerce developments and stimulated a new form of e-commerce referred to as social commerce (Shirazi *et al.*, 2021:789). Wertz (2019) posits that the rise in popularity of online shopping coupled with the prevailing use of social media platforms have positioned social commerce as the inevitable breakout trend for e-commerce in the years to come.

Social commerce can be described as the selling of goods and services through social media platforms (Shirazi *et al.*, 2021:790). Social commerce has gained popularity amongst consumers as it shifts e-commerce from a product-oriented platform to a consumer-oriented environment (Busalim & Hussin, 2016:1076; Zhou *et al.*, 2013:61). Consumers are flocking to social commerce platforms due to the ability to share and discuss information on various product offerings, read and contribute to product reviews, and the higher level of trust and credibility perceived of such reviews that are conducted by consumers' peers and reference groups (Maia *et al.*, 2018:195). The global social commerce market size was valued at US\$474.8 billion in 2020 (Grand View Research, 2021). Chu (2021) estimates that the global social commerce market will grow at a staggering rate of 31.4% amid the COVID-19 pandemic. A study conducted by Grand View Research estimates that the global social commerce market will increase at a compound annual growth rate of 28.4% from 2021 to 2028, with a projected market size of US\$3 369.80 billion in 2028 (Grand View Research, 2021).

The rise of social commerce in South Africa is imminent when one considers that 23.77 million South Africans (approximately 40% of the total population) use social media platforms (Statista, 2021c). Kemp (2020) adds that the number of social media users in South Africa increased by 3.5 million between April 2019 and January 2020, with a social media penetration rate of 37%. Zhou *et al.* (2013:61) affirm that many retailers are already taking advantage of social commerce platforms and technologies in order to expand their trade operations. With the continued rise in e-commerce and social media usage in South Africa, it is important for companies to expand their communication and sales channels to include social commerce platforms so as to attract new consumers, retain existing consumers and effectively engage with their targeted consumer segments (Bazi *et al.*, 2020:457; Ellis, 2021). One of the more prominent consumer segments making use of social commerce platforms is Generation Y.

1.2.3 Generation Y

Generation Y refers to a consumer segment composed of individuals born between 1986 and 2005 (Markert, 2004:21). This generational cohort is also described as “tech savvy” due to their birth into a highly sophisticated computer and media environment, making them more internet savvy and technologically advanced than any other generational cohort (Nielsen, 2014; Wirthman, 2020). The size of the Generation Y segment is estimated at around 72 million consumers (Fry, 2020). In South Africa, Millennials comprise 27% of the total population, translating to a purchasing power of 14 million consumers (Bizcommunity, 2020).

Generation Y is avid users of the social web, a set of social relations that link consumers with each other through the internet, thus making this generational cohort digitally centric and technologically inclined (Singh & Dangmei, 2016:2; Vogels, 2019). This smartphone generation has a constant never-ending flow of information at their fingertips through means of the internet and social media which aids in deciding on what to buy, politics to support and shows to watch (Business Insider, 2020; Vogels, 2019). In terms of their social interaction, Generation Y prefers to interact with others via social media platforms, spending an average of two hours and thirty-four minutes on social media platforms everyday (Li & Jing, 2018:5-7; Marketing Charts, 2021). According to Hutchinson (2020), 77% of Millennials use Facebook, on a daily basis, 70% use Instagram and 66% use YouTube. The advent of the COVID-19 pandemic has spurred the interaction of Generation Y with others via social media, with 61% of consumers in this generational cohort spending increasing amounts of time on social media (Pacheco, 2020). According to PR Newswire (2021), Generation Y consumers are more inclined to purchase products via social commerce platforms. Millennials are leading the social commerce movement, spending more on social commerce shopping than any of the other generation cohorts (Barnes, 2015:44).

Arnold (2017) is of the opinion that Generation Y consumers are receptive to influence from various reference groups even more so than from traditional advertisements. For marketers, it is becoming increasingly important to understand this generation's needs and to create product offerings and communication strategies that are congruent with these needs. Generation Y tends to turn towards social media in order to discover new products, and although they do not earn the same household income as other more mature and established generational cohorts, they still make more purchases inspired by social media than any other age group (Barnes, 2015:44-45). In order for marketers to take advantage of this generation's online shopping preferences and to align their marketing strategies with Generation Y's buying behaviour, they need to ensure a brand presence on social media, as well as making their products and services available for purchase on social commerce platforms.

1.2.4 Consumer buying behaviour

For any retailer, whether it be an online retailer or a bricks-and-mortar retailer, to gain a competitive advantage and survive, it is a necessity to consider the buying behaviour of consumers (Terblanche, 2016:57). Sharma (2014:833) refers to consumer buying behaviour as the acts as well as decision processes of consumers involved in the purchasing and consumption of products and services. Various factors affect a consumer in terms of their decision-making process, and therefore their buying behaviour. In order to devise effective and efficient marketing strategies, marketers should be cognisant of such factors and determine precisely how these factors affect their target market's buying behaviour. One of the primary factors that affect Generation Y's buying behaviour is reference groups (Arnold, 2017).

1.2.5 Reference groups

Consumers are surrounded by people who influence their behaviours (Gajjar, 2013:13). A reference group comprises two or more people with whom an individual interacts and who influences an individual's attitude, values and behaviour (Ramya & Ali, 2016:78). Reference groups can impact consumer behaviour in a positive and negative manner as these groups act as a guide to 'correct' behaviour (Rudansky-Kloppers & Strydom, 2016:135). Hoyer *et al.* (2021:13) state that consumers tend to emulate the buying behaviour and purchase decisions of their reference groups. Reference groups include friends, family members, colleagues, celebrities, membership groups, aspirational groups and various other groups in which consumers are involved in or with whom they associate with (Gajjar, 2013:13). By identifying the relevant reference groups, as well as the level of influence they exert on a consumer's buying behaviour, marketers will be able to utilise this insight in devising more effective and efficient marketing strategies to appeal to their target audience.

1.3 PROBLEM STATEMENT

The development of the internet as well as the digitisation of commerce has had a profound impact on consumers and retailers alike. Due to the internet gaining momentum as communication networks improve and expand globally, it is important to note that the 'e' factor is being integrated in various organisational types and models (Nemat, 2011:100). The growth of the e-commerce sector, the internet, as well as the recent COVID-19 global pandemic outbreak has led to consumers spending more time online and on social media platforms. According to Vader (2021), the global COVID-19 pandemic has spurred a sudden growth in the e-commerce markets due to lockdown restrictions imposed by Governments in numerous countries.

The rapid growth and development of e-commerce and social networks has led to a new form of e-commerce called social commerce. Huang and Benyoucef (2013:246) explain that the e-commerce evolution has birthed social commerce, which enables consumers to become active content creators, to provide product reviews, and spread information about products or services to their peers. A powerful tool to boost interest and sales on social commerce platforms is social media, which is the differentiator between e-commerce and social commerce (Hajli, 2015:184).

Social commerce is becoming increasingly popular among Generation Y consumers. This generation are avid users of the social web; therefore, they are digitally centric and technology is their identity, which distinguishes them from other generations as their existence is more connected to electronics and the digital world. They have also developed a profound preference for searching, purchasing, and discussing product offerings on social media platforms. Approximately 61% of Generation Y search for, purchase, and discuss goods and services on social commerce platforms (PR Newswire, 2021). Due to its socially interactive nature, reference groups are posed to play an important role in the buying behaviours and decisions of consumers shopping on social commerce platforms (Insider Intelligence, 2020). Reference groups can influence a consumer's purchase intention (Hoyer *et al.*, 2021:13). With the growing popularity of social commerce amongst Generation Y, reference groups are exerting greater levels of influence on this generational cohort's buying behaviour and decisions (Arnold, 2017; Barnes, 2015:44).

As e-commerce is on the rise in South Africa, more organisations are making their goods and service available for purchase online (IOL, 2020). As the usage of social media increased significantly in the past few years (Wertz, 2019), so too has the popularity of social commerce (Maia *et al.*, 2018:195). The majority of Generation Y prefer to shop on social commerce platforms, as it enables them to discuss their purchases or prospective purchases with their peers (PR Newswire, 2021). Reference groups have the ability to influence consumers' purchase decisions and overall buying behaviour (Hoyer *et al.*, 2021:13). As such, organisations have been

investing vast amounts of resources in identifying and mobilising referents to use, review, and promote products and services to their target audiences (Raz & Adamek, 2019). Organisations, however, seem to be missing the mark when selecting referents, which inevitably lead to wasteful marketing expenditure. According to a report by Stackla (2021), a mere 23% of consumers are effectively influenced by celebrities and influencers when making purchase decisions, and 60% are influenced by family and friends. Thus, it is important to identify the reference groups that exert influence on a consumer's buying behaviour, and to determine the influence exerted by such groups. In addition, at the time of conducting this study, no research has been conducted on the influence of reference groups on the social commerce buying behaviour of Generation Y. By conducting this study, it will enable marketers to devise more appropriate and effective marketing strategies, aid in effective brand differentiation, assist with resource allocation, and ultimately improve sales and profitability levels. Therefore, this study aims to explore the influence of reference groups on the buying behaviour of Generation Y on social commerce platforms.

1.4 OVERVIEW OF THE STUDY

1.4.1 Consumer buying behaviour

Consumer behaviour can be described as the decisions made by consumers when searching for, purchasing and disposing of goods and services over a specific period of time (Doole *et al.*, 2019:455; Hoyer *et al.*, 2021:4). By gaining a deeper understanding of the behaviour consumers display when searching for, purchasing and disposing of goods and services, and by identifying and analysing the various factors that influence their purchase decisions, marketers will be able to customise their product offering to the specific needs of their targeted consumers. In addition, the insight gained by conducting consumer behavioural studies enable marketers to develop and implement effective market strategies that will appeal to the needs and wants of their consumers. It could also shape organisational directives and inform decision-making (Stephens, 2017:3-6).

1.4.2 The consumer decision-making process

A primary component of consumer behaviour is the consumer decision-making process, which refers to the process involved when a consumer searches for information regarding a product or selection of products, and the evaluation of the various alternatives in order to make a purchase decision (AMA, 2021). Consumer decision-making can be described as the behavioural pattern of consumers when determining and implementing a decision process comprised of specific stages for the purpose of reaching a final choice (Karimi *et al.*, 2015:140). Schiffman and Wisenblit (2019:375) describe consumer decision-making as a process that consists of three consecutive stages, namely input, process, and output.

The stages of the consumer decision-making process are influenced by various factors that need to be considered when studying consumer behaviour (Schiffman & Wisenblit, 2019:375). West *et al.* (2015:82) echo this notion by stating that research conducted on the factors that influence consumer decision-making forms an integral part of understanding consumer behaviour as it aims to understand how consumers make decisions to spend their money, time, and effort. According to Rudansky-Kloppers and Strydom (2016:135), marketers need to investigate such factors in order to determine how to improve their marketing messages and to communicate more effectively with their targeted audience. In addition, by gaining a more profound understanding of the various factors that influence consumer decision making, marketers will be better equipped to attract consumers and to motivate positive consumer behaviour (Terblanche, 2016:59).

Schiffman and Wisenblit (2019:50) explain that the *input* stage of the consumer decision-making process commences when the consumer identifies a need. This stage of the consumer decision-making process is influenced by socio-cultural factors including family, social class, culture, and reference groups. The *process* stage of the consumer decision-making process is influenced by psychological factors including personality, motivation, perception, attitudes, and emotion.

1.4.3 Socio-cultural factors

Apart from the inner psychological factors that have an influence on the consumer decision-making process, various external or socio-cultural factors also have both a direct and indirect influence on the input stage of the consumer decision-making process (Sethna & Blythe, 2016:70). Marketers have no control over external influences; however, it is important for them to gain a better understanding of the effects thereof on consumers and their decisions. This will assist marketers to target their selected audiences more effectively and efficiently by devising bespoke marketing strategies (Rani, 2014:54). Schiffman and Wisenblit (2019:50) state that some of the more profound socio-cultural factors that exert an influence on consumer decision-making include family, social class, culture, and reference groups.

1.4.3.1 Family

Family can be defined as two or more individuals who are related to each other through blood, marriage or adoption, residing together in a single housing unit (Schiffman & Wisenblit, 2019:269). Szmigin and Piacentini (2018:324) add that each member of a family assumes various responsibilities and portray specific roles. Furthermore, they explain that family can be considered as one of the most important reference groups, as it acts as a source of information, portray the value expressed towards preferred products and brands, and acts as a utilitarian influence that in turn shapes consumer buying behaviour.

1.4.3.2 Social class

Dos Santos (2019:162) states that social class can be described as a class stratification system in which members of a society who share similar class values, power, interest, behaviour and status are grouped together. Consumers are aware of their society, social class system and their position within this class stratification system. Schiffman and Wisenblit (2019:282) define social class as a continuum or a range of special positions on which each individual member within a society can be placed, mainly based on income, education, and occupation, as well as home value, area of residence, assets, and recreation.

1.4.3.3 Culture

Culture can be described as a set of values and beliefs shared by individuals within a group and is considered the most fundamental determinant of an individual's behaviour (Ramya & Ali, 2016:79). Culture is the sum of learned beliefs, customs and values, which directly affects consumer behaviour (Doole *et al.*, 2019:72). As culture has such an immense impact on consumer behaviour, marketers need to be weary of various cultural rituals and customs in order to avoid advertising messages or images that may offend a certain cultural group (Rudansky-Kloppers & Strydom, 2016:135). Doole *et al.* (2019:455) affirm that culture is embedded in societal elements like language, religion, education, and history and that these elements send messages to consumers regarding their selection of goods and services.

1.4.3.4 Reference groups

Some of the most prominent human needs include a sense of belonging; the desire to feel important to others; and to be accepted by others in society (Roberts-Lombard & Parumasur, 2017:106). Consumers base their actions, activities, opinions, and decision making on the influence exerted on them by other individuals, organisations, or groups (Lawan & Zanna, 2013:519). According to Babin and Harris (2018:158), a reference group can be considered as a group of individuals whom a consumer admires and who have a prominent impact on their purchase decisions. Consumers look towards reference groups for guidance and behavioural cues in given situations (Sankar, 2016:101). Thanyamon (2012:15) agrees by stating that the decisions made by consumers are influenced by the values, attitudes, beliefs, norms and behaviours exerted on them by various reference groups. Furthermore, they explain that consumers may belong to more than one reference group and that members within these groups do not all necessarily belong to the same culture, family, or social class tier.

Consumers consider reference groups to be a yardstick for comparisons and to whom they can relate to during their decision-making, thus greatly influencing their buying behaviour (Lei *et al.*, 2017:1914). As reference groups form an integral part of this study, an extended discussion follows in section 1.5 pertaining to reference groups and the influence it exerts on the consumer buying behaviour.

1.4.4 Psychological factors

Individual or psychological factors refer to those inner factors that cultivate a cognitive process in the minds of consumers (Gopal, 2019:3). According to Schiffman and Wisenblit (2019:375), some of the psychological factors that influence the decision-making process of consumers include motivation, attitude, perception, learning, and personality.

1.4.4.1 Motivation

Motivation refers to the inner drive of consumers which impels them to act or behave in a specific way in order to satisfy an identified need (Schiffman & Wisenblit, 2019:78). Joubert (2013:66) adds that motivation directs a consumer's behaviour. Once a need is identified, a consumer will be motivated to engage in behaviour that will allow him/her to satisfy the need (Rani, 2014:53).

1.4.4.2 Attitude

Diallo *et al.* (2013:427) define attitude as a set of beliefs, experiences, and feelings that contribute to a predisposition enabling consumers to act in a specific manner. Attitude is a learned tendency to act in a favourable or unfavourable way towards a product, service, brand, or organisation (Rudansky-Kloppers & Strydom, 2016:135; Schiffman & Wisenblit, 2019:172). The more favourable the attitude of the consumer is towards a given product offering, the more likely it is that the consumer will purchase the product (Ajzen, 2015:125).

1.4.4.3 Perception

Perception refers to the way in which a consumer becomes aware of and interprets the world around them (Babin & Harris, 2018:53). Perception can be regarded as a process by which consumers select, organise, and interpret stimuli in order to make sense of the world around them (Schiffman & Wisenblit, 2019:106). Consumers only take notice of a trivial number of stimuli in their environment, attending to and processing an even smaller number thereof. Consumers tend to see, hear, and notice things that are of interest to them, as it represents what they value, who they are, and their beliefs (Ramya & Ali, 2016:77).

1.4.4.4 Learning

Schiffman and Wisenblit (2019:147) describe learning as the process by which consumers acquire knowledge from previous experience with a brand or product, and applies this knowledge when making future purchase decisions. Learning also refers to a consumer's ability to recall a brand or marketing message (Rudansky-Kloppers & Strydom, 2016:135). According to Khurram *et al.* (2018:219), the higher the brand recall, the greater the chances of purchase intention.

1.4.4.5 Personality

Personality refers to the tendencies, thoughts, intentions and behaviour engaged in by consumers as they are exposed to various environments (Babin & Harris, 2018:112). Schiffman and Wisenblit (2019:92) describe personality as those inner psychological traits that are unique to consumers and that differentiate consumers from each other. Prakash (2018:66) continues by explaining that an individual's personality is a social identity that they create for themselves and it represents the sum of sensory experiences that other people encounter whilst interacting with them.

1.5 THE INFLUENCE OF REFERENCE GROUPS

Schiffman and Wisenblit (2019:243) propound that reference groups are individuals or groups of individuals that a person uses as a standard when making decisions. Consumers value the opinions of these referents that include, *inter alia*, family, friends, and celebrities. These referents influence a consumer's behaviour, values, conduct and decisions (Joubert, 2013:26). Once consumers see themselves as part of a group, they tend to embrace behaviours that are prevalent with the stereotypes related to that group's unique identity (Madinga & Dondolo, 2017:764). Conformity takes place in a group setting which is described as following the crowd and not acting as a unique individual (Turčínková & Moisisid, 2011:489).

Reference groups influence consumer buying behaviour, as the members of these groups tend to purchase similar items and refer specific products and services to each other. Reference groups have a tendency to shape consumer choice for brands and products and their decision to be loyal to a certain brand can be determined by the reference group that contributes valuable brand information (Madinga & Dondolo, 2017:767). According to Gajjar (2013:13), there are two types of reference groups, namely primary and secondary reference groups. Primary reference groups refer to individuals who interact on a daily basis, for example family, friends or work colleagues. Secondary reference groups refer to those individuals with whom a consumer has an indirect relationship, for example members of a political party or religious affiliation or clubs.

Schiffman and Wisenblit (2019:244-245) further categorise the type of influence on consumers from reference groups as either normative influence or comparative influence. When a consumer observes and adopts the values, beliefs and behaviour of a group with which he/she has regular interaction with (membership group), for example family and friends, it is referred to as normative influence. Comparative influence refers to the influence exerted on a consumer by individuals or groups that the consumer aspires to be like or to form a part of. These groups are known as symbolic groups, and include celebrities, politicians, or successful entrepreneurs.

From a marketing perspective, the primary objective of an organisation is to identify the specific needs and desires of their consumers (Kardes *et al.*, 2015:39). Segmentation enables marketers to divide a large and diverse mass market into smaller segments of consumers who have the same traits, wants, needs, characteristics and behaviours. Schiffman and Wisenblit (2019:52) state that sociological (group) variables can be used as a consumer rooted segmentation base. Reference groups represent a group whose beliefs, attitudes and behaviours align, which in turn contributes to the forming of their consumer purchasing behaviour being the same (Thanyamon, 2012:15). Considering the above, marketers can use reference groups as a base for segmentation as they represent a group (segments) of consumers who all have a need or desire to consume the same type of product or service.

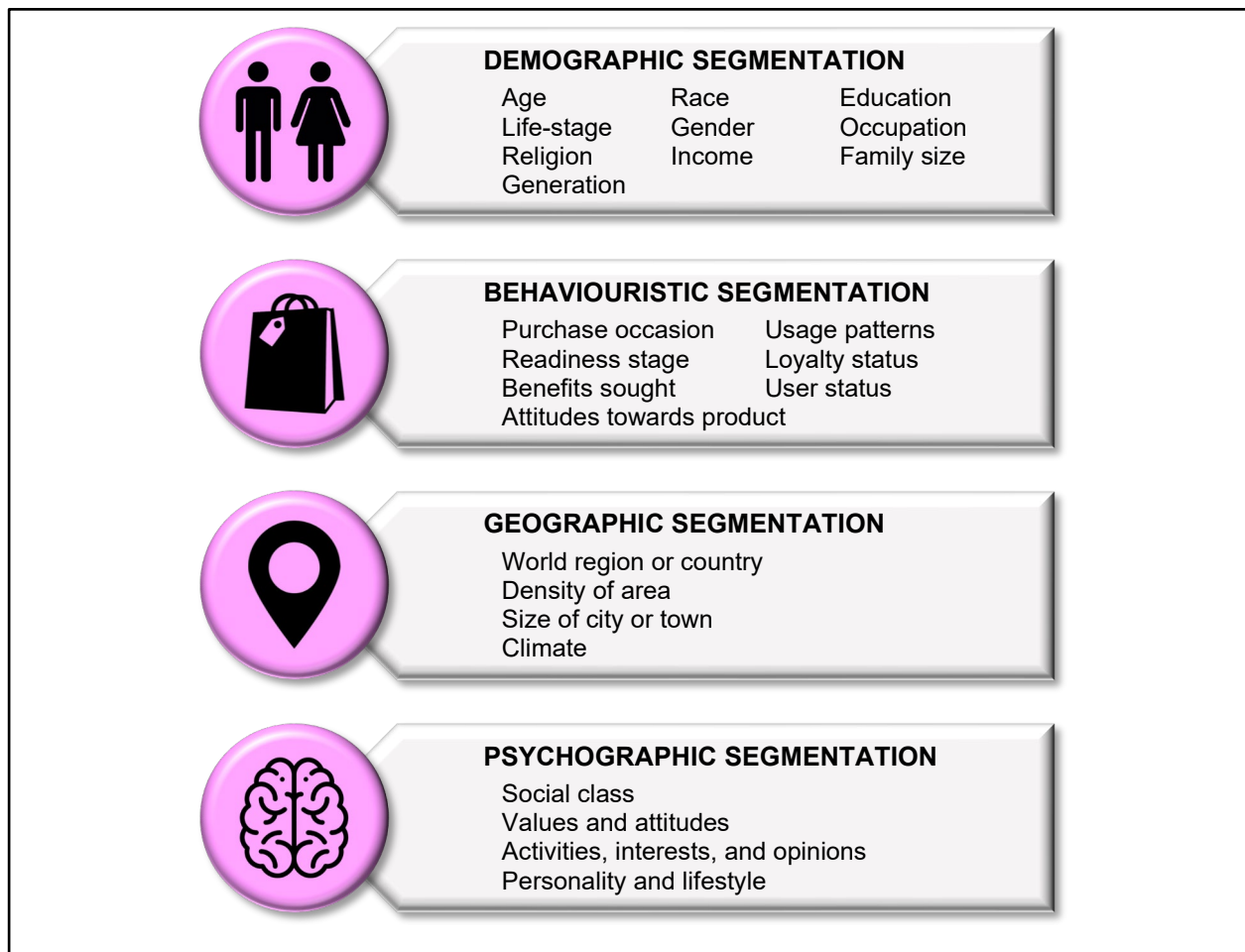
1.6 MARKET SEGMENTATION

The division of a marketing into identifiable segments marks the starting point for the process of market segmentation, after which an organisation must then devise strategic goals, objectives, and strategies in order to effectively and efficiently reach and communicate with the targeted segments (West *et al.*, 2015:152). Pentz (2016:457) describes market segmentation as the process of dividing the total market into similar, recognisable groups with the assumption that every consumer within a given segment will respond similarly to a marketing message. Market segmentation is important, as it is impossible for one product or service to cater for the unique needs, tastes, and interests of each and every consumer in a market (Rudansky-Kloppers & Strydom, 2016:140). Market segmentation enables an organisation to define a target audience, and then to appeal to the needs and desires of such an audience by devising and implementing customised marketing messages that will address these needs (West *et al.*, 2015:153).

According to Rudansky-Kloppers and Strydom (2016:142), marketers need to make use of segmentation variables in order to describe the market structure. It is therefore important to identify and select the appropriate basis on which to segment the market. Schiffman and Wisenblit (2019:58-66) affirm that the primary bases for segmenting a market include demographic variables, psychographic variables, geographic variables, product benefits, product usage, and

media exposure. According to Pentz (2016:457), these variables can be grouped into two main categories namely segments in terms of consumer characteristics thus being their demographic, geographic and psychographic characteristics as well as segments base on consumer responses and relationships thus being behaviour characteristics. The bases for market segmentation are depicted in Figure 1-1.

Figure 1-1: Bases for market segmentation



Source: Adapted from Joubert (2013:100) and Schiffman and Wisenblit (2019:58).

1.6.1 Psychographic segmentation

Psychographic segmentation reflects the psychological factors that affect a consumer's behaviour when purchasing products or services (Nasiopoulos, 2015:3). Lantos (2015:348) implies that consumers' thoughts, beliefs, and the way in which they choose to live and spend their money can be used to determine their behaviour, and as such, segment them into groups of consumers with similar psychographic traits. Baharun *et al.* (2011:5041) state that the use of psychographic segmentation provides firms with a competitive advantage as it identifies the interests of consumers, the activities in which they partake, as well as their opinions on subject matters.

1.6.2 Geographic segmentation

When implementing geographic segmentation, organisations divide a market according to specific regions, towns, cities or provinces in which consumers reside (Rudansky-Kloppers & Strydom, 2016:142). It divides the market in terms of where consumers are physically situated which can also include urban and rural markets, coastal and inland markets, coastal towns and cities as well as inland areas with wild animal farms (Pentz, 2016:459). According to West *et al.* (2015:154), geographic segmentation can vary from local to global and it can encompass any variation between these two extremes.

1.6.3 Behavioural segmentation

Marketers use behavioural criteria in order to segment markets in terms of purchase behaviour such as usage rate, brand loyalty, price sensitivity, and product benefits (Rudansky-Kloppers & Strydom, 2016:142). Nasiopoulos (2015:4) adds that segmenting consumers based on their buying behaviour will allow marketers to categorise consumers into segments according to the purchase occasion; the benefits sought; user status; loyalty status; buyer readiness stage; and attitude towards the product. These criteria are based on consumer groups who share similar understandings of usage of and responses to various product offerings (West *et al.*, 2015:16).

1.6.4 Demographic segmentation

Demographics are commonly used in order to divide markets into groups based on age, gender, income, race, and education (Rudansky-Kloppers & Strydom, 2016:142). Other demographic variables include occupation, religion, ethnicity, family size, generational cohorts, and social status (West *et al.*, 2015:154). Pentz (2016:458) affirms that these variables are usually based on descriptive, objective, and measurable characteristics. Generation Y is an example of a group of consumers segmented according to the demographic variable of age.

1.7 GENERATION Y

By making use of the demographic segmentation, marketers have divided the market into different segment based on the age of consumers (i.e. generational cohorts). These generational cohorts include Baby Boomers (born from 1946 to 1965), Generation X (born from 1966 to 1985), and Generation Y or Millennials (born from 1986 to 2005) (Markert, 2004:21). Consumers' needs, tastes, and preferences differ significantly between generational cohorts, and marketers need to cater to these differences.

Generation Y is considered one of the largest and most influential generational cohorts (Culclasure, 2016). Fry (2020) notes that the size of the Generation Y segment is estimated at around 72 million consumers, with South Africa's Generation Y segment comprising about 27% of the total population (Bizcommunity, 2020). According to Fry (2020), the Generation Y cohort is now larger than the Baby Boomers, having crossed the threshold in 2019. According to Cheng (2019), some of the more prevalent characteristics of Generation Y is that they are socially conscious, expressing their sociability online through social media platforms. In addition, Generation Y is highly tech-savvy, having been brought up in an electronic and online environment. As a result, they enjoy using their smartphones, laptops, and other technological gadgets. Due to their preference for new technology and extensive use of the internet and social networks, Generation Y consumers prefer to engage with others (businesses or their peers) via social media platforms (Wirthman, 2020).

According to Cheng (2019), Generation Y was raised with the social web, a set of social relations that link consumers with each other through the internet, thus making this generational cohort digitally centric and technologically inclined. Due to their shared preference for technology, internet usage, and social media interaction, the majority of Generation Y consumers prefer to shop online (Barnes, 2015:44). According to Barnes (2015:44), Generation Y consumers are more inclined to purchase products via social commerce platforms, especially when they find the advertisements of these products to be timely, relevant, and engaging. Approximately 61% of this generational cohort prefer to do their shopping by means of social commerce platforms (PR Newswire, 2021).

1.8 SOCIAL COMMERCE

1.8.1 E-commerce

The internet can be described as a global communication tool with interconnected networks that utilise a standardised communication protocol enabling people from all over the world to communicate with each other (Wiid, 2017:142). Technology and the internet have changed the way in which organisations operate (Goga *et al.*, 2019:1). As the availability and usage of the internet increase, the opportunity for traditional retailers to engage in online retailing has emerged and has become increasingly popular (Nel, 2016:203). Electronic commerce (e-commerce) can be described as the use of the internet by both organisations and consumers to complete transaction online (Nemat, 2011:100). According to Bloomenthal (2020), e-commerce is conducted on various digital devices that can connect to the internet, including computers, tablets, and smartphones.

Daniel (2020) asserts that e-commerce in South Africa is growing at a rapid pace with a projected market value of R225 billion by 2029. An approximate 31.6 million South Africans could potentially be converted to online shopping by 2024. The growing number of smartphone users in South Africa is an important driver of online sales, as smartphones enable mobile e-commerce by means of apps and websites (Nel, 2016:204). However, despite the ambitious sales figure and growth rate of South Africa's e-commerce sector, the country is still lagging behind the global trend. The global COVID-19 pandemic has spurred the growth of online shopping. South Africans have changed the way they shop due to the various restrictions put in place to avoid the spread of COVID-19. Since the start of the pandemic, 35% of all South Africans now have shopping apps installed on their digital devices, which has grown from 30% in 2019 (BusinessTech, 2020).

According to Nel (2016:203), increasing amounts of traditional retailers are flocking to the internet in order to make their product and service offerings available on e-commerce platforms. Most retailers have an online presence via websites or webpages on which they sell their products. E-commerce has had a profound impact on distribution channels and organisational models, which, in turn, has influenced the manner that consumers assess their purchase options, providing them with more information about products and service available for sale. The internet and advanced technological devices has allowed organisations to make use of social networks to share product news, reviews, and advertisements with consumers. In addition, social network capabilities allow organisations and marketers to monitor the impact of their marketing efforts and the rate of consumer engagement with product offerings, news and updates (Kiley, 2019:9). The improved reach and availability of the internet, coupled with a keen preference for online shopping and social media platforms, has led to the development of social commerce platforms.

1.8.2 The rise of social commerce

Social media refers to a group of internet-based applications built on the technological and ideological foundations of Web 2.0, allowing the exchange and creation of user generated content (Kaplan, 2015:197). Advancements in communication and information capabilities, as well as the rise of Web 2.0 technologies, have led to new developments in terms of e-commerce (Hajji, 2015:183). Social media and traditional e-retailers have pathed the way to a new type of e-commerce known as social commerce (Wang *et al.*, 2019:163). Social commerce came about in 2005 due to the rising commercial use of social media networks (Zhang & Benyoucef, 2016:95). Social commerce can be described as e-commerce transactions and activities delivered through means of social media (Liang & Turban, 2011:6). It involves the use of internet-based social media that enables consumers to participate in the selling, comparing, marketing, curating, buying and sharing of products and services in offline and online market places as well as communities (Zhou *et al.*, 2013:61).

According to Wang and Zhang (2012:106), social commerce provides retailing opportunities that combine social networking and retail activities through social media. Social commerce enables consumers to criticise, compliment, rank, or rate products, making consumer participation and interaction an essential part of online marketing (Attar *et al.*, 2021:849). Social commerce has shaped emerging commercial channels on the internet, and several e-commerce retailers are taking advantage of social media technologies to expand their product and service offerings, as social media has become easily accessible and consumers use it as a source of information pertaining to various brands, products, services, and organisations (Zhou *et al.*, 2013:61).

According to Phaneuf (2021), the average time spent on social media platforms per day has increased from 56.23 minutes to 65.44 minutes in 2020. As social commerce involves the use of social media sites to sell and promote products and services, the global social commerce market size, valued at US\$444.8 billion in 2020, is expected to expand at a compounded annual growth rate of 28.4% from 2021 to 2028 (Grand View Research, 2021). The rise of e-commerce as well as the 16.4% social media annual usage growth rate has promoted the use of user-generated content to increase brand awareness, and businesses continue to expand their social media shopping integrations, especially for tech-savvy Generation Y consumers who are familiar with social media and tend to engage in social commerce more often (Phaneuf, 2021). Since 2017, the number of social commerce consumers increased from 45.8 million to 80.1 million in 2020, and is projected to increase to approximately 101.1 million by 2023 (Lipsman, 2021). According to Lipsman (2021), Instagram and Pinterest are currently the most relevant social commerce platforms, with Facebook, Snapchat, and TikTok increasingly expanding and improving their social commerce capabilities and functionalities. In terms of the types of products sold via social commerce, Grand View Research (2021) provides evidence that the fashion industry held the largest market share at 21.69% of the overall social commerce revenue in 2020. Although fashion items remain the largest and most popular product category made available on social commerce platforms, other products such as electronics, cosmetics, and home décor are also improving their presence on social commerce sites (Lipsman, 2021).

As social commerce platforms allow social relationships to ensue and the interaction of consumers by means of information sharing, discussion and reviews of product offering, as well as possible collaboration opportunities for brands and consumers means of social media platforms to take place, it has become evident that reference groups play a vital role in the consumer's decision-making process (Hajli, 2015:191; Nel, 2016:220). The information provided by a consumer's referents determine the level of trust that consumer exhibits towards a brand's offerings (Beyari & Abareshi, 2018:69). It is therefore important for marketers to investigate the influence of reference groups on Generation Y's buying behaviour of on social commerce platforms, in order to improve marketing efforts, resource allocation, and overall profitability levels.

1.9 RESEARCH OBJECTIVES

1.9.1 Primary objective

The primary objective of this study is to investigate the influence of reference groups on Generation Y's social commerce buying behaviour.

1.9.2 Secondary objectives

To reflect on the primary objective, the following secondary objectives were formulated:

- 1) Provide an overview of the literature related to this study, namely consumer behaviour, reference groups, segmentation, and social commerce.
- 2) Identify the preferred retail format of Generation Y.
- 3) Determine the preferred social commerce platforms of Generation Y.
- 4) Identify the product categories mostly purchased by Generation Y on social commerce platforms.
- 5) Identify the activities engaged in on social commerce platforms by Generation Y.
- 6) Identify the reference groups of Generation Y.
- 7) Determine the influence of reference groups on the approach and avoidance behaviour of Generation Y with regards to social commerce platforms.
- 8) Determine the influence of reference groups on the believability of product information, reviews, and advertisements on social commerce platforms by Generation Y.
- 9) Determine the influence of reference groups on the purchase decisions of Generation Y on social commerce platforms.

1.10 RESEARCH METHODOLOGY

The research methodology is the process that will be implemented to achieve the objectives of the study (Babin & Zikmund, 2016:449). Goundar (2012:220) notes that a research methodology consists of various techniques that are required in a study, as well as a detailed explanation of how the various tests, experiments, surveys, and sampling will be conducted. The next sections elaborate on the research methodology that was implemented in this study. A description of the research approach is provided, followed by an explanation of the research method, literature investigation, research design, sampling plan, research instrument, data collection, and the approaches to analysing the data and confirming trustworthiness.

1.10.1 Research approach

According to Goundar (2012:220), a research approach can be quantitative or qualitative in nature, or a mixed-method approach (i.e. both quantitative and qualitative). Qualitative research addresses marketing objectives by means of techniques used to provide elaborate interpretations of market phenomena where the goal is to discover true inner meanings and new insights (Babin & Zikmund, 2016:109). Aspers and Corte (2019:140) explain that qualitative research includes collecting, analysing, and interpreting data without reducing it to numerical statistics. Qualitative research is a systematic inquiry into social phenomena in natural settings, including the way in which consumers experience aspects of their lives, how they behave, how they function and how certain interactions shape relationships amongst them (Teherani *et al.*, 2015:669). According to Airikka (2014:16), qualitative research is best used to tap into the mind of the consumer.

For the purpose of this study, a qualitative research approach was used. A qualitative approach is especially suited for this study as data collection was focused on consumers in specific situations and is inductive, interactive and flexible (Gilliland, 2014:98). The study is also exploratory in nature, as the influence of reference groups on the buying behaviour of Generation Y on social commerce platforms has not yet been conducted, lending itself to a qualitative approach. Due to the qualitative nature of the study, it is important to identify and articulate a coherent paradigm from which the research will emanate (Creamer, 2018:54). Ling and Ling (2017:2) define a paradigm as a manner of thinking in a higher order about the approach or logic that underpins all aspects of a research study, extending from the intent of or motivation for conducting the study to the final outcome and presentation of results obtained.

For the purpose of this study, a neo-positivist inductive paradigm was adopted, owing to the fact that the reality of the research may be patterned, local and subject to change over a period of time. This allows the researcher to construct an understanding of reality that is evidenced, trustworthy, and authentic though contextual, provisional and revisable (Ling & Ling, 2017:3).

1.10.2 Research method

According to Goundar (2012:218), a research method can be described as various procedures, schemes, and algorithms that are applied in a research study. These methods are planned, scientific, and value-neutral, and include theoretical procedures, experiments, numerical schemes, and statistical approaches. A well-defined research method assists in the collection of samples, data, and to find a solution to an identified problem. The research method implemented for this study is discussed subsequently, with specific reference to the literature investigation, research design, sampling plan, data collection, and data analysis.

1.10.3 Literature investigation

Hamari *et al.* (2014:3026) affirm that a thorough investigation of existing literature can provide strength and additional context to a study by means of providing solutions for problems and by identifying methods that have been used previously to solve similar problems. Gilliland (2014:106) mentions that a literature investigate can be conducted by consulting books, articles, newspaper reports, journals, conference proceedings, radio and television broadcasts, reports, multimedia resources, and the internet.

For the purpose of this study, the following platforms and databases were used to conduct a comprehensive investigation of the literature relevant to this study:

- Google Scholar: Articles
- ScienceDirect: International journals
- EBSCOhost: International journals
- Emerald Insight Journals: International journals
- SACat: Journals and books in South Africa
- SaePublications: South African journals
- Subject-related textbooks

1.10.4 Research design

A research design is an important tool used to collect information that is necessary to measure or test a hypothesis (Burns & Bush, 2019:99). Babin and Zikmund (2016:67) describe a research design as the methods and procedures used to collect and analyse the information for a research study. It is a plan that facilitates the collection and analysis of data (Feinberg *et al.*, 2013:54).

Exploratory research is used for a problem that has not yet be clearly defined and it aids in determining the best research design, data collection method, and selection of subjects (Goundar, 2012:219). An exploratory research design is used to discover ideas and to clarify ambiguous situations (Babin & Zikmund, 2016:54). Exploratory research is an effective tool to utilise in order to thoroughly understand a research concept and to gain deeper insight into the problem (Airikka, 2014:51). It aids in the identification of new opportunities as well as to establish priorities and to acquire perspective (Feinberg *et al.*, 2013:54). According to Burns and Bush (2019:27), tools that can be utilised when conducting exploratory research include secondary data, surveys, observation, and focus groups. Focus groups are small group discussions concerning a research

topic and is usually facilitated by a moderator who is responsible for guiding the discussion (Babin & Zikmund, 2016:65). Babin and Zikmund (2016:122) affirm that focus groups are relatively fast, easy to execute, allow participants to piggyback off each other's ideas, provides flexibility and more detailed discussions, and allows for a higher degree of scrutiny.

For the purpose of this study, exploratory research was conducted by means of focus group sessions. It allowed the researcher to gain a deeper, more profound understanding of the influence exerted by reference groups on the buying behaviour of Generation Y when engaging on social commerce platforms (Airikka, 2014:51).

1.10.5 Target population

The target population of a study refers to the population of interest (Majid, 2018:2). Thus, it is the group of consumers being studied to address the research objectives (Burns & Bush, 2019:238). A target population is defined in terms of a *sample element* – the object from which the information is desired; *sampling unit* – containing the sample element that is available for selection; *extent* – the geographical boundaries of the research; and *time* – the period in which the data will be collected (Malhotra *et al.*, 2017:414).

For the purpose of the study, the target population can be described as consumers, aged between 16 and 35 years of age, who have purchased a product on a social commerce platform in the past six months, and who form part of the Generation Y consumer segment in the Republic of South Africa, from whom data was collected during August 2021.

1.10.6 Sampling

A sample can be described as a subset of a population as it needs to be identified from a population in order to make conclusions (Babin & Zikmund, 2016:339). Sampling is a process used in statistical analysis usually predetermined by various observations taken from a larger population and the methodology used in order to extract sample from a larger population depends on the type of analysis that is being performed (Tuovila, 2021).

1.10.6.1 Sampling frame

A sampling frame can be defined as a list of elements from which a sample is usually drawn (Babin & Zikmund, 2016:342). According to Glen (2014), it is a complete list of everything and everyone needed for the study. **For the purpose of this study**, no sampling frame was specified for the study. Therefore, an appropriate method of sampling was used to draw the sample from the total population.

1.10.6.2 Sampling method

Feinberg *et al.* (2013:301) state that two methods of sampling could be used, namely probability or non-probability sampling. *Probability sampling* occurs when respondents are selected in such a way that they all have a known and equal chance of being selected to partake in the study, and includes simple random, systematic, stratified, and cluster sampling (Schiffman & Wisenblit, 2019:431). According to Etikan *et al.* (2016:1), *non-probability sampling* occurs when samples are gathered by means of a process that does not provide all elements in a population an equal chance of being selected to partake in the study. The probability of any member being selected cannot be calculated, and selection relies on the subjective judgement of the researcher (Glen, 2022). Respondents are selected by means of personal judgement or convenience, and the probability of any specific unit of a population being selected is unknown (Babin & Zikmund, 2016:348). Schiffman and Wisenblit (2019:431) explain that there are three types of non-probability samples, namely quota, convenience, and judgement sampling. Judgement sampling is where experienced researchers purposely select the sample based on personal judgement about some characteristics of that specific sample member (Babin & Zikmund, 2016:346). Judgement sampling refers to a group of sampling techniques where these techniques depend on the judgement of the researcher in terms of selecting units for the study (Sharma, 2017:749).

For the purpose of this study, non-probability judgement sampling was used to select the participants. It was required for participants to form part of the Generation Y consumer segment, defined for this study as those consumers between 16 and 35 years of age. However, only consumers aged 18 to 35 were considered for this study due to their ability to perform transactions on social commerce platforms. In addition, consumers had to have purchased a product on a social commerce platform in the past six months. The researcher judged the participants based on geographic location, firstly being a South African citizen, and then also aimed to include at least one participant from each of the nine provinces in South Africa.

1.10.6.3 Sample size

According to Zamboni (2017), a sample size can be described as the number of participants that are included in a study. The ideal size for a focus group is between 10 and 15 research participants (Burns & Bush, 2019:147). Ritchie *et al.* (2013:117) provide four main reasons as to why qualitative research should make use of smaller sample sizes:

- If data is properly analysed, a point of saturation will be reached where little new evidence is obtained from additional sample elements. This is referred to as the point of diminishing return, where an increase in sample size will not contribute to new knowledge or evidence.

- Statements about prevalence are not primary concerns in terms of qualitative research. There exists no requirement in order to ensure a sample is of sufficient scale to provide estimates or to determine variables.
- The type of information of a qualitative study consists of rich detail. Thus in order to do justice to these analyses, sample sizes should be kept reasonable small.
- Qualitative research can be intensive in terms of resources that are required. Thus, it would be impossible to conduct and analyse large amounts of data obtained from focus groups and/or interviews.

For the purpose of this study, three focus group sessions ensued comprising of a total of 26 participants. The point of saturation was reached after the third focus group was conducted, and therefore the need to conduct an additional focus group session was unjustified.

1.10.7 Moderator's guide

A moderator's guide was used in the focus group sessions in order to guide the conversation and to collect data by asking both open-ended and close-ended questions (Feinberg *et al.*, 2013:225). According to Babin and Zikmund (2016:125), a moderator can be described as a person who is in charge of leading a focus group interview and ensures that all participants get a chance to speak. The moderator's guide was standardised in order to increase consistency and included the following sections:

- **Section A: Introduction to the study**

According to Babin and Zikmund (2016:131), a welcoming introduction and allowing participants to introduce themselves is important and should be the first action when commencing with a focus group session, as this will allow participants to feel comfortable. During this stage, the moderator needs to show genuine interest in participants, establish rapport, gain participants' confidence, and make them feel eager to participate.

The participants were thanked for their time and willingness to participate, after which a brief overview of the study was provided along with the confirmation of the confidentiality of the focus group session. A disclaimer was read to the participants in order to remind them that their participation in the study is voluntary. Participants were informed that the focus group session is being audio recorded. In addition, three screening questions were asked in order to confirm that the participants form part of the target population for this study and that they qualify to partake in the study.

The first screening question confirmed the age of participants, being between 18 and 35 years of age, and therefore forming part of the Generation Y cohort. The second screening question was asked in order to confirm that the participants have purchased a product on a social commerce platform in the past six months. The third screening questions confirmed that participants are South African citizens, and that they reside in one of the nine provinces in South Africa.

- **Section B: Usage of social commerce**

This section of the moderator's guide aimed to determine how Generation Y consumers use social commerce platforms. It set out to identify the preferred social commerce platform for Generation Y consumers to engage in. The preferred product category searched for, discussed, and purchased on social commerce platforms was also identified in this section of the moderator's guide. This section also endeavoured to determine the activities engaged in by Generation Y on social commerce platforms (i.e., providing product reviews, discussions, or sharing complaints regarding organisations, brands, or recent product purchases).

- **Section C: Influence of reference groups**

Section C of the moderator's guide aimed to explore the influence of reference groups on the buying behaviour of Generation Y on social commerce platforms. This section firstly identified the reference groups that have an influence on Generation Y consumers' buying behaviour. The influence of these reference groups on the approach and avoidance behaviour of Generation Y with regards to social commerce platforms was then determined. The section continued to ask questions pertaining to the influence of referents on Generation Y consumers' choice of product or brand considered on social commerce platforms. The influence of reference groups on the believability of product information, reviews, and advertisements on social commerce platforms by Generation Y consumers was then determined, followed by the influence of referents on the actual purchase of a product on social commerce platforms.

- **Section D: Closure**

The participants were thanked for their time and their participation in the study. They were also asked if they would like to add any concluding remarks to the conversation in order to aid in the achievement of the primary and secondary objectives of the study.

1.10.8 Data collection

Data for this study were collected by means of conducting focus groups. Three focus group sessions comprising a total of 26 participants with a duration of approximately 60 minutes were conducted. The researcher acted as moderator for each of the sessions and used a moderator's guide to guide the discussion and ask relevant questions. The researcher was accompanied by an assistant who was well-versed with the study and topic at hand. The assistant was responsible for taking field notes of the focus group proceedings. The focus groups were audio recorded. The audio recordings were transcribed by *Language Matters*, a reputable translation and transcription services organisation based on the North-West University's Potchefstroom campus.

Participants were recruited from social commerce platforms (i.e. Facebook) based on their activity (i.e. comments, product reviews, or discussions). The researcher ensured that at least one participant from each of the nine provinces in South Africa was included in each focus group to make the sample more representative of the population. Prospective participants received an invitation to the study (see Appendix C) via the specific social commerce platform's direct messaging function (i.e. Messenger on Facebook). Upon receiving the participant's confirmation of participation in the focus group, the consent to partake in the research (see Appendix D) was forwarded to be signed by the participant prior to the focus group session. In addition, the moderator's guide (see Appendix A) was provided to the participant via email in order to gain a better idea of the questions asked and discussed in the focus group session. Details of the Zoom meeting, including meeting ID and password for the session, were also provided to the participant.

1.10.9 Data analysis

According to Babin and Zikmund (2016:70), data analysis refers to the application of computation, summarising and reasoning in order to understand data. After data collection, the results need to be analysed and interpreted to be useful and to contribute to the research (Gilliland, 2014:104). The approach that was used to analyse the data for this study is discussed in the next sections.

1.10.9.1 Data preparation

Conducting qualitative research usually amount to large datasets that needs to be transcribed and prepared for further analysis (Grbich, 2013:20). The data collected **for the purpose of this study** was transcribed by *Language Matters*, a digital audio and video transcription services provider located in Potchefstroom, South Africa. Once the data was transcribed, further analysis in terms of coding, categorisation and thematic analysis were completed by using the ATLAS.ti 9 computer program for qualitative data analysis.

1.10.9.2 Method of data analysis: Morse and Field Approach

The Morse and Field (1996) approach was used to analyse the data for this study as it is widely used in the marketing discipline and is relatively user-friendly. The Morse and Field (1996) approach include four steps, namely comprehend, synthesise, theorise, and recontextualise.

- **Step 1: Comprehend**

According to Morse (1991:27), reliable information is necessary in order to explain what a study is about and what it entails. Thus, it is important to understand the topic at hand. The researcher needs to comprehend the gathered information in order to gain an understanding of the study.

For the purpose of this study, the comprehension of the collected primary data included reviewing of transcripts, manual notes and collecting peer-opinions after each focus group session. Thus, a summary of the interpretations and results were compiled.

- **Step 2: Synthesise**

Synthesising can be described as the 'sifting' (Morse, 1991:30). This process involves the coding process, which Babin and Zikmund (2016:393) describe as the process where numerical scores are assigned to previously edited data.

For the purpose of this study, the ATLAS.ti 9 software was utilised to assist with the synthesising and coding of data.

- **Step 3: Theorise**

According to Babin and Zikmund (2016:65), a theory can be described as a logical explanation of events that includes assumptions and predictions on how subjects relate to one another. Theory provides structure to qualitative studies and aids in putting everything together (Morse, 1991:32).

For the purpose of this study, the literature review was used to theorise factors that affect Generation Y's social commerce buying behaviour.

- **Step 4: Recontextualise**

Recontextualising is used to develop a theory that will include the results and findings of the study and enable it to apply to other research projects and studies (Morse, 1991:34).

For the purpose of this study, the theories from the literature review as well as the focus group results were combined and integrated in order to recontextualise the study.

1.10.9.3 Trustworthiness

Trustworthiness or rigor of a study refers to faith, confidence and trust towards the data, the interpretation thereof and the methods used in the study (Connelly, 2016:435). The trustworthiness of qualitative research can be assessed in terms of validity and reliability. According to Leung (2015:325), validity refers to the appropriateness of the research instruments used, the processes that were followed during the study and the quality of the collected data. Reliability refers to the consistency of findings and the fact that the findings of the study can be replicated (Leung, 2015:325). Guba (1981:80) and Lincoln and Guba (1985) propose four criteria that should be considered by qualitative researchers in pursuit of a trustworthy study:

- **Credibility.** The evaluation of whether or not the research findings represent a “credible” conceptual interpretation of the data drawn from the participants’ original data. **For the purpose of this study,** credibility was gained by the adoption of well recognised research methods; the development of early familiarity with the culture of Generation Y; iterative questioning in data collection dialogues; negative case analysis; peer scrutiny; member checks of data collected and interpretations formed; a thick description of phenomena under scrutiny; and the examination of previous research to frame findings.
- **Transferability.** Transferability refers to the degree to which the findings of the inquiry can apply or transfer beyond the project. **For the purpose of this study,** in order to ensure transferability, the researcher provided sufficient background information to establish the context of the study, and provided a detailed description of the phenomena under investigation to allow for comparisons to be made.
- **Dependability.** Dependability involves the assessment of the quality of the integrated processes of data collection, data analysis, and theory generation. **For the purpose of this study,** dependability was ensured by providing an in-depth methodological description to allow the study to be repeated.
- **Confirmability.** Confirmability is the measure of how well the inquiry’s findings are supported by the actual data collected. **For the purpose of this study,** confirmability was achieved through the admission of the researcher’s beliefs and assumptions; recognition of shortcomings in the study’s methods and their potential effects; in-depth methodological descriptions to allow integrity of research results to be scrutinised; and the use of diagrams to demonstrate an audit trail.

1.11 CONTRIBUTION OF STUDY

The insight gained by conducting this study contributes to the literature on Generation Y consumers and their buying behaviour. As this study adopted a neo-positivist inductive paradigm, and due to its exploratory nature, new theories were developed based on the primary data collected, analysed, and interpreted. These theories provide an explanation of the influence exerted on the buying behaviour of Generation Y consumers by identified reference groups when shopping on social commerce platforms. The results of this study should enable marketing managers to devise more appropriate and effective marketing strategies, aid in effective brand differentiation, assist with resource allocation, and ultimately improve sales and overall profitability levels.

1.12 ETHICAL CONSIDERATIONS

The proposal, moderator's guide, and other relevant supporting documentation pertaining to the study were submitted to the Scientific Committee of the School of Management Sciences for close scrutiny and approval. Upon approval, the proposal, measurement instrument, and supporting documentation were presented to the Ethics Committee of the Faculty of Economic and Management Sciences in order to obtain the necessary ethical clearance to continue with primary data collection.

The target population for this study comprised Generation Y consumers, defined as those consumers born from 1986 to 2005 (Markert, 2004:21). Therefore, Generation Y refers to consumers aged 16 to 35 at the time of collecting the data. Due to ethical concerns and practicality reasons, only those Generation Y consumers aged 18 to 35 were invited to participate in the research. Therefore, no additional permission was required from underage participants' parents or guardians, as only those participants who were aged 18 and older were invited to participate in the study.

Permission was obtained from research participants prior to interviewing them in a focus group session. Participants were requested to sign an agreement to partake in the research (see Appendix D) in which they provided their voluntary consent to participate in the study and which ensured their identity and responses will be remain anonymous. In cases where participants' responses were quoted by verbatim as supporting evidence, participants were assigned a participant number in order to ensure anonymity.

1.13 OUTLINE OF CHAPTERS

Chapter 1: Introduction and overview of the study

This chapter provides an introduction to the study, and comprises a brief overview of what the study entails. It presents an outline of the study, as well as the primary objectives, secondary objectives, and a brief overview of the research methodology that was implemented in the study.

Chapter 2: Consumer behaviour

This chapter discusses consumer behaviour, reference groups, and Generation Y. It provides information on what these constructs entail as well as to why they are considered important for further investigation.

Chapter 3: Social commerce

This chapter provides an in-depth discussion on social commerce, how it came about, and how it is used. The chapter emphasises the growth in size and popularity of the social commerce sector, and discusses its significance to organisations and marketers, and why it warrants further exploration.

Chapter 4: Research methodology

This chapter provides the research methodology. It includes the methods used to conduct the literature investigation, the empirical investigation, data collection, the various elements of the sample plan, the research design, the measurement instrument used, and data analysis methods.

Chapter 5: Reporting of results

This chapter presents findings of the empirical study. The statistical methods that were used for interpreting the data are presented, and the results that were obtained from each section in the moderator's guide are described.

Chapter 6: Conclusions, recommendations, and limitations

This chapter provides the conclusions along with recommendations based on the results of the study. The limitations of the study are discussed, and recommendations for future research are provided.

CHAPTER 2

CONSUMER BEHAVIOUR

2.1 INTRODUCTION

The aim of this chapter is to facilitate an understanding of the nature of consumer behaviour. Consumer behaviour entails the behaviour characteristics of consumers when purchasing products or services, and it is important for marketers to be aware of the behaviour of their target consumers. The consumer decision-making process includes the stages that consumers experience when making a purchase decision. This chapter will provide a detailed description of the entire decision-making process. Since reference groups are one of the most prominent factors affecting consumer behaviour, this chapter will further elaborate on what these groups entail and how they influence consumer behaviour.

Market segmentation is an important tool for marketers. It enables them to target the correct consumer groups with applicable products and services. The process of market segmentation will be explained in this chapter as well as the various bases that can be utilised when segmenting a market. Markets can be segmented by means of demographic characteristics like age, income, and generational cohorts. Generation Y is the largest generational cohort, making it an attractive segment to target. This chapter will provide insight into the behaviour and characteristics of this generational cohort, which is known for its use of technology and social media. Social commerce is a new type of commerce where products and services are sold via social media platforms. This chapter will provide a discussion of social commerce as well as the behaviour of Generation Y on such platforms.

As the purpose of this study is to determine the effect of reference groups on Generation Y's social commerce buying behaviour, this chapter will focus on the behaviour of these consumers in general. It will discuss why this generation will comfortably accept this type of commerce and provide insight into how Generation Y responds to reference groups.

2.2 TOWARDS A DEFINITION OF THE TERM CONSUMER BEHAVIOUR

Consumers are constantly confronted with information of products and services, making it important for retailers to understand how consumers process this information (Zuschke, 2020:305). The way consumers relate to, as well as interact with, their surrounding environments, including other consumers, will ultimately affect their purchase decision (Kotler & Armstrong, 2017:136). Analysing the behavioural traits of consumers enables marketers to understand how

purchases are affected and how consumers decide on certain products or services, providing them with insight so as to be able to fill the market gap (Zhao *et al.*, 2021). Having a thorough understanding of these behavioural characteristics can provide retailers with a competitive advantage and equip them with the necessary strategies to become a successful, thriving organisation (Terblanche, 2016:57). There are various definitions of the term consumer behaviour. Table 2-1 provides the most common definitions of the term consumer behaviour, discovered by conducting extensive research on existing literature.

Table 2-1: Towards a definition of the term consumer behaviour

Author(s)	Definition
Joubert (2013:2)	“An investigation done into the methods used by individuals, groups and organisations to identify, purchase, assess and discard goods and services in order to satisfy their particular needs and wants.”
Goodhope (2013:164)	“Consumer behaviour relates to any behaviour of people who buy and use products or services for satisfaction of identifiable gains.”
Schiffman and Kanuk (2014:4)	“The behaviour that consumers display in searching, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs.”
Sharma (2014:833)	“Buying behaviour is the decision processes and acts of people involved in buying and using products.”
Kardes <i>et al.</i> (2015:7)	“Consumer activities associated with the purchase, use and disposal of goods and services, including the consumer’s emotional, mental and behavioural responses that precede, determine or follow these activities.”
Ramya and Ali (2016:76)	“Consumer buying behaviour refers to the selection, purchase and consumption of goods and services for the satisfaction of their wants.”
Kotler and Armstrong (2017:718)	“The buying behaviour of final consumers – individuals and households who buy goods and services for personal use.”
Roberts-Lombard and Parumasur (2017:2)	“A combination of activities and influences that occur before, during and after the purchase itself.”
Babin and Harris (2018:4)	“The set of value-seeking activities that take place as people go about addressing and attempting to address real needs.”
Hoyer <i>et al.</i> (2021:5)	“The totality of consumers’ decisions with respect to the acquisition, consumption and disposition of goods and services.”

By considering the various definitions provided in Table 2-1, consumer behaviour can be defined as follows: *The behavioural activities that final end consumers display when searching, selecting, purchasing, using, evaluating and disposing of products and services as well as the decision making processes of consumers when conducting a purchase in order to satisfy their needs and wants* (Babin & Harris, 2018:4; Goodhope, 2013:164; Hoyer *et al.*, 2021:5; Joubert, 2013:2; Kardes *et al.*, 2015:7; Kotler & Armstrong, 2017:718; Ramya & Ali, 2016:76; Roberts-Lombard & Parumasur, 2017:2; Schiffman & Kanuk, 2014:4; Sharma, 2014:833).

The main focus of any business is to satisfy needs and wants of their chosen target market as achieving this objective will provide success and prosperity. The aim of marketing includes identifying and understanding consumers by means of studying their behaviour, which provides marketers with insight equipping them to be able to develop products and services that will align with the specific needs and wants of consumers (Kotler & Keller, 2016:27). According to Zhao *et al.* (2021), a study of consumer behaviour acts as a method for marketers to meet their sales objectives, and understanding it aids in achieving the main objective of a firm – the satisfaction of consumer needs. Marketers are able to customise their product or service offering to the specific needs of their selected target market by gaining a deeper understanding of the behaviour displayed by these consumers and identifying the various factors that affect this behaviour.

Studying the behaviour of consumers enables marketers to develop and implement effective marketing strategies that will appeal to the needs and wants of their target market, and it could also shape organisational directives as well as inform decision-making (Stephens, 2017:3-6). Successfully meeting and exceeding consumer expectations will attract more consumers and will create long-term loyal supporters. The consumer decision-making process forms an integral part of consumer behaviour. It encompasses the stages through which a consumer proceeds when purchasing a product or service (Al Zoubi & Bataineh, 2011:61). The decision-making process will aid in providing a deeper understanding of consumer behaviour, breaking down each step applied by consumers when purchasing a product or service.

2.3 THE CONSUMER DECISION-MAKING PROCESS

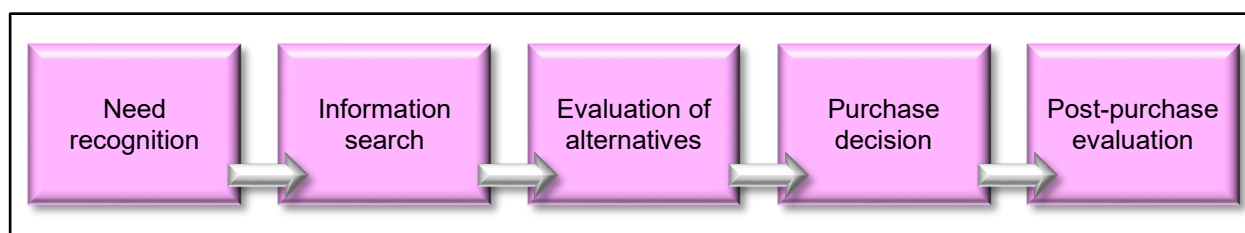
Marketers need to understand how and why consumers make their purchasing decisions (Groenewald, 2019:22). The consumer decision-making process allows marketers to gain knowledge about how their target consumers make specific purchase decisions. A purchase decision is made when a consumer selects an option out of two or more alternatives, which can only be made when there are two or more alternatives to choose from (Schiffman & Kanuk, 2014:406). The consumer decision-making process can be described as the process applied by consumers whereby they collect information about alternative purchase choices, ultimately leading them to making a final purchase decision (AMA, 2021). It is a cognitive process during which consumers identify specific needs and implement actions to fulfil them (Joubert, 2013:14).

The process starts when the consumer identifies a specific need caused by a stimulus which encourages him or her to collect information about options that will satisfy the specific need leading to the evaluation of the applicable options in order to make a final purchase decision (Kotler & Armstrong, 2017:138). Understanding the various stages of the decision-making process will provide marketers with insight, enabling them to comprehend the complexity of the

various decisions made by consumers; they will understand why some decisions are more time-consuming, and therefore demand more attention, than others; and they will gain a clearer view of the risks that some decisions may impose on consumers (Erasmus, 2019:325). Marketers will be able to utilise the process in order to successfully sell a product or service to a consumer (Qazzafi, 2019:131). It allows marketers to implement more effective strategies in order to convince consumers to purchase specific products or services, and they will be able to communicate more effectively, which will aid in the closing of a sale.

The traditional consumer decision-making process consists of five stages. These include problem or need recognition, information search, evaluation of alternatives, product choice, and post-purchase behaviour (Viridi *et al.*, 2020:560). These stages represent what consumers think before, during and after a purchase decision, and each stage can be used in order to promote a product, service, or brand more efficiently (Qazzafi, 2019:131). These stages can lead to effective communication between the retailer and the consumer, as correctly utilising them can improve the overall quality of a marketing message (Rudansky-Kloppers & Strydom, 2016:135). Figure 2-1 presents the traditional five stages of which the consumer decision-making model comprises.

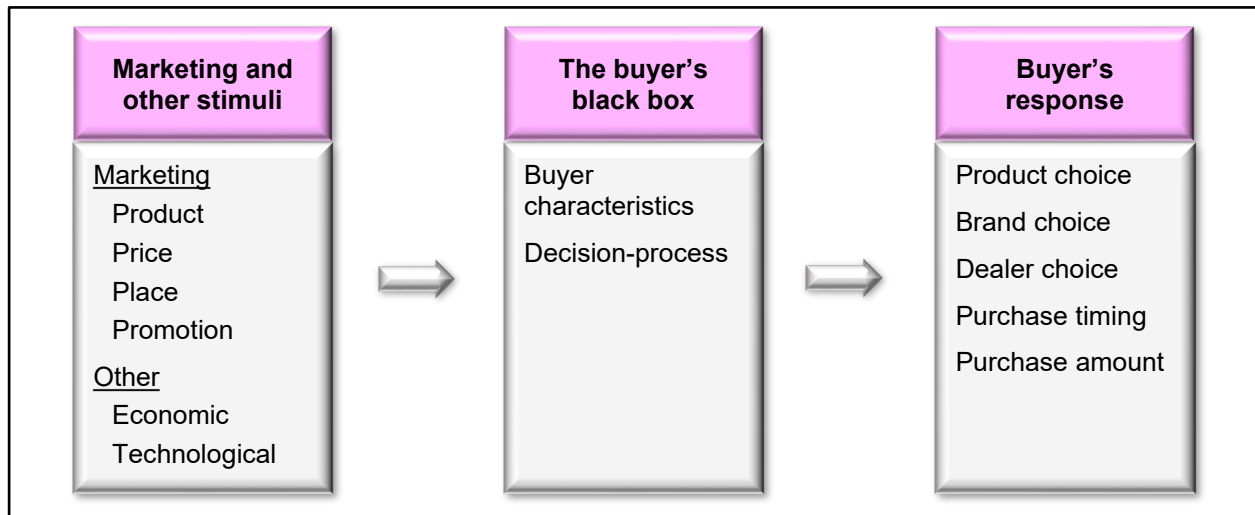
Figure 2-1: The traditional five-stage consumer decision-making model



Source: Adapted from Stankevich (2017:12).

2.3.1 Stage 1: Need recognition

According to Camilleri (2018:3), a need is a conscious feeling of deprivation experienced by a person, whereas a consumer need is something required by consumers in order to experience satisfaction. A need can arise by means of an internal stimulus such as a certain emotion or an external stimulus such as a form of advertisement on television (Hussain, 2017:15). Marketers need to be aware of unmet consumer needs, as this will aid in successfully launching new products in the market (Bothma, 2017:30). Consumer needs caused by external and internal stimuli lead to the first step of the consumer decision-making process, which includes need recognition. Figure 2-2 represents the stimulus and response model. This model visualises the relationship between a stimulus and a response. Needs are caused by external and internal stimuli. Therefore, marketers need to have a thorough understanding of the consumer 'black box' in order to create a desired response.

Figure 2-2: Stimulus and response model

Source: Adapted from Kotler and Armstrong (2017:136).

The entire process begins when a consumer recognises an unsatisfied need or desire caused by a stimulus (Groenewald, 2019:25). This need or desire can be fulfilled by means of purchasing a product or service (Szmigin & Piacentini, 2018:84). During this stage of the process, a consumer recognises a need that can be fulfilled in this way (Gerber, 2016:176). Consumers can be influenced by several factors during this stage, for example environmental influences, memory, individual differences and social differences (Joubert, 2013:126). Need recognition reflects a consumer's willingness to act upon a desire or need, but does not necessarily guarantee that the decision-making process will continue – as a result, marketers need to identify circumstances likely to trigger a particular need, in order to create an imbalance between the consumers' preferred status and their current status (Mishra, 2018:1). According to Stankevich (2017:12), marketers try to intentionally create this imbalance, as it will highlight a need for consumers to recognise, which will influence their willingness to purchase a product or service. For example, when a person experiences the feeling of hunger, a desire for food will lead to the person recognising that he or she has a need to eat (Qazzafi, 2019:132). Marketers can feed this imbalance between the person's current state and the desired state by means of sending them direct messages about food and restaurant choices.

2.3.2 Stage 2: Information search

After the need recognition stage, a consumer will start collecting information in order to facilitate the purchase decision (Rudansky-Kloppers & Strydom, 2016:137). During this stage, consumers search for information both internally and externally, where internally includes searching for relevant information via the mechanism of previous experiences with products and services, and externally refers to seeking information in the external environment, for example other consumers,

commercial sources and public sources (Oke *et al.*, 2016:45). Consumers use various sources in order to obtain information, including personal sources, such as family, friends and colleagues; public sources, such as consumer rating platforms and mass media; commercial sources, such as sales people; the internet and packaging, as well as experiential sources, such as using and handling the actual product (Hussain, 2017:16). During the decision-making process, people tend to be sceptical about alternatives and whether these alternatives will successfully fulfil their needs, as a result of which they require all the necessary information about these alternatives before spending their hard-earned money (Daniels, 2020).

Consumers go through this stage in order to find a service or product with specific characteristics they believe will fulfil their unmet needs (Erasmus, 2019:342). Terblanche (2016:75) describes this step as the activity undertaken in order to gain information necessary to make a decision, and it is also a function of observed risk. This stage consists of physical and mental activities conducted by consumers (Parumasur & Lombard, 2014:270). Consumers will collect information about various brand and product alternatives that could potentially fulfil their needs, as well as the nature of the various options such as price, terms of sales, product availability, and quality (Groenewald, 2019:26). After collecting sufficient information about various brands and products, consumers will process the information in order to arrive at a conclusion based on what they have learned in the course of this stage (Peter & Donnelley, 2011:50).

2.3.3 Stage 3: Evaluating alternatives

Kotler and Armstrong (2017:154) mention that consumers use the information gathered in order to evaluate brand alternatives – where consumers can form varying attitudes towards different brands and products, depending on the individual buyer and the buying situation. Consumers compare and analyse the information obtained regarding various available products and offerings (Rudansky-Kloppers & Strydom, 2016:137). They measure the pros and cons of each alternative by using pre-established evaluation criteria (Parumasur & Lombard, 2014:153). Consumers tend to rank the various alternatives according to their attributes, ultimately choosing the most suitable option (Qazzafi, 2019:132; Terblanche, 2016:76). They use consumer reviews and prices in order to compare various substitute products before making a final decision (Daniels, 2020). Consumers tend to look for the best deal in terms of attributes such as price, quality, brand, positioning, location, and the consequences of using the product. It is therefore important for marketers to ensure that consumers are aware of a brand as well as its attributes (Stankevich, 2017:10). The methods used in order to evaluate various alternatives will depend on the consumer's underlying goals, personality and motives (Jisana, 2014:40). Usually, consumers base this stage on qualities related to their recognised needs (Oke *et al.*, 2016:46).

2.3.4 Stage 4: Purchase decision

After the evaluation of applicable alternative options, the consumer generates a purchase decision towards a product or service (Amankwah, 2016:20). According to Terblanche (2016:76), a purchase decision includes the actual process of purchasing a certain product or service. This product or service has been evaluated via a pre-determined set of criteria (Peter & Donnelly, 2011:51). The objective of this stage is to purchase the most preferred option based on the evaluation of the various options found during the information search stage (Gerber, 2016:154). According to Schiffman and Kanuk (2014:49), there are three types of purchases that consumers make:

- **Trial purchases.** Trial purchases are part of the exploratory phase where consumers explore a product or service through means of purchasing and using it for the first time. Promotional activities such as coupons, free samples, and price discounts can be implemented in order to encourage consumers to try new products and services.
- **Repeat purchases.** Consumers who are satisfied with a new brand will engage in repeat purchasing behaviour once they have conducted the trial purchase. Once an existing brand has met the needs and desires of a consumer, they are likely to participate in repeat purchase behaviour. The consumers therefore become loyal towards a brand, which ultimately leads to purchasing products in larger quantities.
- **Long-term commitment purchases.** Long-term commitment purchases refer to consumers purchasing larger, more expensive products and services which are meant to last longer than a year. These products cannot be obtained in smaller quantities and are usually purchased after the entire evaluation process has been completed.

Purchase decisions are usually based on attributes of products and services where aspects such as consumer assistants, visual exhibitions of merchandise and the point-of-purchase can exercise an influence during this stage (Oke *et al.*, 2016:46). The purchase decision is not the final step of the process as it is followed by post-purchase behaviour, one of the most important stages of the process, as it will impact on consumer loyalty and consumer retention.

2.3.5 Stage 5: Post-purchase behaviour

The marketer's work does not stop after a consumer has decided to purchase a product or service. The buyer will decide whether or not to take further action after the purchase, which will be based on his or her satisfaction (Gerber, 2016:154). Consumers evaluate their decision during this phase, and they use this evaluation for future decision-making purposes (Rudansky-Kloppers

& Strydom, 2016:137). The consumer analyses the purchased item, its usefulness and the value delivered with regard to the need that required fulfilment (Daniels, 2020). According to Schiffman and Kanuk (2014:429), consumers make use of memory as well as the past-perceived value of a product or service during this stage, which can result in three main outcomes:

- The performance of the product or service can match the consumer's expectations.
- The performance of the product or service can exceed the consumer's expectations.
- The performance of the product or service can be below the consumer's expectations.

The consumer reflects on the decision that he or she has made – where the results of the purchase can be positive and traced back to ideas and evaluation criteria regarding the brand, or negative where the consumer learns from experience and will try to avoid similar situations in the future (Terblanche, 2016:77).

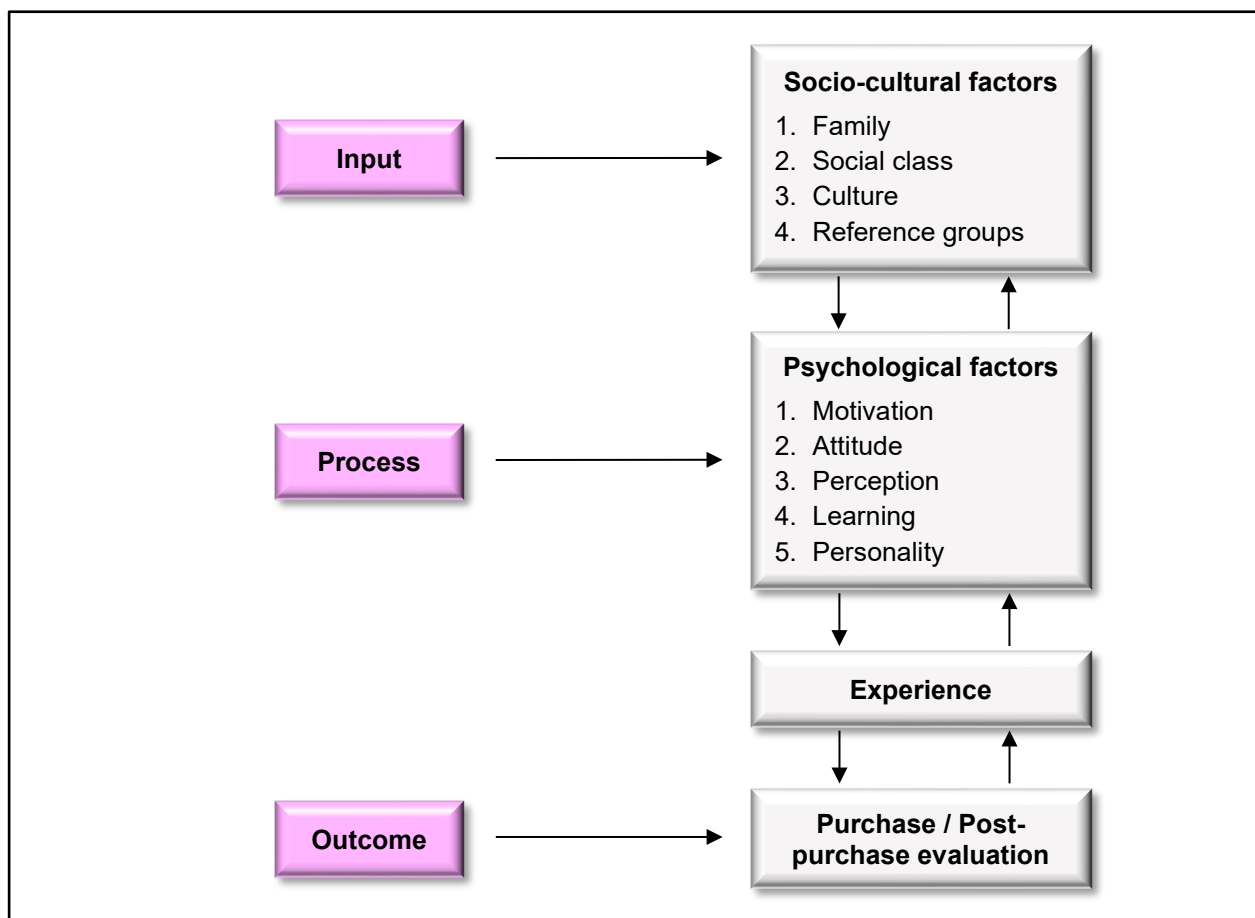
According to Erasmus (2019:345), the terms negative disconfirmation and positive disconfirmation can be used in order to denote the outcome of the post-purchase stage where positive disconfirmation occurs when consumers are satisfied and pleasantly surprised by the performance of the product or service; and negative confirmation occurs when consumers' expectations have not been satisfied by means of the performance of a product or service. If the consumer is satisfied, the chances of retention are high and the consumer can also influence others to purchase the product: thus, the chances of increasing consumer loyalty are high (Qazzafi, 2019:133). If consumers' expectations were exceeded and their needs have been successfully satisfied, they will potentially become ambassadors of the brand and influence other potential consumers during stage two of the decision-making process, increasing the chances of the product being purchased again (and *vice versa*, in terms of negative feedback) (Stankevich, 2017:11).

2.4 FACTORS INFLUENCING CONSUMER BEHAVIOUR

There are many factors that influence individuals' purchase decision-making processes, shopping habits and purchase behaviour (Ramya & Ali, 2016:76). Marketers who are aware of the influences affecting their target consumers' decisions will be able to tailor their marketing programmes and activities to achieve satisfaction of the needs of these consumers (Prakash, 2018:65). According to Schiffman and Wisenblit (2019:375), the five stages of the consumer decision-making process can be divided into three main stages, the input, process and output stages. The input stage commences during the need recognition stage. The input stage is usually influenced by individual or psychological factors such as personality, motivation, perception,

attitudes and emotion. The input stage usually draws on an external influence, which will serve as a source of information and can influence a consumer's motivation, attitude, and perception. Consumers' information inputs are subjective in the way in which they process information in order to provide additional substance to the stimuli and need recognition; thus, the consumers will only act on stimuli they view as being important (Terblanche, 2016:77). Figure 2-3 illustrates the simplified consumer decision-making process along with the various social and cultural factors that influence the stages thereof.

Figure 2-3: The consumer decision-making process



Source: Adapted from Schiffman and Wisenblit (2019:375).

2.4.1 Psychological factors

The buying behaviour of consumers is influenced by various internal (or psychological) or individual factors. These factors include the inner needs of consumers (Terblanche, 2016:59). They cultivate a cognitive process in the minds of consumers (Gopal, 2019:3). Some of the most common internal factors include motivation, attitude, perception, learning and personality, which will be further discussed in detail the following sections below (Rudansky-Kloppers & Strydom, 2016:135; Schiffman & Wisenblit, 2019:375).

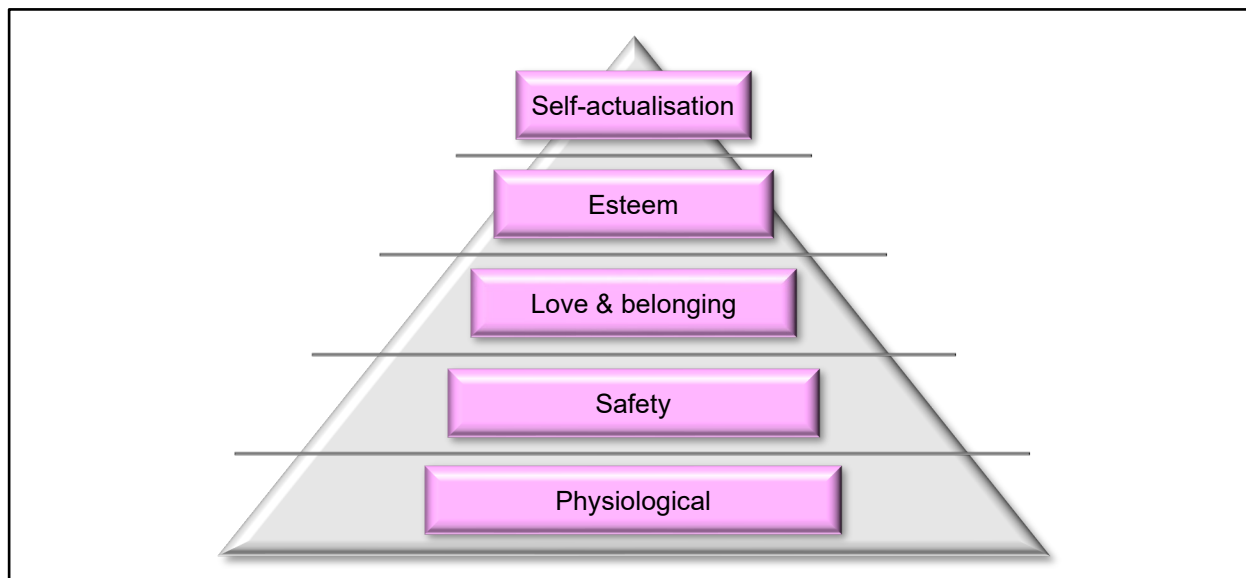
2.4.1.1 Motivation

A motive is a need strong enough to lead a person into pursuing an action (Gerber, 2016:147). Motivation causes consumers to behave in the way they do and occurs when a need arises that the consumer wishes to fulfil (Solomon, 2011:154). Motivation is an inner urge or drive that moves a person towards purchasing something in order to satisfy a need or want, and it works at a subconscious level, which is usually quite hard to measure (Ramya & Ali, 2016:77; Rani, 2014:53; Schiffman & Wisenblit, 2019:78). It is a force that determines the behaviour of consumers (Joubert, 2013:66). It affects their cognition and their prospective rewards, both intrinsic and extrinsic (Botvinick & Braver, 2015:84). According to Ramya and Ali (2016:77), needs can be divided into the following categories:

- **Biogenic needs.** These needs arise from psychological states of tension, which can include thirst and hunger. They are usually a consumer's basic needs and are usually the most pressing. Biogenic needs form part of the bottom of Maslow's hierarchy of needs.
- **Psychogenic needs.** These needs arise from states of physiological tension such as needs for esteem and recognition. They usually form part of the top of Maslow's hierarchy of needs.

Abraham Maslow sought to explain why people acquire certain needs at certain times (Gerber, 2016:147). Maslow's hierarchy of needs is a theory of psychology that further explains motivation based on the pursuit of different levels of needs. It is the most substantial need identification model used by marketers to motivate their consumers (CFI, 2021). Maslow's theory explains that the level of motivation affects consumers' buying behaviours, as basic needs and security are usually more pressing than other needs, and therefore they become motives that drive consumers to seek fulfilment (Kotler & Armstrong, 2017:158). Figure 2-4 is a visual representation of Maslow's hierarchy of needs. It shows that needs can be ranked from most pressing (bottom of hierarchy) to least pressing (top of hierarchy) which include physiological, safety, love and belonging, esteem and self-actualisation needs.

Physiological needs include needs that are necessary to survive, such as food, shelter and water; safety needs include law, order, and protection from dangerous and unpredictable conditions such as income, job security and savings; love and belonging is the need to be loved and this level includes friends and family; esteem is related to a person's status and recognition in order to feel respected; and self-actualisation refers to the need to realise one's full potential through means of obtaining skills, pursuing one's dreams and seeking happiness (CFI, 2021). Biogenic needs form part of the bottom of the pyramid whereas psychogenic needs form part of the top of the pyramid.

Figure 2-4: Maslow's hierarchy of needs

Source: Adapted from CFI (2021).

According to Rani (2014:58), motivation is directly linked to needs and is expressed in the same type of classification as is shown in the stages of the consumer decision-making process. Motivation acts as a driving force that encourages individuals to act upon the satisfaction of their needs and becomes an internal factor that has an immense impact on consumer behaviour (Ramya & Ali, 2016:77). According to Bothma (2017:30), knowing what motivates a person to buy something will make it easier to sell something to that person, as the message will be aimed at emphasising that motivating factor or unsatisfied need. Brands need to create, make conscious and reinforce a need in the minds of its consumers, which will lead to a purchase motivation, making consumers much more interested in purchasing their products (Rani, 2014:58).

2.4.1.2 Attitude

A consumer's relatively consistent evaluation, tendency, or feeling about something is referred to as an attitude (Gerber, 2016:149). Attitudes form persistent unfavourable or favourable emotions, evaluations and action tendencies towards certain objects (Parumasur & Lombard, 2014:203). Attitudes include the beliefs, experiences, and feelings that contribute to a predisposition which enables a consumer to act in a specific manner (Diallo *et al.*, 2013:427). They are evaluative statements or learned pre-dispositions that are used to respond to an object, person, or idea (Jonker, 2011:8). Consumers may have a positive or negative attitude towards something, based on previous experiences (Rudansky-Kloppers & Strydom, 2016:135). According to Groenewald (2019:34), consumers form attitudes towards certain things through knowledge gathered learned from various sources such as advertisements, interactions, and information provided by others. Joubert (2013:81) adds that these learned attitudes tend to be relatively consistent.

Attitudes inform marketers about their consumers and it shows them how well they are established in the marketplace; therefore, marketers need to design advertisements in an appropriate manner that will not be in conflict with its consumers' attitudes. Beliefs and attitudes make up brand image, and affect consumer buying behaviour (Rani, 2014:60). Attitudes of consumers affect the way they act as well as the way they judge people, objects, and events (Prakash, 2018:66). The more favourable the attitude with respect to engaging behaviour, the more likely a person will be to intentionally perform that behaviour (Ajzen, 2015:125). Marketers need to understand consumer attitudes in order to modify them by means of marketing campaigns. For the purpose of operating successfully, consumers' attitudes need to be influenced by means of establishing an effective position in their minds. Although attitudes are said to be quite consistent, marketers are able to change them by changing a brand's marketing message or adjusting its positioning strategies (Rani, 2014:60).

2.4.1.3 Perception

Selecting, interpreting, and organising information in order to produce a meaningful picture of the world is called perception (Jisana, 2014:34). According to Babin and Harris (2018:53), it is the way in which consumers become aware of and interpret the world surrounding them. It is the way consumers see, smell, hear, touch and taste stimuli in their surrounding environments (Rudansky-Kloppers & Strydom, 2016:135). Khuong and Tram (2015:525) add that only a small number of stimuli to which consumers are exposed are taken in and processed by their brains. When consumers encounter situations, they use their senses to absorb various inputs from which their brains select aspects of the stored information in order to process and organise the inputs which the brain will interpret and evaluate (Jonker, 2011:8). Perception consists of various aspects explained in Table 2-2.

Table 2-2: Aspects of perception

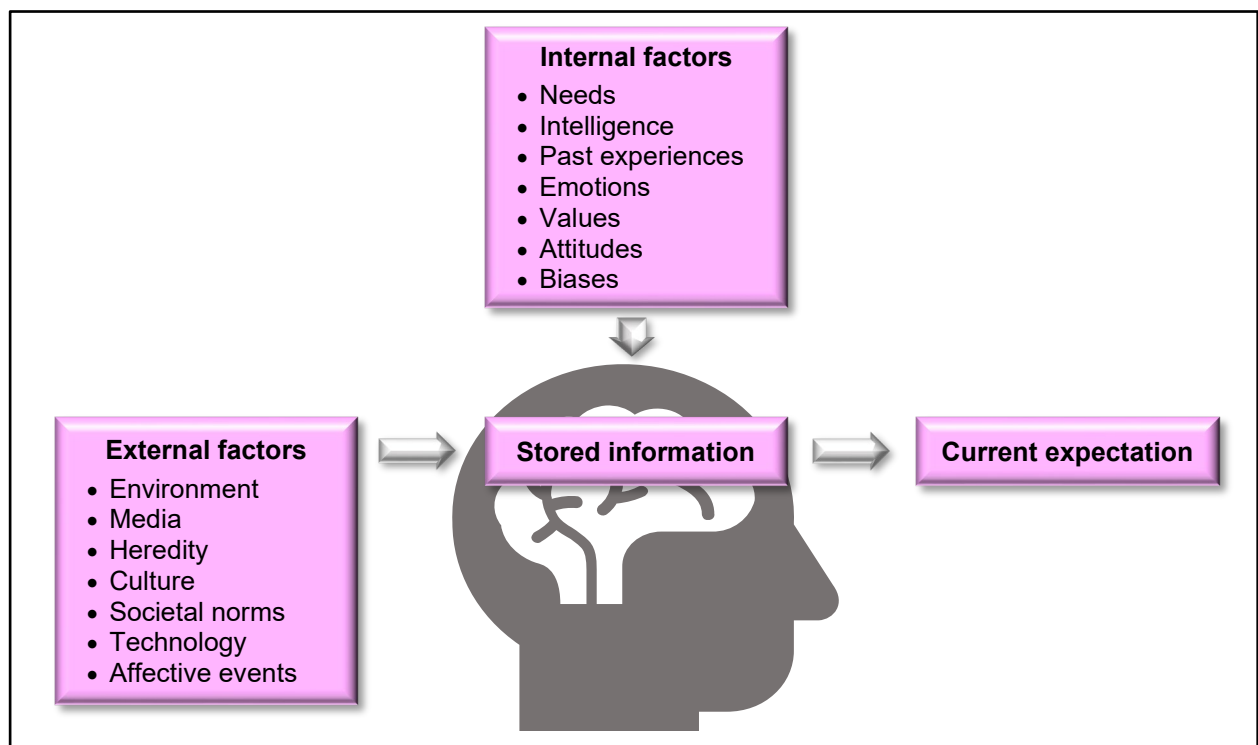
Aspect	Description
Subjectivity	This is the existing worldview within an individual and is usually unique to that individual. It is person-specific, thus no two people will experience exactly the same worldview.
Categorisation	This includes the prejudging of events and it can happen through a process known as chunking where consumers organise information into chunks of related items.
Selectivity	This is the degree to which the brain selects from the environment and it is a function of how much is going on as well as how selective the individual is. Consumers are constantly filtering thus they are absorbing and processing information that are fitting according to their own experiences, interests, attitudes and backgrounds.
Stereotyping	This includes making assumptions about something based on generalised judgements rather than on facts.

Table 2-2: Aspects of perception (continues)

Aspect	Description
Expectation	This leads to individuals interpreting information in a specific way. It is the forming of an opinion of how a consumer would like an event to unfold. Thus, they tend to perceive and select information according to the way they expect it to appear.
Interest	This includes basing activities and input on things that are appealing thus, consumers base their expectations on things that are meaningful and enjoyable to them. Consumers tend to see, notice, and hear things that are of interest to them.

Source: Adapted from Jonker (2011:9).

Figure 2-5 is a representation of factors that simultaneously influence the perception of people. According to Jonker (2011:9), these factors include internal factors such as needs, intelligence, past experiences, emotions, values, attitudes and biases, as well as external factors such as the environment, media, heredity, culture, peers, societal norms, technology, and affective events.

Figure 2-5: Factors that affect perception

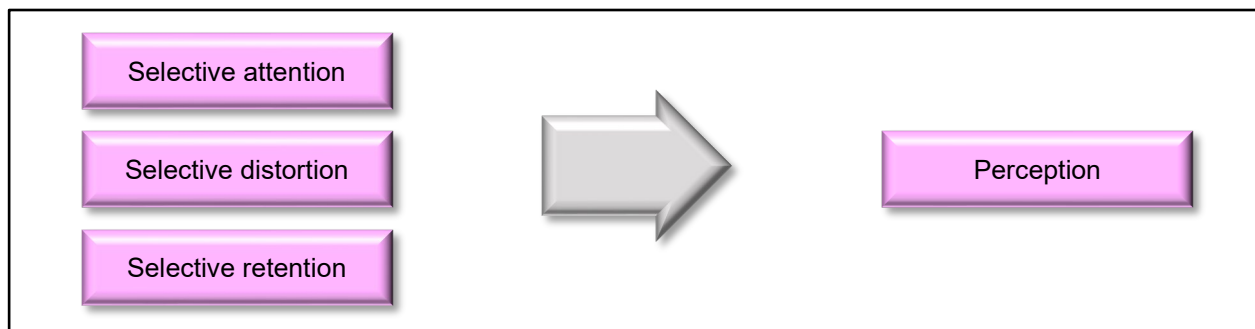
Source: Adapted from Jonker (2011:9).

Perception leads to procedures that consumers choose and interpret (Khuong & Tram, 2015:525). A consumer's perception of a particular brand or product will influence his or her buying decision. It is important to consider consumers' perceptions in order to place a service or product in a certain perceptual position in the minds of the consumers. This refers to positioning, which forms an integral part of the business model, and enables the business to attain a competitive advantage

(West *et al.*, 2015:169). In order for marketers to successfully utilise consumer perceptions towards their product or service offerings, they need to understand the various perception processes. According to Kotler and Armstrong (2017:153), there are three different perceptual processes, namely selective attention, selective distortion, and selective retention. Figure 2-6 provides a visual representation of these processes.

- **Selective attention.** The consumer only focuses on a few details to which he or she is subjected. During this process, the marketer tries to gain the attention of the consumer.
- **Selective distortion.** Selective distortion enables people to interpret situations in order to make them consistent with their values and beliefs. Different people have different perceptions which usually depend on their personal beliefs and attitudes, and a marketer needs to try to understand these attitudes and beliefs in order to design marketing campaigns that will attract and retain consumers.
- **Selective retention.** Selective retention refers to what the individual stores and retains from a certain situation or a particular stimulus.

Figure 2-6: The three perception processes



Source: Adapted from Kotler and Armstrong (2017:153).

2.4.1.4 Learning

When consumers act, they learn – which leads to a change in behaviour due to experience (Rani, 2014:59). Schiffman and Wisenblit (2019:147) describe learning as the process by which consumers gain knowledge from previous experience with a brand or product; thus, they apply this knowledge when conducting future purchase decisions. Learning is the consumer's ability to recall a brand or marketing message (Rudansky-Kloppers & Strydom, 2016:135). Brand recall refers to the information stored in the memory of individuals which they are able to retrieve when exposed to something connected with that information – the higher the recall, the greater are the chance of considering a purchase as well as actually purchasing (Khurram *et al.*, 2018:220). Brand recall is used in advertising and marketing as it is usually successful when consumers are

able to recognise a brand by means of visual or auditory cues such as slogans, logos, packaging, jingles or colours, as well as the company's name (Kenton, 2018). According to Duggal (2018), understanding the elements of learning is crucial to understanding how and why consumers make their purchase decisions. These elements are subsequently described:

- **Motivation.** Unfulfilled needs are drivers that lead to motivation. Consumers can be motivated to learn as much as they can about certain things.
- **Cues.** Cues are stimuli that suggest a certain way to satisfy a consumer's motivations. There are various clues competing for a consumer's attention, which can be created by marketers, whereas others are simply part of the external environment. Some cues are deliberately sought, such as a conversation with a salesperson, whereas others are not, such as overhearing conversation at a coffee shop. Regardless, a consumer can learn from both types of cues.
- **Response.** A response is a person's reaction to a cue. There are many responses that a consumer can apply to each cue, where the response the consumer chooses usually depends on previous experience. A marketer can enable consumers to elicit a desired response by understanding consumer learning.
- **Reinforcement.** Reinforcement is the reward, thus the pleasure, benefits, and enjoyment that the consumer receives after purchasing and consuming a product or service. This element is critical to the learning process and can affect future responses.

2.4.1.5 Personality

Personality includes the tendencies, thoughts, intentions, and behaviour in which consumers engage as they are exposed to various environments (Babin & Harris, 2018:112). Prakash (2018:66) continues by explaining that individuals' personalities are social identities that they create for themselves and they represent the sum of sensory experiences that other people encounter whilst interacting with them. They are sets of traits and characteristics of each individual and thus the product of interaction of physiological and psychological characteristics leading to constant behaviours (Rani, 2014:59). Personality traits can be described as enduring characteristics that describe one's attitude and behaviour (Jonker, 2011:6). These traits are characteristics that reflect how individuals respond to their environments and they include attitudes, qualities, traits, factors, and mannerisms that distinguish one person from another (Derbyshire, 2018). These characteristics will determine how an individual interacts with and reacts to various situations and people (Jonker, 2011:6). They are also known as inner psychological traits, and are unique to consumers as they differentiate consumers from each other

(Schiffman & Wisenblit, 2019:92). Personality is the reflection of subtle differences between consumers (Wojciechowska, 2017:60). Personality materialises traits such as confidence, charisma, sociability, ambition, shyness, curiosity, adaptability, and openness to others (Rani, 2014:59).

According to Rudansky-Kloppers and Strydom (2016:135), there are various kinds of personality types and these have an influence on consumer purchase decisions. Almost everyone shares personality traits, but it is the combination of these traits that are unique to an individual rather than the traits themselves. The Big Five model is used to study personality traits as it has the capacity to explain seemingly irrational human behaviour (Wojciechowska, 2017:60). The Big Five model is powerful as it organises various concepts into a shorter list of only five factors that represent certain human behaviours in terms of personality (Jonker, 2011:6). It allows marketers to categorise buyers into various groups based on one or more personality traits and consists of the traits set out below (Jonker, 2011:6; Rudansky-Kloppers & Strydom, 2016:135; Wojciechowska, 2017:60).

- **Agreeableness.** This category of buyers is easy to do business with, as they are not self-centred and easily accept suggestions from other people. Agreeableness measures the degree to which consumers are friendly or reserved, guarded or cooperative, flexible or inflexible, trusting or cautious, moody or good-natured, soft-hearted or tough, and tolerant or judgemental. It exhibits a consumer's humanity, benevolence, and willingness to cooperate with others.
- **Openness.** Openness is linked with a deep interest in novelty, new ideas, and style. It considers whether consumers are interested in broadening their horizons or limiting themselves, sticking to what they already know or learning new things, meeting new people or associating with current peers, going to new places or only visiting known places.
- **Extraversion.** This is the degree to which an individual is antisocial or social, shy or outgoing, assertive or passive, inactive or active, talkative or quiet. An example of this trait is that an introverted consumer will be less likely to purchase a flashy item. Extraversion indicates confidence, ambition, and sociability where an extraversion client is more likely to possess emotional stability as emotionally stable people tend to think more rationally.
- **Conscientiousness.** These consumers are naturally careful as well as assiduous, and are more likely to take responsibility. Conscientiousness represents the degree to which consumers are dependable or inconsistent, unreliable or can be counted on, follow through with commitments or renege, and keep promises or break them.

- **Neuroticism.** This a negative state and is linked to emotionally unstable consumers who tend to have high levels of stress and anxiety. These consumers tend to be angry, worried, insecure, and emotional, this trait representing the degree to which consumers are consistent in how they react to certain events and whether they view a situation objectively.

Personalities are not always easy to change, but if marketers are aware of characteristics that influence responses, they will be able to adapt and engage with consumers by aligning relevant traits (Derbyshire, 2018). Unlike other aspects of consumer behaviour, personality is usually consistent and enduring. Therefore, marketers are not able to easily alter the personalities of consumers, but if they are aware of personality traits that influence certain reactions, they may be able to make an informed attempt to play on the essential traits of the chosen target segment in order to influence their decisions (Wojciechowska, 2017:60). Personality is one of the most important factors of consumer behaviour as it influences consumers' purchase decisions and behaviour in the market place (Gangai & Agrawal, 2016:36). Marketers need to adapt marketing strategies by applying a deeper understanding of the dominant personality traits of their targeted consumer segment and to form predictions around their responses in the marketplace (Derbyshire, 2018).

2.4.2 Socio-cultural factors

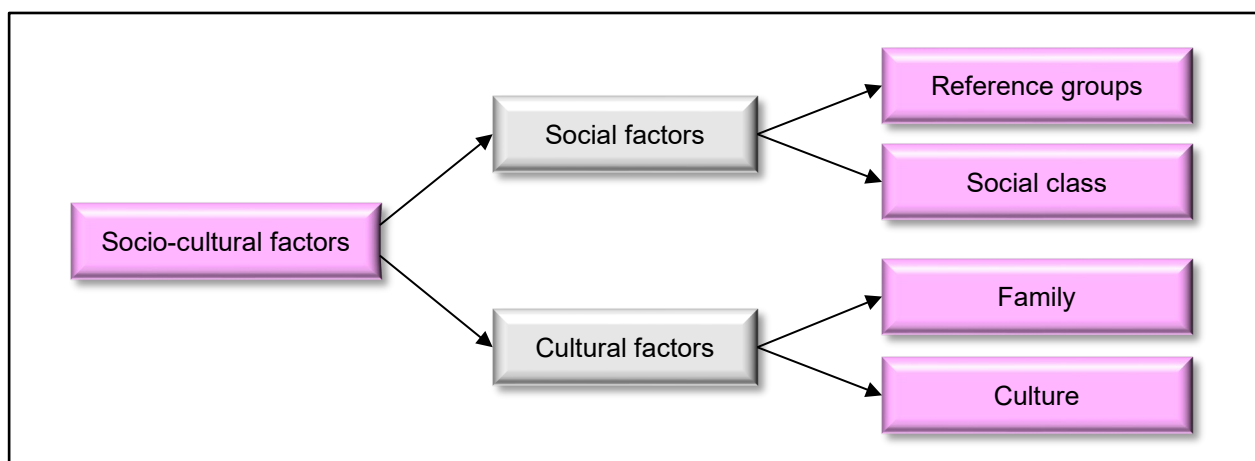
There are several factors that confront consumers at the time of a purchase, including subculture, culture, household structure, and reference groups. These factors are known as external factors as they are controlled by external environments (Barmola & Srivastava, 2010:270). External factors comprise of social and cultural factors, and are also known as socio-cultural factors. Although marketers have no control over these factors, it is important that they have a thorough knowledge of them as socio-cultural factors have a direct as well as an indirect influence on the consumer decision-making process (Sethna & Blythe, 2016:70). It is essential for marketers to gain a better understanding of the effect of these factors on consumers and their decisions. Understanding the way in which these factors influence consumers' purchase decisions will aid in targeting the selected audiences more effectively and efficiently by means of devising bespoke marketing strategies (Rani, 2014:54). Understanding consumer behaviour in terms of socio-cultural characteristics has a special significance, as it enables marketers to make effective marketing decisions (Ramya & Ali, 2016:78; Vasegh & Kazemi, 2015:3110).

Social factors usually include reference groups, family members, and social class or status (Sethi & Chawla, 2014:98). Social factors have a significant influence on consumer behaviour (Rani, 2014:55). People are considered as social animals: hence, their behavioural patterns are influenced by the people they surround themselves with (Ramya & Ali, 2016:78). According to

Terblanche (2016:79), social factors are about the desire for group interaction. It is believed that an individual develops certain perceptions, values, and behavioural patterns at an early stage of childhood from people, especially family, who were present during this stage of development. Thus, these patterns come from the culture in which the individual was brought up (Kotler & Armstrong, 2017:160). Individuals are influenced by family, friends and cultural environments, as well as society, which teaches them certain values, preferences and common behaviour (Rani, 2014:55). Cultural factors can therefore be described as a set of values and ideologies of a particular group, or community, which an individual learns at a young age, and which then forms part of his or her culture – which can include certain habits, beliefs, and principles (Sethi & Chawla, 2014:98). Cultural factors can influence a consumer's perceptions, attitude, and understanding of certain information or a product immensely; therefore, these factors affect the way a consumer behaves during the buying process by virtue of direct and indirect messages sent to consumers regarding the selection of goods and services (Doole *et al.*, 2019:72). As it has been proven that cultural factors have an influence on the perception, habits, behaviour and expectations of consumers, it is important for a brand to consider these factors in order to adapt its product offering and marketing strategy accordingly.

It is evident that social and cultural factors – thus socio-cultural factors – have an immense impact on consumer buying behaviour (Ansari, 2018:262). The people that surround consumers influence what they buy and which brands they support, whereas the culture in which they grew up affects their perceptions and expectations of certain brands and product offerings. Ramya and Ali (2016:78) add that these factors have a more definite impact on consumer behaviour. Figure 2-7 presents the various socio-cultural factors that influence consumer behaviour.

Figure 2-7: Socio-cultural factors



Source: Adapted from Kotler and Armstrong (2017:230).

2.4.2.1 Family

A family can be described as two or more individuals who are related to each other by means of blood, marriage, or adoption, and who are residing together in a single housing unit (Schiffman & Wisenblit, 2019:269). The *nuclear family* includes the immediate family members of father, mother, and children living together, whereas the *extended family* includes the nuclear family plus other relatives such as aunts, uncles, grandparents, cousins, and parents-in law (Chandrasekar & Raj, 2013:18). Family can be seen as the primary factor by which cultural values and behavioural patterns are passed on from generation to generation (Sankar, 2016:104). The family complexity, which includes the ages and number of children as well as the family structure, can have a profound impact on a consumer's buying behaviour (Ali & Kerpčarová, 2019:8). Family has always played an important role in the life of individuals, both culturally and traditionally, and it therefore largely influences the brands that people choose to support (Sharma & Sonwaney, 2014:40).

Family members play a crucial role in designing an individual's preferences and behaviours as they provide an environment in which individuals are able to evolve, develop personality, and acquire values. Family can be considered as the most influential factor as it constitutes an environment of socialisation where individuals are able to develop attitudes and opinions on various subjects (Rani, 2014:56). Each member of a family assumes various responsibilities and performs certain roles (Szmigin & Piacentini, 2018:324). For example, children increase family demand for clothing, food, furniture, medical care, homes, and education, whereas they decrease the demand for discretionary items such as travel, higher-priced restaurants, and adult clothing (Chandrasekar & Raj, 2013:18).

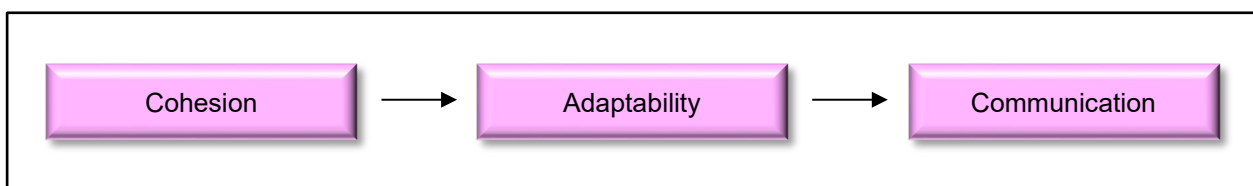
Marketers need to be aware of the influence the family can exert on its target consumers' purchase decisions. Family plays a major role in terms of consumer socialisation processes, therefore emerging as a private agency capable of transmitting consumption models and values to younger consumers (Roberti, 2014:44). The immense impact that family has on consumer behaviour has led to marketers trying to determine the roles and influences of the husband, wife, and children, for understanding these components can benefit their marketing programmes and activities (Jisana, 2014:35).

Based on the preceding discussion, it is evident that understanding the sociological dimensions of how families make their decisions can present an advantage for marketers in terms of efficiently targeting their consumer segments. According to Chandrasekar and Raj (2013:18), marketers can form a better understanding of families' decisions by examining such sociological dimensions,

including cohesion, adaptability, and communication. Figure 2-8 illustrates the three sociological dimensions of how families make consumer decisions.

- **Cohesion.** Cohesion is the emotional bond between family members, measuring how close family members feel to each other on an emotional level. It reflects a sense of connectedness to or separateness from.
- **Adaptability.** Adaptability measures the ability of a family to change its role relationships, power structure and relationship rules in response to developmental and situational stress. Adaptability shows how well a family can meet challenges presented by ever-changing situations.
- **Communication.** Communication is critical to movement in terms of the abovementioned dimensions. Positive communication skills include empathy, reflective listening and support comments.

Figure 2-8: Sociological dimensions of family decision-making



Source: Adopted from Chandrasekar and Raj (2013:18).

2.4.2.2 Culture

Culture can be described as the sum total of values, beliefs and customs that serve as a direction for consumer behaviour in different markets (Doole *et al.*, 2019:72). A consumer's family and their surrounding environment can fundamentally influence their culture (Lawan & Zanna, 2013:521). Culture functions as a set of guidelines, providing consumers with directions on how to act appropriately in everyday situations, and can be regarded as one of the main influences on consumers' behaviour (Babin & Harris, 2018:181; Peter & Donnelly, 2011:43). Members of the same culture tend to follow the same norms and often possess similar values and beliefs (Akanksha, 2017:40).

Consumers define themselves in terms of culture, which is largely based on society's shared values. It can include various social aspects such as values, norms, customs, and languages (CliffsNotes, 2020). Culture forms part of every society, thus it impacts on consumer wants as well as behaviours immensely, and the influence on consumer buying behaviour may vary from country to country (Jisana, 2014:35).

According to Doole *et al.* (2019:72), culture is based on the following three fundamental components:

- **Beliefs.** Beliefs refer to the various mental and verbal processes that reflect people's assessment and knowledge of products and services.
- **Values.** Values are indicators that the consumer utilises which serve as guides in terms of what is considered appropriate behaviour and they tend to be relatively enduring as well as stable over a period of time. Values are also widely accepted by members of a certain market.
- **Customs.** Customs are overt modes of behaviour that constitute culturally approved ways of behaving in certain situations, and they are evident in major events in people's lives such as birth, marriage, death, and key events in the year for example Christmas, Ramadan, Hanukkah, or the Chinese New Year.

According to Doole *et al.* (2019:73), there are various other components of culture that marketers need to be aware of:

- **Education.** The level of primary as well as secondary education in a market will have a direct impact on the sophistication of the target consumers. The degree of literacy can be used as an example, as providing products with instructions is important especially when dealing with prescriptions and medication. Thus, the level of education, which goes hand in hand with the degree of literacy, will have an impact on how marketers should conduct instructions for products.
- **Social organisation.** This is the way in which society organises itself, thus how the culture considers kinship, social institutions, interest groups, and status systems. The role of women as well as caste systems are practical examples. Therefore, if a firm has a history of successfully selling to the 'housewife or homemaker', selling is more difficult in a culture where women have no social status at all.
- **Technology and material culture.** This relates to the local market's ability to handle modern technology. Some cultures utilise natural sources such as wind turbines and solar panels in order to provide electricity to their homes.
- **Aesthetics.** Local culture's perception of things such as good taste, beauty, and design dictates what is acceptable or appealing to the local eye. Firms need to use colour, music brand names, or architecture in their communication strategies in an acceptable manner according to the local culture.

- **Law and politics.** The legal and political environments are usually regarded as consequences of cultural traditions of a certain market. For example, Islamic law, such as sharia law, is based on the traditions and principles of the Muslim holy book called the Qur'an.
- **Religion.** Religion is a major variable and has significant effects on marketing strategy. For example, the identification of sacred objects and philosophical systems, beliefs and norms as well as taboos, rituals and holidays is critical for understanding the culture of a market.

2.4.2.3 Social class

According to Dos Santos (2019:162), social class can be described as a class stratification system in which members of a society who share similar class values, power, interests, behaviours, and status are grouped together. A consumer's social class, being the role they play in society can influence their buying behaviour (Kozenkow, 2018). Members of the same social class tend to exhibit similar values, interests, and behaviours (Kraus *et al.*, 2017:423). Schiffman and Wisenblit (2019:282) define social class as a continuum of special positions on which each individual member within a society can be placed. Social class ranks people into groups based on their income, occupation, education, and possessions (Rudansky-Kloppers & Strydom, 2016:135). According to West *et al.* (2015:159), there are six grade definitions used to reflect social class:

- **Upper middle class.** This group includes higher administrative, professional, and managerial occupations.
- **Middle class.** Middle class includes intermediate levels of the abovementioned occupations.
- **Lower middle class.** These are junior levels of each of the abovementioned occupations.
- **Skilled working class.** This class includes skilled manual labourers.
- **Working class.** This class incorporates semi-skilled and unskilled labourers.
- **Those at the lowest level of subsistence.** This group includes state pensioners, widows with no other earners, casual workers, and the lowest grade workers.

West *et al.* (2015:159) further state that each of these groups have different needs, wants, expectations, and perceptions. By means of understanding the influence of social class on consumers' purchase decisions, marketers will be capable of classifying the value and purchasing patterns of each social class (Dos Santos, 2019:166). Marketers will also be able to formulate more effective marketing strategies, product mixes and brand images that will complement the lifestyle of the chosen target market (Lantos, 2015:215).

2.4.2.4 Reference groups

Schiffman and Wisenblit (2019:243) define reference groups as individuals or groups of individuals that a consumer considers as a standard when making decisions. Consumers value the opinions of these referents that include, *inter alia*, family members, friends, or celebrities. Durmaz and Durmaz (2013:28) define reference groups as people that influence consumers' behaviours, evaluations, aspirations, and purchase decisions. Consumers tend to base their activities, opinions, actions, and decision-making on the influence exerted on them by these individuals and groups (Lawan & Zanna, 2013:519).

According to Gajjar (2013:12), there are two types of reference groups, namely primary and secondary reference groups. *Primary reference groups* refer to individuals who interact on a daily basis, for example family, friends, or work colleagues. *Secondary reference groups* refer to those individuals with whom a consumer has an indirect relationship, for example members of a political party or religious affiliation or clubs. Schiffman and Wisenblit (2019:244-245) further categorise the type of influence on consumers from reference groups as either a normative or comparative influence. When a consumer observes and adopts the values, beliefs, and behaviour of a group with which he/she has regular interaction (membership group), for example family or friends, it is referred to as *normative influence*. *Comparative influence* refers to the influence exerted on a consumer by individuals or groups that the consumer aspires to be like. These groups are known as symbolic groups, and include celebrities, politicians, or successful entrepreneurs.

Some of the most prominent human needs include a sense of belonging, the desire to feel important to others, and to be accepted by others in society (Roberts-Lombard & Parumasur, 2017:106). Consumers, therefore, tend to look to reference groups for guidance and behavioural cues (Sankar, 2016:101). Thanyamon (2012:15) similarly states that the decisions made by consumers are influenced by the values, attitudes, beliefs, norms, and behaviours exerted on them by various reference groups. Consumers consider reference groups to be a yardstick for comparisons and to whom they can relate to during their decision-making, thus greatly influencing their buying behaviour (Lei *et al.*, 2017:1914). Reference groups can affect consumer behaviour in a positive or negative manner, as these groups act as a guide to 'correct' behaviour (Rudansky-Kloppers & Strydom, 2016:135). Hoyer *et al.* (2021:13) state that consumers tend to emulate the buying behaviour and purchase decisions of their reference groups. Reference groups have a tendency to shape consumer choice as to brands and products, and their decision to be loyal to a certain brand can be determined by the reference group that contributes valuable brand information (Madinga & Dondolo, 2017:774). It is therefore important for marketers to consider the influence of reference groups, as this will enable them to tailor their strategies to successfully harness the influence of reference groups on their target market and increase sales.

2.5 REFERENTS

2.5.1 Towards a definition of reference groups

According to Parumasur and Lombard (2014:206), consumer behaviour is influenced consciously as well as subconsciously, on a daily basis. The act of consumption does not take place in isolation, and consumer behaviour is affected by people with whom they, the consumers, surround themselves with as well as the groups with which they associate (Szmigin & Piacentini, 2018:298). One of the more prominent influential factors on consumer behaviour is reference groups. Joubert (2013:26) mentions that consumers value the opinions of reference group referents, which is why these groups are extremely impactful in terms of consumer behaviour, values, decisions, and conduct. Such groups infiltrate the social lives of their members, altering their perceived values and needs (Babin & Harris, 2018:158).

Different definitions of reference groups have been articulated by various authors. Table 2-3 represents various definitions that are commonly used.

Table 2-3: Towards a definition of reference groups

Author(s)	Definition
Gajjar (2013:13)	"Reference groups comprise of people that individuals compare themselves with."
Joubert (2013:26)	"People or institutions whose opinions are valued and to whom a person looks for guidance in his or her own behaviour, values and conduct, such as family, friends or celebrities."
Jisana (2014:35)	"Those groups that have a direct or indirect influence on the person's attitudes or behaviour."
Rani (2014:55)	"Reference groups are defined as those that provide to the individual some points of comparison more or less direct about his behaviour, lifestyle, desires or consumer habits."
Ramya and Ali (2016:78)	"Two or more persons who share a set of norms and whose relationship makes their behaviour interdependent."
Rudansky-Kloppers and Strydom (2016:135)	"Reference groups are groups that positively or negatively influence consumer attitudes or behaviour."
Babin and Harris (2018)	"Reference groups represent an actual or imaginary institution consisting of an individual or groups, whose presumed values and perspectives exert significant relevance on the behaviour of consumers."
Szmigin and Piacentini (2018)	"Reference groups are those groups that are used by a person as a basis for comparison and guidance when forming their beliefs, attitudes and behaviours."

The definitions provided in Table 2-3 have been considered, and for the purpose of this study reference groups are defined as follows: *Social groups that directly and/or indirectly influence the behaviour of consumers, thus influencing consumer decisions, actions, beliefs, values and attitudes* (Babin & Harris, 2018; Jisana, 2014:35; Joubert, 2013:26; Rani, 2014:55; Rudansky-Kloppers & Strydom, 2016:135; Szmigin & Piacentini, 2018).

Reference groups include friends, family members, colleagues, celebrities, membership groups, and various other groups of which consumers form part of and with which they surround themselves on a daily basis (Gajjar, 2013:13). Consumers tend to emulate the purchase behaviour of these groups or referents (Hoyer *et al.*, 2021:13). Referents shape consumer choices for products and brands as well as their decision to remain loyal to a certain brand (Madinga & Dondolo, 2017:772). Reference groups may vary in tangibility or intangibility as well as size where consumers may be involved in various reference groups simultaneously, but they tend to refer to one primary group in any given circumstance (Sankar, 2016:101). According to Groenewald (2019:40), consumers can form part of physical groups as well as virtual groups by means of the internet and social media platforms such as Instagram, Facebook, Pinterest, and Snapchat, whereas each of these groups has different influences, beliefs and standards that it exerts on consumers belonging to it.

2.5.2 Reference groups as target markets

Reference groups are one of the more prominent social factors affecting consumer behaviour. According to Schiffman and Wisenblit (2019:52), sociological factors can be used as a consumer-rooted segmentation base. Segmentation enables marketers to divide a large mass market into smaller segments of consumers with similar traits, wants, needs, and behaviours. Marketers are thus able to efficiently target a certain market, as it seems quite difficult to target a large and diverse mass market. The division of a market into identifiable segments marks the starting point for the process of market segmentation, after which an organisation must then devise strategic goals, objectives, and strategies in order to effectively and efficiently reach and communicate with the targeted segments (West *et al.*, 2015:152). Reference group beliefs, attitudes, and behaviours are typically in alignment, which is why consumer purchasing behaviour tends to be similar within these groups (Thanyamon, 2012:15).

Marketers can utilise reference groups in order to efficiently target a market as these groups can function as a base for segmentation and they represent a group of consumers with similar needs and desires. Utilising reference groups as a basis for segmentation is an effective way of targeting the right consumers by means of applicable marketing tactics. Identifying relevant reference groups along with the level of influence they exert on consumer behaviour and the types of

influence provides marketers with insight, enabling them to devise more efficient and effective marketing strategies that will specifically attract and appeal to their target market. According to Parumasur and Lombard (2014:110), the beliefs, values, behaviours, and attitudes of an individual who forms part of a certain reference group provides marketers with insights as to how to effectively position their product offering and their marketing strategies. It is therefore important for marketers to identify relevant reference groups for their product offerings.

2.5.3 Formality of reference groups

The level of formality of a reference group refers to the determination whether a reference group is formal or informal. *Formal groups* are defined by their nature and consist of members who conform to the requirements of the membership of these groups where they meet on a regular basis (Mbui, 2011:14). These are the groups of which individual consumers become members (Babin & Harris, 2018:160). Examples include people with whom consumers work, along with clubs and organisations to which they belong, such as religious groups and unions (Mbui, 2011:14). Parumasur and Lombard (2014:108) add that structure, membership affiliations, as well as rules are key components of these types of reference groups. *Informal groups* consist of looser structures and are usually based on friendship or interest. While such groups seldom appear in writing, their effect on consumer behaviour can be strong, as individuals are often motivated by social acceptance (Mbui, 2011:14). These groups include family, friends, and peers; there are no formal rules, values, or code-of-conduct requirements (Groenewald, 2019:44). These groups interact by means of some form of shared interest or friendship (Szmigin & Piacentini, 2018:303).

Understanding the level of formality of a reference group is important because it determines the type of influence the group may exert on consumer behaviour. As Mbui (2011:14) mentions, informal reference groups may have a strong influence on consumer behaviour due to social acceptance, whereas formal reference groups may exert a different type of influence, for example a requirement to purchase certain products in order to meet the formal requirements of such groups. Marketers therefore need to differentiate between the formality of reference groups they are targeting and to which their target consumers belong.

2.5.4 Marketing implications prompted by reference groups

Gaining an understanding of reference groups in the market along with the role they play in influencing consumer behaviour is extremely important for marketers as it directly influences their segmentation, positioning and targeting strategies, as well as the design and production of their respective product and service offerings. As mentioned, reference groups are extremely helpful in terms of segmentation and targeting as they represent a group of consumers who have a need

or desire for the same product and service types. Marketers need to identify the reference groups of their target markets as these groups expose consumers to certain behaviours and lifestyles therefore influencing their attitudes and self-concept, creating pressure to conform and affecting the person's brand and product choices (Gerber, 2016:141). Marketers can utilise various networks including social media platforms in order to increase brand awareness amongst their target consumers, as it is common for reference groups to form their own social media pages where the members interact on a regular basis (Groenewald, 2019:45). This is just an example of how marketers can utilise different tools and techniques in order to promote their products and services for effectively targeting members of distinctive reference groups. Targeting reference groups with strong social ties will assist marketers in devising and implementing more effective strategies as the information of their product offerings will be able to reach more consumers by means of referrals and word of mouth (Lantos, 2015:233).

2.5.5 The types and influence of reference groups

Reference groups can influence consumers based on product category, product type, or brand they choose to support (Groenewald, 2019:48). In addition, reference groups have an influence on consumer attitudes, values, and conduct (Madinga & Dondolo, 2017:764). In turn, consumers' standards, values, and attitudes have a profound impact on the products they choose to purchase, the services they prefer to utilise, and the brands they are willing to support. Consumers base their actions, activities, opinions, and decision-making on the influence exerted on them by other individuals, organisations, and groups (Lawan & Zanna, 2013:519). These individuals, groups, and organisations can be considered as referents whom consumers admire, and it follows that they have a prominent impact on their purchase decisions and behaviour (Babin & Harris, 2018:158). Consumers look towards these groups as references for guidance and behavioural cues in consumption-related situations (Sankar, 2016:101).

Consumers base their purchase decisions on the interests, values, and preferences of specific reference groups (Schulz, 2015:212). Reference groups can exert a direct or indirect influence on consumer behaviour. This is where the various types and the formality of reference groups become important for marketers to consider. For example, membership groups usually have a direct influence on consumer behaviour as these types of reference groups consist of people with whom consumers interact with on a regular basis and whose culture they decide to subscribe to. It follows that consumers within these groups tend to influence each other's purchase behaviour quite significantly (Madinga & Dondolo, 2017:765; Turčínková & Moisisidis, 2011:489). Consumers are constantly surrounded by people who influence their decisions and behaviours (Gajjar, 2013:13). Consumption does not take place in isolation therefore, consumer buying behaviour is affected by the people the consumers know and surround themselves with thus being the groups

with whom they associate (Szmigin & Piacentini, 2018:298). These groups of people that they associate themselves with can positively or negatively impact a consumer as they act as a guide towards 'correct or acceptable' behaviour (Rudansky-Kloppers & Strydom, 2016:135). It is also possible for a reference group to not have any influence on consumer purchase behaviour (Sankar, 2016:127). The type of influence on consumer behaviour depends on the type and formality of the reference group as aspirational groups for example can have an immense positive impact on consumer behaviour due to the consumer admiring and aspiring to be part of that group or to be like someone who belongs to. As Rani (2014:55) mentions that aspirational groups can have a direct influence on a consumer who wishes to belong to these groups therefore he or she will purchase the same products as the members of these groups. Marketers need to be aware of the types of reference groups and their influence on consumer behaviour in order to successfully target and attract their desired consumers.

Consumers use reference groups as a framework for guidance and comparison in order to make buying decisions (Babin & Harris, 2018:158). Reference groups influence the self-image of consumers and therefore a consumers' social identity is formed according to the reference group they belong to (Lautiainen, 2015:6; Lei *et al.*, 2017:1915). Gajjar (2013:13) mentions that there are two types of reference groups: primary and secondary reference groups. Family, friends, and colleagues typically form part of primary reference groups and religious groups, professional associations, celebrities, influencers and sport-stars form part of secondary reference groups (Peter & Donnelly, 2011:45). Gajjar (2013:13) further adds that primary reference groups are usually individuals that interact on a daily basis and secondary reference groups are individuals with whom consumers share indirect relationships.

Similarly, both primary and secondary reference groups can be categorised into membership groups, symbolic/aspirational groups and avoidance groups. Membership groups refer to groups that consumers form part of; aspirational groups can be defined as those groups that consumers admire and aspire to form part of; and avoidance groups include those groups that consumers choose to avoid (Szmigin & Piacentini, 2018:300).

Schiffman and Wisenblit (2019:244-245) explain that the influence exerted on consumers by reference groups can either be normative or comparative in nature. When a consumer observes and adopts the values, beliefs and behaviour of a group with which he/she has regular interaction with (membership group), for example family and friends, it is referred to as normative influence. Comparative influence refers to the influence exerted on a consumer by individuals or groups with whom the consumer aspires to be like or to form part of. These groups are known as symbolic groups and include celebrities, politicians, or successful entrepreneurs. Table 2-4 depicts reference group membership and the types of influence of each group.

Table 2-4: Types and influence of reference groups

	Normative influence	Comparative influence
Membership group	High level of conformity to the standards of immediate membership groups, such as family and friends. The influencer and influenced belong to the same socioeconomic group and are both aware of the influence.	Conformity to the standards of groups that the influenced aspire to join. The two parties are one or two socioeconomic groups apart. The influenced and influencer probably know each other and are aware of the influence.
Symbolic group	No significant influence. The influencer is outside the influenced reference group. The influenced are unaware of the unlikely influencers' norms.	High degree of influence, although the influenced know that they will never join the influencers. Socially, the parties are far apart, but the influencers recognise the degree of their influence.

Source: Adapted from Schiffman and Wisenblit (2019:245).

2.5.5.1 Membership groups

Szmigin and Piacentini (2018:298) refer to membership groups as the reference groups to whom consumers belong. According to Madinga and Dondolo (2017:767), these are the groups that consumers interact with on a regular basis and whose culture they subscribe to. Consumers in membership groups tend to have a significant direct influence each other's purchase behaviour (Turčínková & Moisidis, 2011:489). Membership group assessments relate to the idea of 'fitting in' where members of such groups fit in with the consumer's current self (Jeffrey, 2015:15). Examples of these groups include social networking circles, friends, social clubs, residential groups, neighbourhood associations, and family.

2.5.5.2 Symbolic groups

Consumers do not necessarily belong to aspirational reference groups; however, they experience a longing to become a member of these groups due to the consumer's approval of a person in the group or the group's behaviour (Srinivas, 2016:88). According to Madinga and Dondolo (2017:767), these are the groups that consumers associate with, and consist of people or referents they know on a personal basis, as well as individuals that they can identify with or admire, such as celebrities, sports players, actors, politicians, and influencers. Consumers usually have indirect relationships with these groups (Gajjar, 2013:12; Turčínková & Moisidis, 2011:489). Consumers aspire to belong to these groups, as these groups appeal to their ideal self (Babin & Harris, 2018:160). The significance of aspirational groups should not be undermined as these groups can have a direct influence on a consumer who wishes to belong to the groups, as they will buy the same products as the group's members. Consumers aspire to become like someone associated with the group as this referent may represent a specific skill, lifestyle or position that

the consumer aspires to acquire (Szmigin & Piacentini, 2018:300). Marketers often rely on aspirational reference groups to promote their product offerings by means of using models, influencers and actors that they believe their target audience aspires to be like (Shareef *et al.*, 2019:65). Generation Y, specifically, are prone to influence exerted by aspirational reference groups (Robson & Van Der Heijden, 2016:2732).

2.5.6 The effect of reference groups on Generation Y

Generation Y is known to be influenced by friends, family, and influencers in terms of their purchase decisions (Pereira, 2017:15). This generation values the approval, opinions, and reassurance of their chosen referents (Dalziel & De Klerk, 2021:113). For example, Generation Y considers the views of their peers as a reliable source of information, and therefore they frequently consult them to determine the merit of a product or brand (Moreno *et al.*, 2017:142). Brands can utilise social media sites in creative ways in order to build brand relationships with Generation Y consumers including strategies that lead previous consumers to post product experiences and rewarding them with loyalty points (Fedder *et al.*, 2018:10). Therefore, Generation Y tend to first '*check with their friends*' before making a final purchase decision (Lukina, 2016:62). Generation Y's value of the opinions of the people surrounding them becomes evident when considering their shopping habits, especially when dealing with a product or service that they do not have much knowledge of (Cimperman *et al.*, 2018:5).

Reference groups expose consumers to new behaviours and lifestyles, and therefore these groups influence consumer's self-concepts and attitudes by means of creating pressure to conform to, leading to these groups affecting consumer product and brand choices (Kotler & Armstrong, 2017:141). According to Herosmyth (2018), many Generation Y consumers would like to own the same type or brand of clothes, cars, and technological gadgets as that of their referents. Herosmyth (2017) further adds that they consider their friends as the most reliable and credible sources of product information. Generation Y seem to trust the ideas of their friends, especially on social media sites, and as such, the opinions of these referents affect their purchase decisions (Ordun, 2015:53).

As reference groups comprise of consumers' friends, families and any other people they associate with, it can be said that Generation Y consumers are significantly affected by the influence of reference groups in terms of buying behaviour due to their reliance on the opinions of people surrounding them. Reference groups therefore play an important role in influencing Generation Y's buying behaviour (Pereira, 2017:15).

2.5.7 Reference groups and social commerce

Social commerce platforms offer an array of different tools to enhance total consumer experience and to allow for the exchange of information by means of recommendations, references, ratings, wish lists and discussion forums (Herrando *et al.*, 2019:800). Consumers that make use of social commerce platforms are able to form virtual communities, share information about desirable and undesirable brands and products, refer each other to certain sites, and discuss forums. Social commerce platforms provide all the necessary tools for reference groups to have a significant influence on the buying decisions of consumers (Zhou *et al.*, 2013:67).

Reference groups exchange information and promote products and brands that are in line with their values, lifestyle, and behaviour. According to Hajli (2015:184), recommendations and referrals are one of the social commerce constructs that play an important role in social commerce purchase intention as social media platforms provide constructs such as referrals, recommendations, and ratings as the main elements for building trust. Therefore, consumers flock to social commerce platforms due to the ability to share and discuss information on various product offerings, read and contribute to product reviews, and the perceived higher level of trust and credibility of such reviews that are conducted by consumers' peers and reference groups (Maia *et al.*, 2018:195).

As social commerce platforms allow social relationships to ensue and the interaction of consumers by means of information sharing, discussion and reviews of product offerings, as well as possible collaboration opportunities for brands and consumers by means of social media platforms to take place, it has become evident that reference groups play a vital role in the consumer's decision-making process (Hajli, 2015:191; Nel, 2016:220). The information provided by a consumer's referents determine the level of trust the consumer exhibits towards a brand's product offerings (Beyari & Abareshi, 2018:69). Social commerce entails the writing of product reviews, the sharing of opinions, and actively recommending goods and services listed for sale to family and friends via social media sites.

Due to the increasing use of social media sites and social commerce platforms, as well as the information-sharing systems provided by social commerce sites, reference groups play an increasingly important role in the consumer decision-making process. The socially interactive nature of social commerce sites has led to reference group's prominently influencing consumer buying behaviour and purchase decisions on these platforms (Insider Intelligence, 2020). Therefore, reference groups have the ability to influence consumers' social commerce purchase intentions (Hoyer *et al.*, 2021:13).

Online communities are becoming increasingly popular. Online communities can be described as groups of consumers who use a certain internet service or belong to a specific group via the internet (Cambridge Dictionary, 2020). These communities also exist on social media sites, as sites such as Instagram and Facebook allow consumers of specific groups and organisations to form private pages and groups. Online communities are mainly textual where these text-based conversations are typically stored on a site and therefore become accessible for any registered member, providing consumers and researchers alike with a tracking record of influential exchanges (Scaraboto *et al.*, 2012:248). Social commerce sites and marketers are therefore able to track various reference groups that apply to their target segments making it possible to market their products to specific reference groups on social media. Social media sites have become significant in the way information is exchanged among individuals as they are able to receive up-to-date news feeds and connect with friends regardless of physical distances; therefore the power of social media to influence and motivate behaviour has become increasingly clear (Zhang, 2017:iii). Social media sites allow people to exchange information on various brands and products. Members apart from online and physical reference groups and communities are able to easily send recommendations and referrals to each other, in terms of products to buy and brands to support via social media sites. As social media has provided consumers with the opportunity to physically purchase products and services via the social media, these reference groups' online referrals and recommendations are likely to result in actual purchases.

The major characteristic of social commerce is the online interpersonal relationships whereby consumers are able to obtain information shared by friends and are able to observe purchase decisions made by their friends (Cheng, 2017:227). Members of various reference groups are able to do the same, making them more prone to be influenced via social media sites. Social forums, communities, referrals and ratings aid in gaining consumers' trust in terms of social commerce purchase intention, therefore social retailers consider these aspects, particularly in the design and functioning of their social media sites and websites (Al-Tit *et al.*, 2020:7).

Social relationships are a key element, differentiating social commerce from other forms of online commercial activity, as consumers gain consumer support from various factors such as recommendations, referrals, ratings, and reviews (Beyari & Abareshi, 2018:64). These features create a trusted environment where family, friends, acquaintances, and reference groups contribute content to the referral, as well as the sale, of goods and services via social media sites. These features are especially beneficial for reference groups as members apart from membership groups are able to recommend brands to each other, and aspirational reference groups are able to rate and review certain products and brands, providing information to their aspiring members in terms of their purchase behaviour and decisions. Reference groups are social in nature as they form part of the social factors affecting consumer behaviour (Kotler & Armstrong, 2017:160).

Due to the social nature of reference groups as well as the social nature of social media, reference groups and social media go hand in hand. Social media sites provide opportunities for members of various reference groups, whether it be formal, informal and aspirational, or membership, to view each other's purchase decisions and to make recommendations and referrals. Reference groups therefore play an important role in social commerce as social commerce companies can use these groups as means of effectively targeting a lucrative market and create brand awareness.

2.6 THE MARKET SEGMENTATION PROCESS

2.6.1 Towards a definition of market segmentation

Market segmentation is vital for the success of any organisation (West *et al.*, 2015:152). One setback that all organisations have to face is that they cannot serve all consumers (Goyat, 2011:45). There are simply too many consumers with too many diverse needs for one single organisation to perfectly satisfy each and every one's needs (Bothma, 2017:28). Kotler and Armstrong (2017:8) describe a market as the set of all potential and actual buyers of a product or service. It is the aggregation of all products that tend to satisfy the same consumer need (Jadczakova, 2010:16). Marketers can define consumer groups by means of analysing the various markets including product, geographic and demographic needs, and labour markets (Kotler & Keller, 2016:28).

According to Töpfer and Bug (2015:9), consumers are heterogeneous in nature, and their diverse behaviours, preferences, dislikes, needs, values, and attitudes need to be identified in order to categorise them according to the similarity of the abovementioned traits. These groups of consumers – categorised according to similar characteristics – can be referred to as segments. Dividing markets into these smaller segments, each having distinct needs, characteristics or behaviour requiring separate marketing strategies or mixes, can be referred to as the process of market segmentation (Kotler & Armstrong, 2017:190).

The segmentation process enables organisations to focus on specific consumers with specific needs, enabling them to provide the best possible value to those consumers. As a result, marketers consider the process of market segmentation to be of immense importance when identifying their target markets and devising the marketing mix (Groenewald, 2019:50). Table 2-5 provides various definitions by various authors that have been devised for the market segmentation process.

Table 2-5: Towards a definition of market segmentation

Author(s)	Definition
West <i>et al.</i> (2015:153)	“Market segmentation involves the analysis of mass markets to identify subgroups of consumers with similar wants and buying requirements.”
Kotler and Armstrong (2016:722)	“Dividing the market into distinct groups of buyers, who have distinct needs, characteristics or behaviour patterns and who might require separate products or marketing programmes.”
Rudansky-Kloppers and Strydom (2016:140)	“Market segmentation is the process in which the total ‘heterogeneous’ market is divided into smaller, relatively ‘homogeneous’ groups of consumers with relatively similar characteristics and needs.”
Terblanche (2016:480)	“The process which divides the total heterogeneous market into relatively similar and identifiable segments or groups.”
Doole <i>et al.</i> (2019:458)	“A market segment is a sub-set of a market made up of people or organisations sharing one or more characteristics that cause them to demand similar products and/or services based on the qualities of those products, such as price or function.”

By considering the essential factors depicted in Table 2-5, the following definition of market segmentation is used for the purpose of this study: *The process of dividing the total heterogeneous market into distinct segments of homogeneous groups consisting of consumers with similar characteristics, behaviour and distinct needs* (Doole *et al.*, 2019:458; Kotler & Armstrong, 2017:722; Rudansky-Kloppers & Strydom, 2016:140; Terblanche, 2016:480; West *et al.*, 2015:140).

2.6.2 The importance of market segmentation

Market segmentation is important, as it is impossible for one product or service to cater for the unique needs, tastes, and interests of each and every consumer in a market (Rudansky-Kloppers & Strydom, 2016:140). Most companies do not have the resources to produce and develop such a variety of products that they would be capable of satisfying the needs of every single consumer (Bothma, 2017:28). By means of dividing the market into smaller segments, marketers can gain a better understanding of the needs and wants of consumers. This enables them to customise their offering and marketing activities more accurately according to the individual consumer’s likings (Camilleri, 2018:73). Smaller homogeneous markets can be reached more efficiently and effectively with offerings that match unique needs and preferences (Kotler & Armstrong, 2017:190).

Market segmentation enables an organisation to define a target audience, and then to appeal to the needs and desires of such audience by devising and implementing customised marketing messages that will address these needs (West *et al.*, 2015:153). Bruwer and Li (2017:1555)

mention that the segmentation process is a key aspect of the marketing strategy as it provides a competitive advantage to organisations.

2.6.3 The process of market segmentation

According to West *et al.* (2015:152), market segmentation starts with the division of the market into segments, where the firm needs to create specific marketing programmes to target these segments and establish a positive perceptual position in the minds of the consumers belonging to the respective segments. Before starting the segmentation process, it is important for the marketer to analyse the needs of the market so that it can be segmented accordingly (Bothma, 2017:28). An important aspect of the segmentation process is to determine the attractiveness of the respective segments by ensuring that they meet the requirements for effective segmentation. According to Kotler and Armstrong (2017:201), these requirements include the following:

- **Measurable.** Measurability determines whether the size, profiles, and purchasing power of the segments can be measured.
- **Accessible.** This requirement refers to whether the markets can be effectively reached and served.
- **Substantial.** The market segments need to be large and profitable enough to serve, so a segment should be the largest possible homogeneous group worth pursuing through means of a tailored marketing programme.
- **Differentiable.** The segments are distinguishable and respond differently to various marketing mix programmes.
- **Actionable.** Programmes can be designed to attract and serve the respective segments.

Attractive market segments can be selected by means of utilising the various bases for market segmentation. Schiffman and Wisenblit (2019:58-66) affirm that the primary bases for segmenting a market include demographic variables, psychographic variables, geographic variables, product benefits, product usage, and media exposure. According to Pentz (2016:457), these variables can be grouped into two main categories, namely segments in terms of consumer characteristics (i.e. their demographic, geographic, and psychographic characteristics), as well as segments based on consumer responses and relationships (i.e. behaviour characteristics).

2.6.4 Bases for market segmentation

According to Kotler and Armstrong (2017:190), a marketer has to utilise various variables in order to find the best way to view the market structure. The bases of segmentation include the use of geographic, demographic, psychographic, and behavioural factors (Bothma, 2017:31). The aim is to identify clusters of homogeneous consumers that will enable a firm to use resources more efficiently and improve performance (West *et al.*, 2015:153). It is important for companies to select the correct bases in order to segment their market effectively and efficiently.

2.6.4.1 Geographic segmentation

Consumers living in different geographical areas differ in terms of buying behaviour (Schiffman & Kanuk, 2014:54). For example, the climate of a certain geographical area can determine the types of clothes, food, and beverages that the respective citizens choose to buy (Groenewald, 2019:66). Doole *et al.* (2019:112) mention that geographic segmentation includes utilising the traditionally practised country-based classification system as a basis for categorising a market. It is used to divide the market into segments based on geographic location, such as provinces, cities, towns, and countries (Rudansky-Kloppers & Strydom, 2016:142). It addresses the 'where' issue, and it ranges from local/neighbourhood to global, where it could encompass any variation between the two extremes (West *et al.*, 2015:154). A firm can choose to target one or a few areas, or it can target all areas but pay attention to geographical differences in terms of the needs and wants of the consumers (Kotler & Armstrong, 2017:191).

According to West *et al.* (2015:154), local segmentation is often used by smaller start-up firms as it keeps the market confined to a manageable and accessible area of coverage, whereas global segmentation would assume that the company views the entire world as an appropriate segment – thus the firm sees the broadest array of consumers as a potential market. Parumasur and Lombard (2014:249) add that companies can localise their marketing efforts by basing them on a specific area. According to Pentz (2016:459), examples of how geographic segmentation divides the market into segments according to where consumers are situated include the following:

- **Urban and rural markets.** These markets are fairly different in terms of density, therefore urban areas provide opportunities for products and services such as transport, newspaper stands, and fast-food outlets. As these types of business depend on larger volumes of consumer traffic, they will not work in less densely populated areas.
- **Coastal and inland markets.** Retailers specialising in rainwear and equipment for wet weather will thrive in these areas. As these areas have high rainfall figures, there are opportunities for retailers to sell such clothing and equipment.

- **Coastal towns and cities.** These areas are prime for surfing, fishing, and diving equipment retailers.
- **Inland areas with wild animal farms.** Retailers offering services such as hunting trips and sightseeing will have an advantage in these types of areas.

2.6.4.2 Psychographic segmentation

This type of segmentation aids in understanding consumers' lifestyle, personality, and social class characteristics (Rudansky-Kloppers & Strydom, 2016:142). It considers the psychological factors that affect consumer purchase behaviour (Nasiopoulos, 2015:3). These bases for segmentation are based upon perceptual issues, where the segments are determined by means of combining individuals who are psychologically similar in terms of orientations (West *et al.*, 2015:159). They also uses consumers' activities, interests, and opinions in order to form segments for retailers to target (Pentz, 2016:459). According to Lantos (2015:37), consumers' psychographic traits can determine their behaviour, and marketers view this segmentation basis as an effective way to target consumers. People in the same demographic segments can vary in terms of psychographic characteristics, so marketers often segment their markets according to consumer lifestyles and base their strategies on different lifestyle appeals (Kotler & Armstrong, 2017:194). Baharun *et al.* (2011:5041) state that the use of psychographic segmentation provides organisations with a competitive advantage as it identifies the interests of consumers and the activities in which they partake, as well as their opinions on various subjects.

The following are examples of aspects to consider when engaging in psychographic segmentation (Jonker, 2011:6; Pentz, 2016:459; Ramya & Ali, 2016:76; West *et al.*, 2015:160).

- **Lifestyle.** This is the way consumers choose to live their lives, the activities they enjoy, the life settings they desire and the people with whom they choose to surround themselves. For example, retailers of garden and sports equipment aim at different segments as people whose lifestyles include gardening are more likely to support the garden retailer and people with active lifestyles such as athletes and body builders will support the sports equipment retailer.
- **Personality.** Personality describes the relatively stable set of tendencies, characteristics, and temperaments that have been formed by means of heredity as well as cultural, social, and environmental factors. Personalities are successfully used to segment markets. For example, higher priced motor markets use personality as a segmentation tool as companies such as Mercedes Benz, BMW, and Volkswagen dealers direct their efforts at specific people with specific personalities.

- **Social class.** Social class is a permanent and ordered division of society where members of the same classes share similar values, interests, and behaviour. Social class is not determined by a single factor such as income, but is measured as a combination of various factors including income, occupation, education, authority, power, ownership, property, consumption patterns, and lifestyles. Various social classes are found ranging from the lower to the upper end. Fashion retailers such as Fabiani and Louis Vuitton target higher social classes, whereas PEP stores and Ackermans target lower social class consumers.

2.6.4.3 Behavioural segmentation

According to Pentz (2016:460), certain consumers have similar needs or characteristics in terms of purchase behaviour, allowing retailers to segment consumers based on their buying behaviour. Many marketers believe that behavioural segmentation is the best starting point (Kotler & Armstrong, 2017:195). Behavioural segmentation includes segmenting consumers based on their product usage rate, brand loyalty, price sensitivity, or product benefits (Rudansky-Kloppers & Strydom, 2016:143). According to Bothma (2017:31), behavioural variables include the following:

- **Benefits sought.** The market is segmented based on the different benefits that consumers expect from the products they buy, for example, the benefit sought from purchasing a headache tablet is pain relief. Various consumers will seek a different benefit from a product, so the firm needs to determine which segments will be more profitable.
- **User status.** Markets are segmented into non-users, ex-users, potential users, first-time users, and regular users. Marketers need to know why and how often consumers use their products. Marketers need to attract potential users and non-users in order to know why these consumers do not use their products.
- **Usage rate.** Marketers can segment their markets based on how frequently consumers purchase their products, for example whether consumers are light, medium, or heavy users. Heavy users can receive special attention, as they may represent the bulk of sales revenues.
- **Price sensitivity.** Markets are segmented in terms of price. Marketers need to decide which group of consumers they will be targeting, as not all organisations target high-end markets. Organisations also focus on providing affordable products to price sensitive buyers.
- **Occasions.** Buyers can be segmented according to the occasion that motivates them to make a purchase. Occasion segmentation can assist a firm in terms of building up its product usage. Muesli producers, for example, promote muesli as a healthy snack to be consumed throughout the day and not only for breakfast, thus leading to more usage of their products.

- **Loyalty status.** Marketers can categorise consumers based on the extent and depth of their loyalty to a particular product or brand by means of loyalty segmentation. Consumers usually fall into one of four categories when it comes to loyalty: hard-core loyals, soft-core loyals, shifting loyals, and switchers.

2.6.4.4 Demographic segmentation

Demographic segmentation divides the market into measurable, descriptive, and objective characteristics (Pentz, 2016:458). It is the most popular basis of segmentation as consumer needs, wants and usage rates are usually closely related to their demographic variables (Kotler & Armstrong, 2017:191). It is also popular due to the ease it provides in terms of comprehending scales of measurement as well as interpreting and collecting information (Nasiopoulos, 2015:2). Demographic criteria divide the market into groups based on variables such as gender, income, age, race, and education (Rudansky-Kloppers & Strydom, 2016:142):

- **Gender.** Gender segmentation refers to segmenting a market based on gender orientations where marketers usually distinguish between female and male consumers (Parumasur & Lombard, 2014:245). However according to West *et al.* (2015:155), gender extends much further than the physical sexual make-up as it also contains a psychological aspect to it. Gender segmentation has long been used in products such as cosmetics, clothing, toiletries, and magazines (Kotler & Armstrong, 2017:193). For example, Rex Trueform focuses on female consumers with its Queenspark fashion stores, whilst male consumers are served by J Crew (Pentz, 2016:458).
- **Income.** This is also a widely used criterion, for example, PEP stores, and Edgars target the low-and-high income groups respectively (Pentz, 2016:458). The marketers of products such as cars, clothing, financial services, cosmetics, and travel have used income segmentation, and many firms target affluent consumers with luxury goods as well as convenience services (Kotler & Armstrong, 2017:194). This is an important variable to consider, as an increase in income will lead to higher purchasing power (i.e. consumers will spend more) (Schiffman & Kanuk, 2014:53).
- **Race.** Different races have different values and beliefs, as well as cultures. They also have different needs and wants in terms of purchasing products. Races include Asian, coloured, black, white, or other (Kotler & Armstrong, 2017:192). An example of race segmentation can be McDonald's, a company that has focused on race and ethnic heritage as a segmentation tool because ads are run with Asian, African and Hispanic settings, which include appropriately representative locales, music, tools and languages (West *et al.*, 2015:157).

- **Education level.** This tool is useful for businesses such as bookstores and advanced home computer equipment companies (Pentz, 2016:458). The complexity of certain products makes them more appropriate for consumers with certain levels of education, so this segmentation tool is important to consider (West *et al.*, 2015:157). Groenewald (2019:63) adds that higher-educated consumers possess more advanced skills and reasoning abilities. They also tend to form new perspectives and norms instead of following everyday local norms (Cleveland *et al.*, 2011:248). It is therefore important to consider education as a segmentation tool since consumers with different education levels tend to think and behave differently.
- **Age.** An important approach to age segmentation is the concept of generational cohorts, including Generation X, Generation Y, Generation Z, and the Baby Boomers (West *et al.*, 2015:156). Marketers use age segmentation to offer different products and marketing strategies to different ages, which is important, as consumers' needs and wants change with age (Kotler & Armstrong, 2017:193). For example, Generation Z consumers tend to purchase clothing and entertainment items regularly (Pentz, 2016:458). Cleveland *et al.* (2011:248) further add that purchase behaviour of younger consumers is ever-changing, especially with technology constantly evolving, making them more inclined to purchase and try new products.

Generation Y comprises the primary population of this study and will therefore be discussed in further detail in the subsequent section.

2.7 GENERATION Y

2.7.1 Defining generational cohorts

Generational cohorts are commonly used as a basis for market segmentation. West *et al.* (2015:156) mention that it is an important approach to segmentation due to defining moments and events that occur in consumers' late adolescence which has led to a fairly stable set of values, beliefs and characteristics belonging to consumers of each of the generational cohort groups. The concept of a generation dates back to Mannheim's (1952) theory, where members of the same generation share more than just the same birth year (Ng & Johnson, 2015:122). According to the generational cohort theory, people born in certain periods of time go through similar life experiences and share similar beliefs and values. Therefore, each generational cohort has distinct variants of characteristics that represent consumers within that specific age cohort (Ahmad & Ibrahim, 2015:14). Many studies on generational cohorts claim to provide insight into the psychology of consumers forming part of each of these groups, leading to the emergence of generational cohort stereotypes (Gardiner *et al.*, 2013:310). Some of the generational cohorts and their characteristics are described by West *et al.* (2015:156) in Table 2-6.

Table 2-6: Generational cohorts

Generation	Born between	Characteristics
GI generation	1901 – 1924	Conservative and civic-concerned
Silent generation	1925 – 1945	Interested in conforming and raised families at an early stage. They are concerned with youthfulness and vitality.
Baby Boomers	1946 – 1964	They believe that personal acquisitions are important. They have high levels of disposable income and are concerned with value. They do not want to be perceived as old.
Generation X	1961 – 1981	They are somewhat cynical, have great economic power, and feel rather lost or alienated.
Generation Y	1986 – 2005	Interested in high tech products. They are social media savvy, well-educated and used to the violent and sex aspects of life.

Source: Adapted from Markert (2004:21) and West *et al.* (2015:156).

2.7.2 Characteristics of Generation Y

Generation Y, also known as Millennials, are the largest generational cohort in South Africa, consisting of 18 million people (Stats SA, 2016). The Generation Y cohort in the U.S. consists of 83.1 million consumers, making them the largest generation in history thus far (Herosmyth, 2018). They are the children of the Baby Boomers and have distinct characteristics that are unique to their generation (Kotler & Armstrong, 2017:79). This generation is a result of world events such as social, technological and economical changes that have been integrated into their daily lives – hence the culture and shared life experiences have led to similar beliefs and attitudes of those forming part of this generation (Moreno *et al.*, 2017:135). Frey (2018:4) mentions that Generation Y consumers are important to consider as they affect the dynamics that influence housing markets, tax bases, educational institutions and labour forces, not to mention their implications in terms of altering levels of income inequality and their need for promoting social and racial inclusion.

Consumer's birth dates are used to determine the generational cohort they belong to as these dates provide a time-frame of defining moments and events that occur, or have occurred in people's late adolescence, which has led to the similarity in values, beliefs and characteristics of each generational cohort (West *et al.*, 2015:156). Various authors provide different time-frames that determine the period within which the Generation Y consumer was born. The birth dates of this generation has caused a lot of debate worldwide as various authors and sources differ as to the period with reference to which this generation is statistically analysed (Moreno *et al.*, 2017:137). Table 2-7 provides the different time frames provided by various authors that are used to define the birth dates of the Generation Y cohort.

Table 2-7: Generation Y time frames

Author(s)	Generation Y time frame
Markert (2004:21)	1986 – 2005
U.S. Chamber of Commerce Foundation (2012:2)	1980 – 1999
Lee and Kotler (2016)	1980 – 2000
Pyöriä <i>et al.</i> (2017:1)	1980 – 2000
Shrimpton and Clemence (2017:7)	1980 – 1995
KPMG (2017:4)	1980 – 1995
Frey (2018:5)	1981 – 1997
Maluleke (2018)	1980 – 1999
Goshtai (2019:4)	1981 – 1996

For the purpose of this study, Markert's (2004:11) definition of Generation Y will be adopted, in which Generation Y consumers are defined as those born between 1986 and 2005. Generation Y consists of a large variety of consumers with different cultures, ethnicities, racial orientations, and languages. Consumers within this generational cohort were born during a time that saw the dawning of the world's greatest technological advancements (Maluleke, 2018), and as such, they became the most tech-savvy generation in comparison to prior generations (Da Silva *et al.*, 2019:3). It is as if this generation has a digital sixth sense – a wired, connected world is all that Generation Y has ever known (U.S. Chamber of Commerce Foundation, 2012:3). Herosmyth (2017) highlights the following characteristics as foundational to the tech-savviness of Generation Y consumers:

- 85% of Generation Y own smart-phones.
- They touch their phones at least 45 times a day.
- 87% of Generation Y use at least two to three devices per day.
- 83% of them make use of Facebook, Instagram, Twitter, and Pinterest.
- 41% of Generation Y check their Facebook feeds every day.
- 5 out of 6 Generation Y consumers connect with companies via social media.
- They spend at least 25 hours per week online.

Not only is Generation Y a tech-savvy diverse generation, they are also known as a generation with an increased level of attainment in terms of education. One of the long-term trends that has occurred within the Generation Y cohort, even more so than in prior generations, is the increase in education attainment, which, it can be assumed, is linked to higher future earnings and well-being (Frey, 2018:10). Tanner (2010:iv) states that pursuing further education forms part of the cohort's primary career goals due to the link between education and income – it has become widely accepted by members of this generation that higher levels of education equal better jobs and increased income.

Maluleke (2018) measured three types of generational cohorts in South Africa according to their education levels, namely Generation X, Generation Y, and Generation Z, and found that among these three cohorts, Generation Y is the most educated. Generation Y's perceived value of obtaining higher levels of education is reflected in their spending patterns. Goshtai (2019:4) established that Generation Y continually invest in ongoing skills development programmes as they look to progress. Generation Y is the slowest generation to get married and to have children, which is likely due to their desire to focus on educational and career success (Leblanc & Gensler, 2018:4).

Despite Generation Y being more educated, along with their perceived value of attaining higher education levels, it seems as if they are financially 'worse-off' than older generations, especially in established markets. Shrimpton and Clemence (2017:32) mention that Generation Y's income levels have not increased as fast in comparison to previous generations. Although they are a generation in possession of high levels of spending power, continuing to make their way up the career ladder and eventually contributing towards the growth of their spending figures, Goshtai (2019:12) mentions that their spending habits could be the cause of their somewhat undesirable financial situation.

According to Moreno *et al.* (2017:136), Generation Y spend their income much faster than older generations, which is a result of their life philosophy of 'living in the moment and balancing work with their personal life'. A report issued by Deloitte (2020:7) states that although Generation Y consumers spend their income faster than other generations, and are perceived to be financially 'worse-off' despite the growth in their earnings, almost 40% of their disposable income goes towards saving and investing, and fewer than a quarter have personal loans. It can therefore be said that Generation Y are 'worse-off' than other generations as far as their spending habits are concerned, but that they appear to be more than adequate when it comes to investing and saving money.

2.7.3 Buying behaviour of Generation Y

Generation Y has been an essential part of the development of e-commerce, growing up in an environment in which social media and online shopping platforms are an everyday experience (Moreno *et al.*, 2017:135). A statement by PWC (2021:13) affirms that Generation Y consumers are more likely to shop online using their mobile phones on a daily or weekly basis, and this trend has been predicted to increase in the future. Various generational cohorts are shopping online as it becomes more accessible and convenient for consumers overall, however, studies have shown that consumers in the Generation Y cohort are more keen to purchase fashion items and sports goods on e-commerce and social commerce platforms (Shrimpton & Clemence, 2017:120). Generation Y depend on social media to provide them with information about products and brands. In terms of marketing to Generation Y consumers, organisations need to use social media as this generation relies on social media sites in order to gain product and brand information (U.S. Chamber of Commerce, 2012:13).

Herosmyth (2017) mentions that five out of six Millennials connect with companies via social media platforms and 63% stay updated on product offerings by means of social media. This generation is considered active users of social media and their purchase decisions are largely affected by their friends' opinions in the virtual world and on social media, as this generation cares about being perceived as knowledgeable about the newest trends (Ordun, 2015:44). Ordun (2015:44) further states that they utilise their knowledge of the latest brands, reputations, and trends in order to be considered experts or leaders among their social media followers and friends.

Apart from appearing trendy among their social media followers and friends, Generation Y is also aware of saving money, as they tend to lean more towards discounted products and services. Herosmyth (2017) asserts that 66% of Generation Y consumers follow a brand on social media in order to seek a discount or coupon. They are a discount-loving, price-conscious generation, despite their tendencies to spend according to their life philosophy of 'living in the moment'. As Herosmyth (2018) mentions, nearly 80% of Generation Y consumers are influenced by the price of products and services.

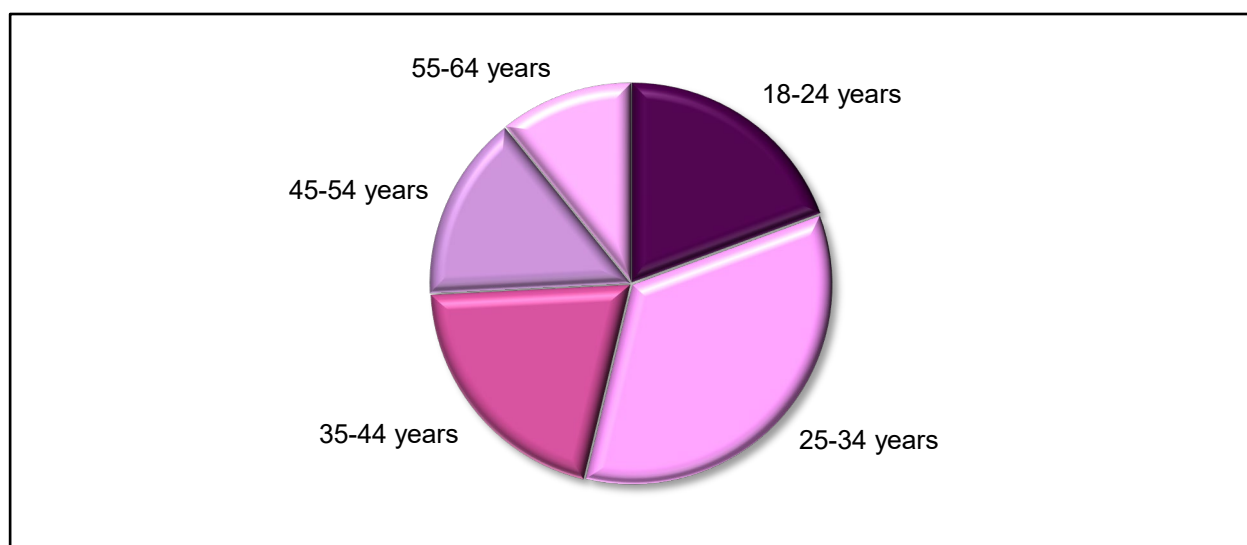
Generation Y is also known for being well-connected with their friends, families and acquaintances due to their ability to communicate with these groups of referents at any time and from anywhere by means of technology and social media (Smith, 2011:497). They are connected on a 'twenty-four-seven' basis, whether it be with friends they know personally or people they have met from all over the world, as technology has completely change their mode of communication (Tanner, 2010:iii). Their connectedness with friends and family has led to Generation Y's purchase decisions being significantly influenced by these referents. Ordun

(2015:47) confirms that Generation Y's buying decisions are especially influenced by referents on social media platforms. Herosmyth (2017) emphasises that 95% of Generation Y consumers believe that their friends are the most credible source of brand and product information. Generation Y consumers are also more likely to promote products and brands to their friends and acquaintances if the offering is in conjunction with their values and exceeds their expectations (Smith, 2010:448). Shrimpton and Clemence (2017:114) are of the opinion that Generation Y's purchase decisions are largely influenced by their respective reference groups, more so than by traditional advertising vehicles that exclude social media sites, social commerce platforms, and other social networks accessed via the internet.

2.7.3.1 Generation Y's internet usage

Due to the fact that Generation Y was brought up in an environment where the use of the internet was freely available, they understand digital language and are labelled as digital immigrants (Kilian *et al.*, 2012:114). Internet access is nearing 100% for Generation Y consumers in many of the world's largest economies (Poushter, 2016:10). An astonishing characteristic distinguishing this generation from other generations is their comfort and fluency with the internet (Kotler & Armstrong, 2017:76). As a result of this generation being so comfortable with the internet and digital technology, they tend to spend a vast amount of time using the internet for various activities. Johnson (2021) affirms that a 2019 survey revealed that 48% of U.S. Millennials were online 'almost constantly', reporting that they spend at least 211 minutes per day accessing the internet via their smart-phones. Herosmyth (2020) states that 97% of all Generation Y consumers say that they use the internet on a daily basis. Figure 2-9 depicts the distribution of internet users worldwide per age group.

Figure 2-9: Distribution of internet users worldwide per age group



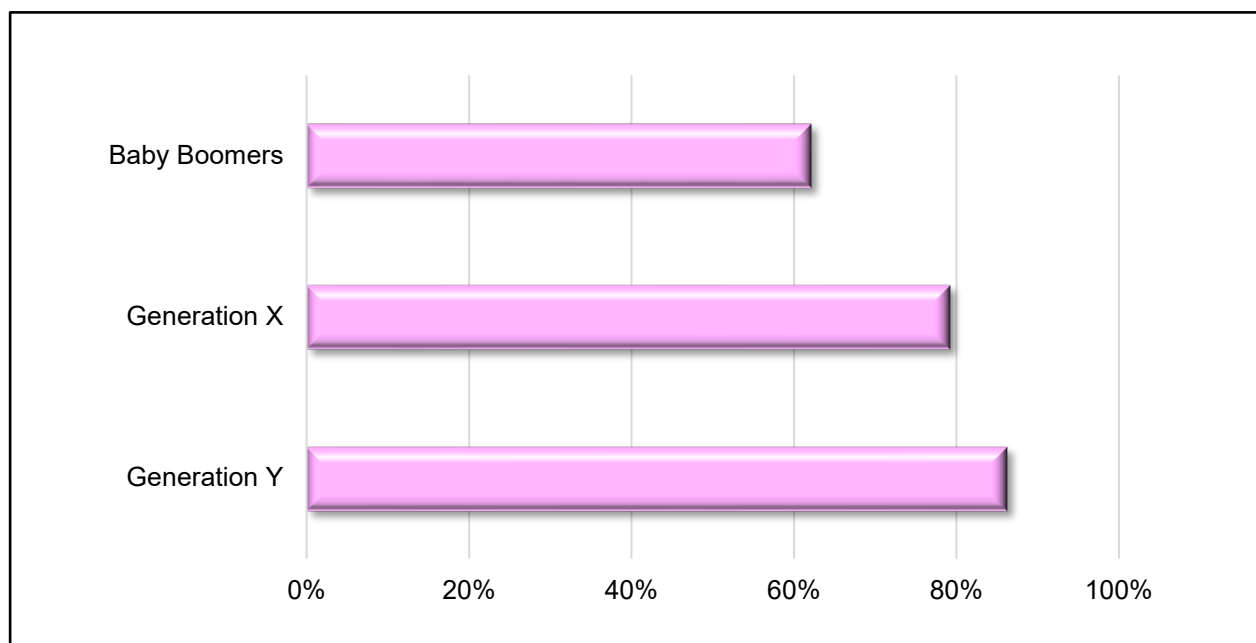
Source: Adopted from Johnson (2021).

Figure 2-9 indicates that, in comparison to other generations, Generation Y consumers are the most prominent users of the internet. Due to their regular use of the internet, this generation has become the driving force behind the development of e-commerce.

2.7.4 Generation Y's usage of e-commerce

Generation Y formed an integral part in the development of the e-commerce sector (Moreno *et al.*, 2017:138). Known as the 'digital native generation', it has been shown that Generation Y consumers tend to participate in e-commerce activities more than prior generations. Figure 2-10 depicts the percentages of e-commerce buyers per generational cohort.

Figure 2-10: E-commerce buyers per generational cohort



Source: Adopted from Sabanoglu (2020a).

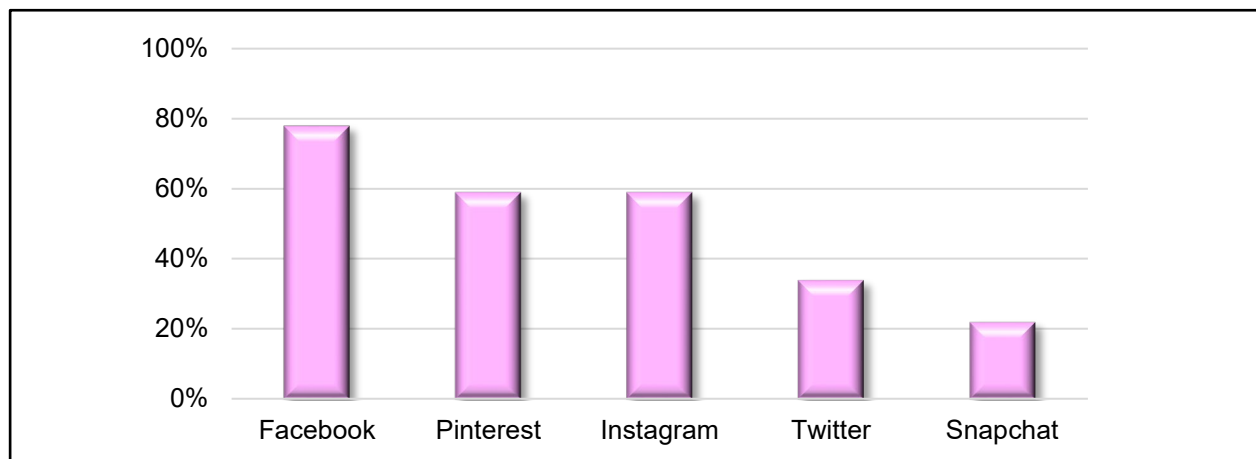
Moreno *et al.* (2017:141) confirm that a large percentage of Generation Y's purchases tend to be online by means of e-commerce platforms, forcing retailers to find new ways to create links with them, to observe them and to offer products and services that are increasingly attractive to them. Generation Y can be described as being highly digital in various aspects of their lives, and tend to incorporate the "digital" into their purchase behaviour (eMarketer, 2020). According to PWC (2021:12), Generation Y and Z consumers are more likely to shop online by means of their mobile phones than their older counterparts, and the trend is predicted to continue and possibly to increase in the near future. Due to their social nature, the significant influence exerted on them by various reference groups, and their preference for online shopping, Generation Y consumers are flocking to social commerce platforms to do their shopping.

2.7.5 Generation Y and social commerce

Social commerce refers to e-commerce transactions and activities delivered by means of social media (Liang & Turban, 2011:6). Social commerce involves the use of internet-based media that enables users to participate in the selling, comparing, marketing, curating, buying and sharing of products and services in off-line and on-line market places and communities (Zhou *et al.*, 2013:61). According to Wang and Zhang (2012:106), social commerce presents merchandising opportunities that combine social networking and retail activities via social media platforms. Social commerce enables consumers to criticise, compliment, rank, and rate products, and thus consumer participation plays an essential role in terms of marketing (Attar *et al.*, 2021:849).

As a generation known for being ‘digital natives’, Generation Y consumers are avid users of social media and social commerce and have been quick to adopt and use social commerce (Barnes & Correia, 2016:1). Facebook, Twitter, Instagram, and Pinterest are social media sites that enable consumers to participate in social commerce (Hussain *et al.*, 2021:2). Herosmyth (2017) notes that 83% of Generation Y consumers make use of Facebook, Instagram, Twitter, or Pinterest; 41% of them check their Facebook feeds every day; and five out of six connect with firms via social media. Thus, Generation Y consumers, being so keen on engaging with brands via social media, are likely to participate in social commerce on a regular basis. According to Barnes and Correia (2016:11), older Generation Y consumers are most likely to engage with businesses via Pinterest and Facebook, whereas their younger counterparts are likely to prefer engagement via Twitter and Instagram. Generation Y’s use of social media amounts to the driving force behind social commerce, and their purchasing power, combined with their segment size, provides sufficient impetus to conduct further research on these consumers as a significant contributor to the future growth and success of the social commerce sector (Barnes, 2015:36). Figure 2-11 depicts Generation Y consumers’ preferred social commerce platform.

Figure 2-11: Preferred social commerce platforms of Generation Y



Source: Adopted from Clement (2019).

2.8 CONCLUSION

Consumer behaviour is one of the most important aspects for marketers to be aware of and to understand. This chapter discussed the nature of consumer behaviour as well as its importance in terms of marketing. The consumer decision-making process was elaborated on by discussing each stage of the process. Also discussed were the internal and external factors affecting consumer behaviour and the need for marketers to become aware of these factors in order to take advantage of opportunities and avoid potential threats. The essence of market segmentation was explained by means of elaborating on the bases of market segmentation. Market segmentation is an important aspect in marketing as it allows marketers to target the right consumers with adequate product and service offerings.

Reference groups are one of the most influential factors affecting consumer behaviour. Consumers base their purchase decisions on the opinions and behavioural patterns of these groups. The constructs of reference groups were highlighted, as was the influence of reference groups on consumer behaviour. Generational cohorts are used as a basis for market segmentation, and the Generation Y age cohort forms an attractive segment to target. The purchase behaviour of this generation was therefore discussed as well as their use of the internet, e-commerce, and social commerce.

CHAPTER 3

SOCIAL COMMERCE

3.1 INTRODUCTION

The aim of this chapter is to provide an understanding of the social commerce concept, the development thereof, what it entails, and how it is changing and shaping the traditional business environment. First, the term social commerce is defined with reference to an array of definitions formulated by various authors. This is followed by a discussion of how the internet has given rise to e-commerce and online transactions, as well as a consideration of social media and an explanation of how the fusion of e-commerce and social media have led to the emergence of social commerce. The significance of social commerce is delineated, after which the chapter concludes with a discussion of the various methods that businesses employ to make effective use of social commerce strategies.

3.2 TOWARDS A DEFINITION OF SOCIAL COMMERCE

During the twentieth century, there have been considerable changes in the field of information communication technology, and additional changes are to be expected in the future (Beyari & Abareshi, 2018:55). The upsurge of new social technologies has led to astonishing electronic commerce (i.e., e-commerce) developments, and has paved the way for the advent of a new form of e-commerce, known as social commerce (Shirazi *et al.*, 2021:789). According to Zhang and Benyoucef (2016:95), social commerce came about in 2005 as a result of the increasing commercial use of social media networks. Since then, social commerce has gained popularity among consumers, as it transformed e-commerce from a commercial-use product-oriented platform to a user-friendly consumer-oriented environment (Busalim & Hussin, 2016:1076; Zhou *et al.*, 2013:61).

Maia *et al.* (2018:195) add that consumers are flocking to social commerce platforms due to the ability to share and discuss information on various products, services, or brands, and to read and contribute to product reviews. The higher level of trust, along with the perceived credibility of such reviews conducted by consumers' peers and reference groups, engenders confidence in the use of social commerce platforms.

Several authors in the field of marketing management have developed a plethora of definitions for the term social commerce. Table 3-1 presents the most commonly used definitions of social commerce.

Table 3-1: Towards a definition of social commerce

Author(s)	Definition
Liang and Turban (2011:6)	“Social commerce (also known as social business), generally refers to the delivery of e-commerce activities and transactions via the social media environment, mostly in social networks and by using Web 2.0 software.”
Wang and Zhang (2012:105)	“Social commerce is a form of commerce mediated by social media and is converging both online and offline environments.”
Baghdadi (2013:13)	“Social commerce is doing commerce in a collaborative and participative way by using social media through an enterprise interactive interface.”
Hajli (2015:184)	“Social commerce is a new development in ecommerce with the popularity of social networking sites and social media that enable consumers to be active content creators on the internet.”
Turban <i>et al.</i> (2016:vii)	“Social commerce can be viewed as a subset of electronic commerce where the electronic transactions and associated product conversations are conducted on social networks and other social media platforms.”
Turban <i>et al.</i> (2017:15)	“Social commerce, also known as social business, refers to e-commerce transactions delivered via social media.”
Stokes (2018:232)	“Social commerce is a subset of e-commerce that involves social media and online media that supports social interaction, where user contributions assist in online trade of products.”

Considering the definitions of social commerce presented in Table 3-1, social commerce is defined for the purpose of this study as: *A form of e-commerce that has arisen due to the popularity of social media sites where electronic transactions and product conversations are conducted via Web 2.0 technologies, allowing consumers to collaborate and participate through an enterprise-interactive interface* (Baghdadi, 2013:13; Hajli, 2015:184; Liang & Turban, 2011:6; Stokes, 2018:232; Turban *et al.*, 2016:vii; Turban *et al.*, 2017:15; Wang & Zhang, 2012:105).

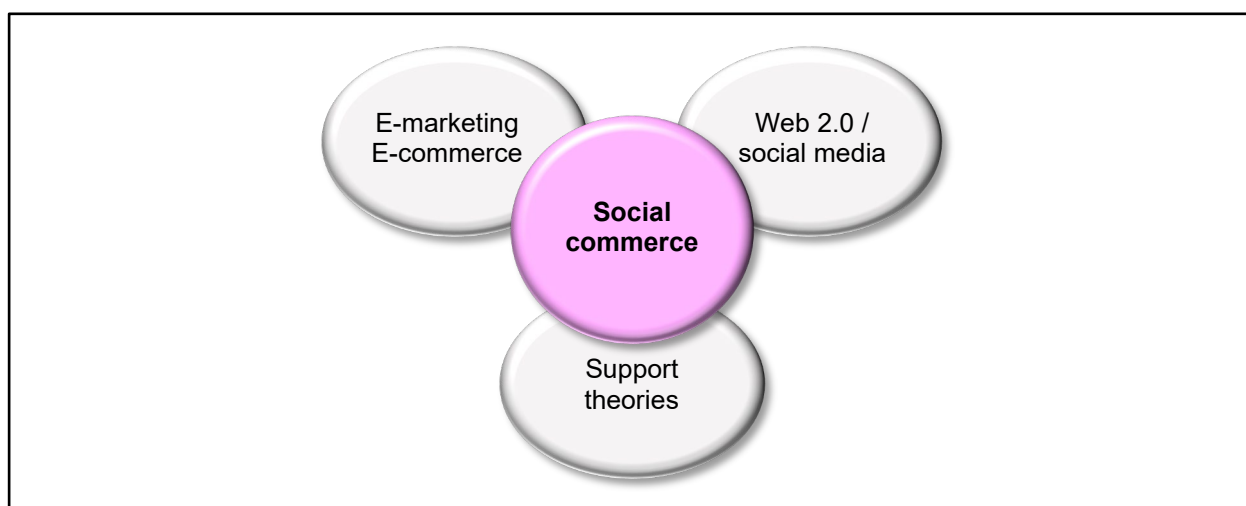
3.3 THE DEVELOPMENT OF SOCIAL COMMERCE

Social media and traditional ‘e-tailers’ have paved the way to a new type of e-commerce known as social commerce (Wang *et al.*, 2019:163). According to Zhou *et al.* (2013:61), social commerce involves the use of internet-based social media that enables consumers to participate in the selling, comparing, marketing, curating, buying and sharing of products and services in off-line and on-line market places, as well as communities. Social commerce enables consumers to criticise, compliment, rank, and rate products, making consumer participation an essential part of the on-line marketing process (Attar *et al.*, 2021:849). Cheng (2017:230) mentions another major characteristic of social commerce, referring to online inter-personal relationships, as consumers are able to obtain information that has been shared by peers, as well as observe purchases made

by these peers. Consumers are therefore able to purchase the same products and services, as well as react on recommendations made by their peers via social media sites. Social media sites enable consumers to purchase products directly from the various platforms (Stokes, 2018:238).

Various social media sites are adapting to this new type of commerce, enabling users to purchase products directly from via various platforms. According to Hussain *et al.* (2021:2), other social media sites that allow social commerce include Instagram, Pinterest, Twitter, and Snapchat. In addition to trading and advertising, these sites entail product reviews, sharing of opinions and the active recommendation to family and friends of goods and services listed for sale. Social commerce was created by means of integrating e-commerce and e-marketing via social media platforms, whereas this integration is supported by theories of social capital, social psychology, consumer behaviour, and online collaboration (Turban *et al.*, 2017:15). These aspects have resulted in useful applications that drive social commerce and are represented in Figure 3-1.

Figure 3-1: The foundation of social commerce



Source: Adopted from Turban *et al.* (2017:15).

Due to the advent of social media sites, consumers have a stronger voice than ever before. Past sales used to be the result of mass messages that were spread via advertisements, but current sales are more dependent on the building of customer relationships (Salvatori & Marcantoni, 2015:257). Naghavi (2019:20) mentions that traditional social media and e-commerce players are starting to use social commerce, and in doing so, are utilising various features, platform types, and revenue sources. Social commerce officially appeared in the literature during 2005 and refers to a new way of conducting commerce (Curty & Zhang, 2011:1). The development of social media has brought about huge changes to the e-commerce industry, including the discovery of a new purchase model that has resulted in more benefits to merchants (Wang & Xie, 2020:793).

Consumers are using social media more frequently as they are opting to spend more time shopping via the internet rather than via traditional brick-and-mortar stores (Wertz, 2019). Social media technologies and platforms like TikTok, Twitter, YouTube, Facebook, Snapchat, and Instagram have led to vast e-commerce developments, and have stimulated a new form of e-commerce referred to as social commerce (Shirazi *et al.*, 2021:789). Wertz (2019) adds that the rise in popularity of online shopping, along with the prevailing use of the internet and social media, positioned social commerce as the inevitable breakout trend for e-commerce in the years to come.

3.3.1 The internet

The internet can be defined as a vast public web of computer networks, connecting users all over the world and providing people with a large information repository (Kotler & Armstrong, 2017:22). GCF (2013:3) describes a network as a group of two or more systems connected together. The internet started in the U.S. during the early 1960s Cold War period (Cohen-Almagor, 2011:46). Research on the design of the internet commenced in 1973, and it became operational in 1983 (Naughton, 2016:5). According to Wiid (2017:142), the internet has now become a global communication tool with interconnected networks that use a standardised communication protocol, enabling people from all over the world to communicate with each other.

For the first two decades of its existence, the internet was preserved for the technological, academic, and research elite. From the 1990s, it became integrated into mainstream society, and is now regarded a general-purpose technology without which society cannot function (Naughton, 2016:5). According to Goga *et al.* (2019:1), the internet has changed the way businesses operate, as well as the way people communicate and live their daily lives. It is a constantly evolving tool that not only provides an endless supply of information, but also allows people to access content, interact, and connect with each other in different ways (GCF, 2013:3). Kotler and Armstrong (2017:22) add that the internet is perhaps the most dramatic technological development, as it links individuals and businesses of all types from all over the world, allowing anytime and anywhere connections to information, entertainment, and communication. In a relatively short period of time, technology and the internet have gone from being viewed as something exotic to an apparently mundane utility (Naughton, 2016:5). The rise of the internet has led to a new type of commerce called e-commerce, allowing retailers to sell products and services via the internet.

The development of the internet as well as the digitalisation of commerce has had a profound impact on consumers and retailers alike. Due to the internet gaining momentum as communication networks improve and expand around the globe, it is important to note that the 'e' factor is being integrated into various business types and models (Nemat, 2011:100). As the growth in the use of the internet has increased, the opportunity for traditional retailers to engage

in online retailing has emerged and has become extremely popular (Nel, 2016:203). Electronic businesses via the internet are not only a trend but have become a revolutionary approach to the business concept, as the way information is used, the contacting of consumers, suppliers and employees as well as the modes of promotion and marketing have evolved entirely due to the rise of the internet (Apăvăloaie, 2014:957).

Nowadays, almost every firm uses the internet in significant ways to communicate with consumers, as most traditional 'brick-and-mortar' stores have become 'click-and-mortar' stores by means of e-commerce (Kotler & Armstrong, 2017:22). According to Nel (2016:203), almost every traditional retailer owns an online presence and website, which are used to promote the products and services of that retailer; and on most of these sites, consumers are able to purchase such products and services. The internet and digital devices have led to social networks becoming critically important for many businesses, as successful businesses need to have a large social network, which they utilise to share news and monitor their consumers (Kiley, 2019:9).

3.3.1.1 The influence of the internet on business models

According to Javadi *et al.* (2012:81), the internet has created endless opportunities for businesses, and has become a vast global marketplace for the exchange of goods and services. Consumers use it for various reasons, such as searching for product prices and reviews, selecting services and products, placing orders, and completing payments online. An opportunity for traditional retailers to engage in e-commerce has emerged due to the exponential growth of use of the internet as well as its widespread availability, making it possible for such retailers to have an online presence and to promote and sell their offerings online with a far greater audience (Nel, 2016:203). Most traditional retail stores have started utilising the internet as a means of selling their product and service offerings, as e-commerce has provided new ways to attract consumers and to build stronger relationships with them (Kotler & Armstrong, 2017:22). According to Nemat (2011:100-103), there are different types of transaction schemes resulting from various types of e-commerce, including the following:

- **Business-to-business.** Business-to-business e-commerce includes transactions between businesses, for example between manufacturer and wholesaler, or between wholesaler and retailer.
- **Business-to-customer.** Business-to-customer e-commerce includes activities where businesses serve end-customers with products or services. For example, a business-to-customer transaction could be a consumer purchasing a pair of sneakers from a retailer.

- **Business-to-employee.** Business-to-employee e-commerce utilises an intra-business network, allowing companies to provide products and services to their employees. Companies typically use business-to-employee networks in order to automate employee-related corporate processes. Examples of business-to-employee applications include online insurance policy management, corporate announcement dissemination, online supply requests, special employee offers, and employee benefits reporting.
- **Business-to-government.** This type of e-commerce model is often referred to as public sector marketing, and is a derivative of business-to-business marketing. Business-to-government networks encompass marketing products to various government levels such as federal, state and local by means of integrated communications techniques including public relations, branding, marcom, advertising, and web-based communications.
- **Consumer-to-business.** This is an e-commerce model in which consumers offer products and services to companies where companies pay them. It is a complete reversal of the traditional business model, and examples include blogs and internet forums, where an author offers a link back to an online business facilitating the purchase of a certain product, where the author might receive affiliate revenue from a sale.
- **Business-to-manager.** This is a new mode of e-commerce as it refers to the transaction between enterprises and professional managers.
- **Customer-to-customer.** This model involves electronically-facilitated transactions between consumers by means of some third party, for example, an online auction in which consumers post an item for sale for other consumers to bid on, where the third party generally charges a flat fee or commission.

3.3.2 The internet and e-commerce

The development of the internet and the increased usage thereof has completely changed the business model. Technology and the internet have changed the way businesses operate (Goga *et al.*, 2019:1). Nemat (2011:100) describes e-commerce as the utilisation of the internet to transact business as it has enabled digital commercial transactions between and among organisations and individuals. It is the activity of buying and selling products and services by means of the internet and it draws on technologies such as mobile commerce, electronic funds transfer, supply chain management, online transaction processing, internet marketing, inventory management systems, electronic data interchange, and automated collection systems (Banda, 2019:1). Goga *et al.* (2019:1) add that e-commerce, or online retailing, is one component of wider digital transformation of the economy as e-commerce sales are increasing significantly in various

product categories, such as books, electronic goods, and clothing. By means of e-commerce, companies are able to communicate immediately with various entities such as corporate clients, business partners, and suppliers, enabling them to exchange various types of information, thereby including informing each other about their products and services, negotiating the terms of transactions, exchanging documents, and distributing press releases (Išoraitė & Miniotienė, 2018:73).

With the development of the internet in the 1990s, a large range of possibilities became available, with particular emphasis on communication, where companies, having noticed of the potential of the tool, started using it to communicate with consumers – at first, to provide them with information of their product and service offerings, then to receive orders, and thereafter to distribute their products and services – up to the arrival of e-commerce, which would eventually cover various aspects of commerce such as receipts and reverse logistics (Dos Santos *et al.*, 2017:130). The development of new technologies and software during the early 1990s turned the internet into a commercial platform which has led to the transformation of businesses worldwide, as people increasingly look to simplifying their lives by means of an e-commerce solution (Ferrera & Kessedjian, 2019:38). Table 3-2 encapsulates the evolution of e-commerce in recent years.

Table 3-2: The evolution of e-commerce

Date	Event
1991	The World Wide Web is created.
1994	Nestcape launches Navigator, the first widely used web browser and Pizza Hut offers online ordering on their website.
1995	eBay is founded & Amazon makes its first sale.
1996	Over 40 million people have internet access and online sales surpass US\$1 billion for the year.
1998	PayPal is founded and changes the way payments are made online.
2000	Revenue from U.S. online shopping totals US\$25 billion.
2001	70% of internet users make an online purchase during the holiday season.
2003	Apple launches iTunes – the first major digital music store.
2005	The term 'Cyber Monday' is coined and becomes one of the biggest online shopping days of the year.
2006	Facebook begins selling advertisements.
2008	Online purchases are made via mobile phones for the first time.
2010	Online B2C sales surpass US\$1 trillion.

Source: Adopted from Ferrera and Kessedjian (2019:38).

E-commerce has revolutionised retailing, providing new opportunities for businesses and companies to reach a wider range of consumers, lower prices, personalise preferences, and enhance consumer experiences (Goga *et al.*, 2019:1). According to Shahjee (2017:3130), it has transformed the market place, as a result of which it has transformed today's business models and is currently creating opportunities for economic growth and organisational change. E-commerce has made a virtual impact on almost every business, as traditional retailers such as Walmart have established an online presence due to the exemplification of a wide range of business models provided by means of the World Wide Web; from simple distributors-integrator catalogue models (such as NECX, Microwarehouse, and PCMall), to make-to-order PC manufacturers (such as Dell and Gateway) (Igwe *et al.*, 2014:155).

Online shopping in South Africa is growing at a fast pace. Daniel (2020) proves the point by mentioning that sales are expected to reach R225 billion by 2029. The growing number of smart-phone users in South Africa is an important driver of the increase in online sales, as these devices enable mobile e-commerce by means of apps and websites (Nel, 2016:204). Daniel (2020) mentions further that the South-African e-commerce market remains largely untapped, but consumer data projects that 31.6 million South Africans could potentially be converted to online shopping by 2024. The global pandemic caused by COVID-19 has contributed to this prediction. BusinessTech (2020) mentions that South Africans have changed the way they shop due to the COVID-19 pandemic along with the government-mandated lockdowns. The increased use of online shopping apps has contributed to this. BusinessTech (2020) adds that 35% of all South Africans have shopping apps installed on their smart devices, which has grown from 30% in 2019. Various consumers are starting to utilise social media as a shopping app as they are increasingly provided with opportunities to purchase products in this manner.

3.3.3 Social media

The internet provides new platforms for two-way communication between consumers, whereas social media provide completely new dimensions to this environment (Svatošová, 2012:63). According to Manning (2014:1158), social media include new forms of media that involve interactive participation. This is a phenomenon that has transformed communication and interaction between individuals all over the world, as it has been evolving since the dawn of human interaction (Edosomwan *et al.*, 2011:80).

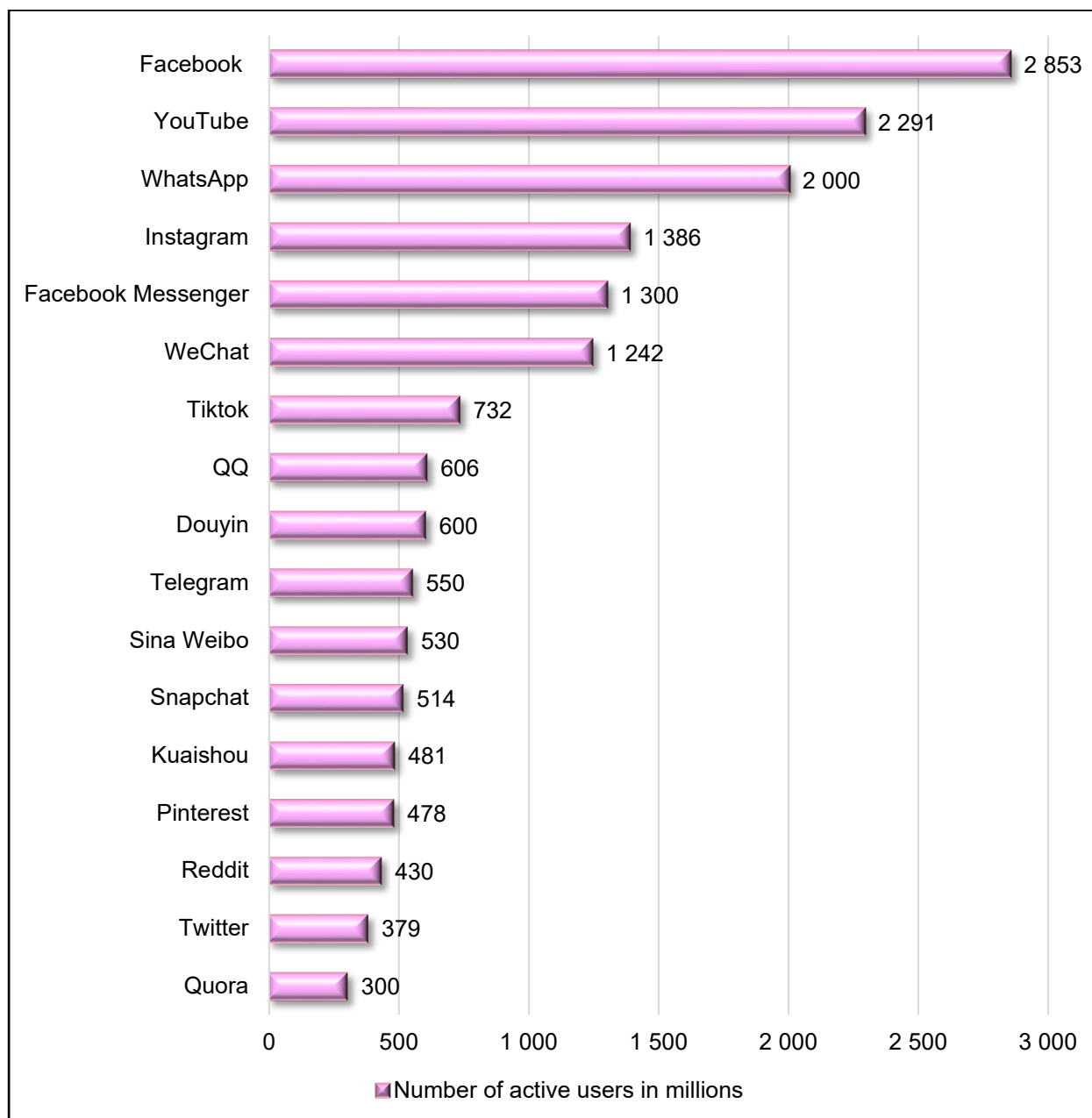
Within a short period of time, social media has become an integral part of everyday life, as many younger individuals cannot think of communication without thinking of online social networks (Zeitell-Bank & Tat, 2014:1184). Linda (2010:2213) describes social media as a group of internet-based applications built on the technological and ideological foundations of Web 2.0, allowing the

exchange and creation of user-generated content. While social media was used by 57% of companies in 2007, in 2011 the figure went up to an astonishing 93%, with 90% considering social media to be an important component of the overall marketing mix (Svatošová, 2012:63). According to Manning (2014:1158), the development of media can be divided into the following two ages:

- **The broadcast age.** Media were exclusively centralised where one entity, whether it be a radio station or a newspaper company, would distribute messages to people. Feedback provided to media outlets were indirect, delayed, and impersonal. Mediated communication between people commenced on a much smaller scale by means of personal letters and telephone calls.
- **The interactive age.** By means of the rise of digital technologies, interaction became easier for individuals, and a new media age was born, where interactive activities were placed at the centre of new media functions. Individuals were able to communicate with many other individuals, and instant feedback was made possible. Citizens were able to share their opinions with many. Instead of a few news outlets, people are now able to seek information by means of various sources, and can communicate with others via message forums.

During social media's earlier days, social networks enabled people to communicate online and discuss topics, but now social media is so much more, as it plays an important role in the internet-connected world of today by means of providing immediate content relevant to any user at anytime and anywhere it is needed (Stokes, 2018:398). Social media has affected the way businesses communicate with consumers. There has been a clear shift from the utilisation of mass media to personalised media in terms of advertising, which is due to the role played by the internet and social media sites such as Facebook, Twitter, and Instagram (Rudansky-Kloppers & Strydom, 2016:156).

Social media networking can range from blogs and message boards to social media sites and virtual worlds. This new form of consumer-to-consumer and business-to-consumer dialogue has affected marketing in various ways (Kotler & Armstrong, 2017:141). Organisations and marketers need to have a thorough understanding of consumers' social media habits, as consumers are being affected by information and influences at new 'touch points'. It follows that organisations need to be aware of how consumers acquire information, and they need to reach them when they are most susceptible to influence (West *et al.*, 2015:202). This will lead to an increase in the purchase of products via social media platforms. Figure 3-2 represents the most popular social media sites worldwide, as of July 2021.

Figure 3-2: Most popular social media networks worldwide as of July 2021

Source: Adopted from Statista (2021d).

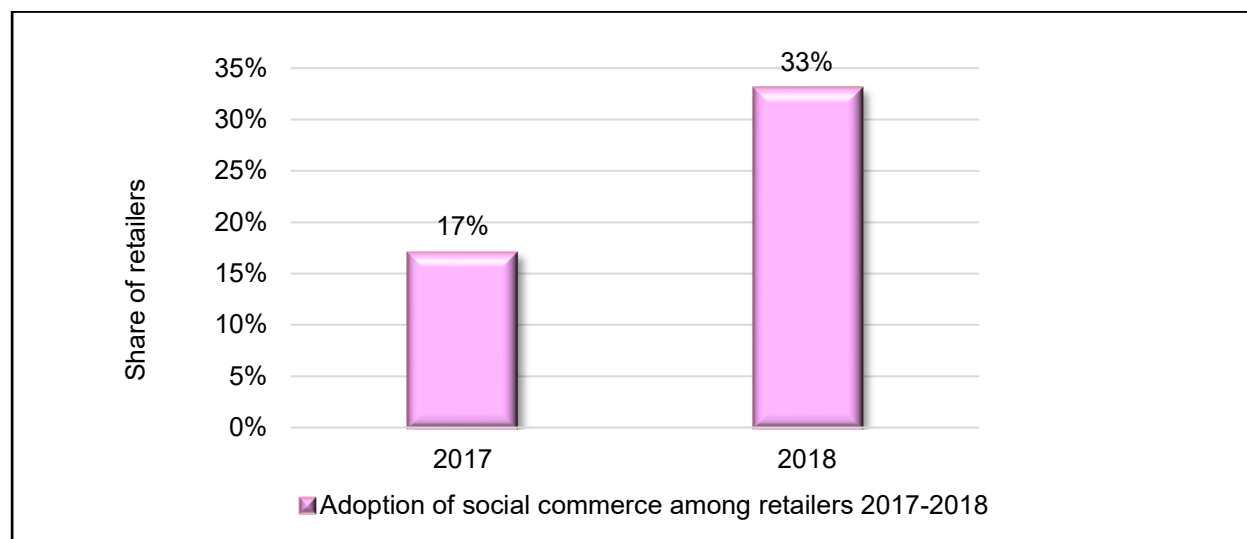
3.3.4 The emergence of social commerce

The internet has provided a new environment for two-way communication with consumers whereas social media has provided a new dimension in this environment (Svatošová, 2012:63). The popularity of the internet, e-commerce, and social media sites has led to the birth of a new type of commerce termed social commerce. Social commerce is a new subset of e-commerce, and it has blurred the line between social interaction and online shopping (Naghavi, 2019:2). Social commerce came about during the year of 2005 and this new type of commerce, mediated by social media, provides benefits to both firms and consumers (Curty & Zhang, 2011:1).

According to Salvatori and Marcantoni (2015:257), the worldwide influence of social media drove the heads of leading global companies to organise congresses in several countries where The Bazaarvoice Social Commerce Summit was one of the most important topics and was created in order to share trends and ideas that would shape the future of consumer centrality. Salvatori and Marcantoni (2015:257) add that the European Union was also largely involved in the impact of social commerce on the economy – as wallet-share gradually shifted towards the internet, online sales became critical for the retail economy of various European countries and due to the social commerce relevance, the European Union is funding research and innovation plans such as the 'optimizr' project.

Shopping has become streamlined as it is now combined with likes, follows, and pins of social media platforms and proliferation of smart mobile phones, where the result of this evolution and maturation of social media is the emergence of social commerce (Barnes, 2014:11). Due to the popularity of utilising digital technology for businesses, the convergence of social media and e-commerce provides companies with a vehicle to simplify the entire purchase process by means of making use of social media and social media advertising (Chevalier, 2021). Various retailers are adopting social commerce and integrating this type of commerce with their business models. This statement is demonstrated in Figure 3-3, which reflects the adoption of social commerce among retailers in 2017 to 2018.

Figure 3-3: Adoption of social commerce among retailers 2017 to 2018



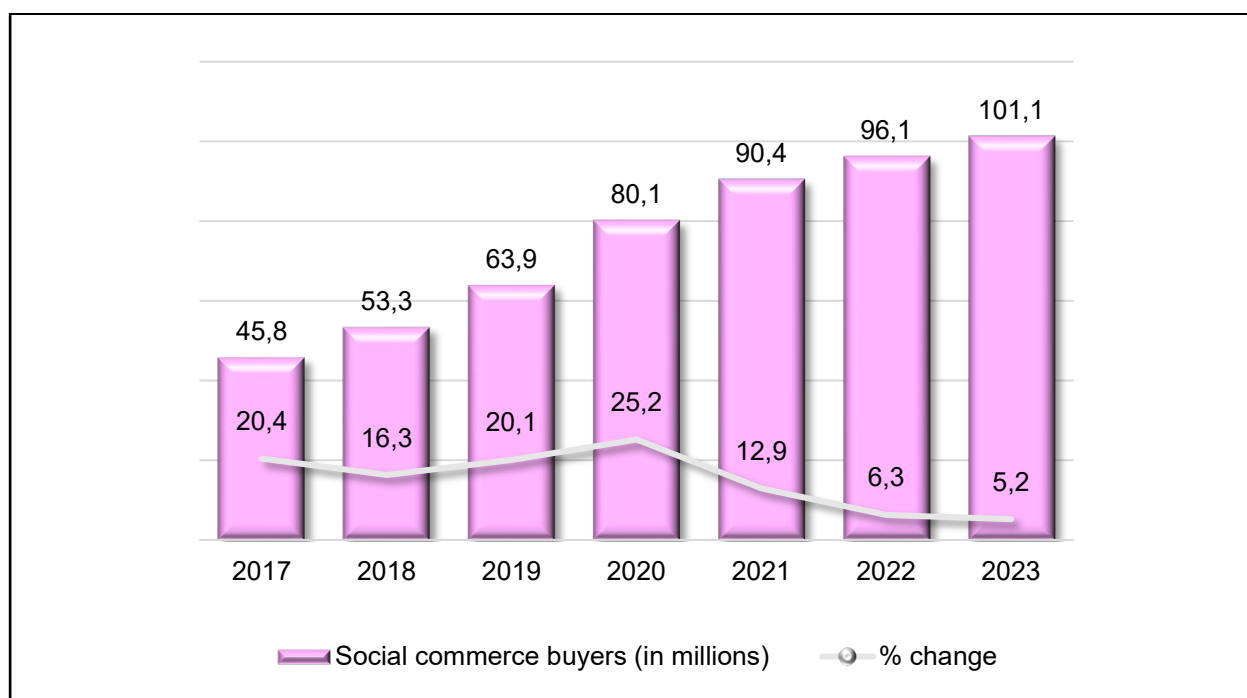
Source: Adopted from Sabanoglu (2020b).

Figure 3-3 represents the growth in the use of social commerce by retailers, as 33% of retailers indicated that they used social commerce in 2018 as compared to 17% in 2017. The use of social commerce grew by an astonishing 16% from 2017 to 2018. This trend is predicted to grow in the future due to the increasing usage of social media sites. According to Phaneuf (2021), the average

daily time spent on social media sites has increased from 56.23 minutes to 65.44 minutes in 2020. The global social commerce market size was valued at US\$474.8 billion in 2020 (Grand View Research, 2021). Chu (2021) estimates that the global social commerce market will grow at a rate of 31.4% during the COVID-19 pandemic. A study conducted by Grand View Research (2021) estimates that the global social commerce market will increase at a compound annual growth rate of 28.4% from 2021 to 2028, with a projected market size of US\$3 369.80 billion in 2028.

The rise of e-commerce, as well as the 16.4% social media annual usage growth rate, has promoted the use of user-generated content in order to increase brand awareness. Businesses continue to expand their social media shopping integrations, especially for tech-savvy Generation Y and Generation Z consumers, who are familiar with social media and tend to engage in social commerce more often than other consumers (Phaneuf, 2021). Figure 3-4 depicts the growth in the number of consumers shopping on social commerce platforms. Since 2017, the number of social commerce consumers grew from 45.8 million to 80.1 million in 2020, and is projected to reach a consumer base of approximately 101.1 million by 2023 (Lipsman, 2021).

Figure 3-4: Social commerce consumer growth



Source: Adopted from Lipsman (2021).

According to Statista (2021e), 23.77 million South Africans (approximately 40% of the total population) use social media platforms. Kemp (2020) adds that the number of social media users in South Africa increased by 3.5 million between April 2019 and January 2020, with a social media penetration rate of 37%. Zhou *et al.* (2013:61) affirm that many retailers are already taking

advantage of social commerce platforms and technologies in order to expand their trade operations. With the continued rise in e-commerce and social media usage in South Africa, it is important for companies to expand their communication and sales channels to include social commerce sites, so as to attract new consumers, retain existing consumers and effectively engage with their targeted consumer segments (Bazi *et al.*, 2020:457; Ellis, 2021).

3.4 SOCIAL COMMERCE PLATFORMS

Social media is a mix of paid, owned and earned media options for marketers, and knowledge of how each of these platforms are managed has become an integral part of maintaining and developing a brand (Stokes, 2018:398). There are various social media platforms/sites that have become available for people to utilise. Examples of these include Facebook, Instagram, Pinterest, Twitter, and Snapchat (Hussain *et al.*, 2021:2). According to Lipsman (2021), Instagram and Pinterest are currently the most relevant social commerce platforms, with Facebook, Snapchat, and TikTok increasingly expanding and improving their social commerce capabilities and functionalities. According to Enberg (2021), Facebook is the top social commerce platform in the U.S. with 56.1 million buyers in 2021, where Instagram falls into second place with an astonishing 32.4 million, followed by Pinterest with 13.9 million buyers.

An ever-increasing number of players are entering the social media space, as a result of which brands need to spend more money and time on promotion via social media in order for users to engage with their content (Stokes, 2018:398). Marketing by means of social media has become of extreme importance in terms of a modern approach to marketing, as it affects the behaviours and lifestyles of consumers, therefore changing the pre-existing rules of the game in the retail environment (Svatošová, 2012:64). Table 3-3 provides information concerning the most popular social commerce sites, in terms of what they entail as well as their features.

Table 3-3: Social commerce platforms

Platform	Description	Features
Facebook	Facebook is the most dominant social network in the world. Consumers spend a vast amount of their time on Facebook therefore advertisers and marketers are looking for creative ways to capitalise on this audience. Facebook has become a realm of social networking and has created a new meaning for the word 'friend' with many connections existing solely online. Facebook enables content distribution and creation, allowing brands to engage with their consumers through means of their 'pages'.	<p>Pages. Personal pages allow users to reveal a great deal of information about themselves and their lives. By divulging this information to the site, they are sharing it with the networks' advertisers and marketers. This information is extremely useful for marketers as, it can be used for targeted marketing. For brands, a page is considered the profile of the brand, organisation, or celebrity, as it looks similar to a personal profile, and users are able to connect with a brand via Facebook by liking its page.</p> <p>Reaction buttons. Reaction buttons allow users to share their feelings about a certain piece of information. These reactions include the iconic 'like', 'love', 'haha', 'wow', 'sad', or 'angry' buttons.</p> <p>News feed. News feed is a term used for the stream of information that users see when they log on to the Facebook site. It includes a selection of recent posts and updates from friends and brands with which they are connected via Facebook.</p> <p>Facebook video. Facebook videos allow the upload of videos directly to the site. These videos play automatically as users scroll through their feeds. Brands can see the view counts of these videos, allowing more users to discover them.</p> <p>Facebook live. Facebook live allows for the sharing of live videos. It is available to anyone with a Facebook profile, where viewers can react and comment in real time on the live video, and brands are able to monitor the success of the broadcast.</p> <p>Facebook marketplace. Facebook marketplace allows brands to import their online store onto their Facebook page. Users can then shop and purchase products via the Facebook platform.</p>
Instagram	Instagram is a photo and video app allowing people to take a picture with their phone cameras and then add an interesting filter to make it look polished. This video or photo can then be shared via Instagram for followers to view, like, and comment on.	<p>Users can have a profile and a unique username, allowing them to post photos or videos. They can also include hashtags and tag other users who may be relevant to their post.</p> <p>Instagram also allows users to send direct messages and posts to an individual or a specific group of users. Businesses use this feature to engage with influencers who in turn share information about the business with their followers.</p> <p>Users are able to follow other users they find interesting where posts can be liked and commented on.</p> <p>Each user has an activity feed providing them with recent activity of users that they follow.</p> <p>Users can also shop via Instagram, by tapping on an item in order to find a description of the product as well as its price.</p>

Table 3-3: Social commerce platforms (continues)

Platform	Description	Features
Twitter	Twitter is the most popular microblogging service, which is a form of blogging allowing users to publish short text updates, usually limited to 140 characters, which can be viewed by anyone or restricted to a specific community. These 14-character posts are referred to as tweets, and usually include short thoughts or links to certain articles.	<p>Each user on Twitter has a unique username consisting of an @ and their chosen name.</p> <p>Tweets can be directed to someone specific through means of typing their username at the beginning of the tweet.</p> <p>Twitter uses hashtags to categorise posts, where the hashtag becomes a link to other tweets with the same hashtag.</p> <p>Users are able to follow a certain hashtag, which allows them to see all public posts consisting of that hashtag.</p>
Snapchat	Snapchat is a mobile messaging site enabling users to send photos, videos, texts and drawings but these messages only last for ten seconds before it then disappears. Snapchat is free to download and allows users to send messages for free. Snapchat has become increasingly popular among teen audiences.	<p>Users have their own profiles and use the app to share snaps where a snap includes an image that the user can modify with a filter as well as a drawing tool.</p> <p>A filter can denote the outside temperature, the time, location, and more.</p> <p>Draw tools enable users to draw over pictures and videos through means of a full colour spectrum and Type allows them to add personalised text to the snap.</p> <p>Users can also add Geofilters as well as sponsored lenses to photos, both proven to be strong marketing tactics for brands.</p>
Pinterest	Pinterest is a visual bookmarking site where users can pin, share, and categorise pictures and ideas they find online.	<p>Each pin includes an idea whether it be a recipe, image, quote, or an article and each pin links back to the original site.</p> <p>Through means of adding the 'save' button to a site, users make it easier for others to pin their content onto their own personal boards.</p> <p>Boards are designed according to themes where each board should be uniquely named enabling users to follow a board.</p> <p>Boards are classified under subject categories enable users to easily find what they are looking for.</p> <p>Users are able to shop directly via Pinterest from a certain group of retail partners within the U.S., which is extended to other retailers. Users browse pins as normal with an additional option to add products to their 'bag', linking them back to the merchant's store, and enabling them to purchase on Pinterest.</p>

Source: Adapted from Stokes (2018:398).

3.5 THE DIFFERENCE BETWEEN SOCIAL MEDIA MARKETING AND SOCIAL COMMERCE

There is a difference between social media marketing and social commerce. Social media marketing includes marketing a brand via social media sites, whereas social commerce includes the actual selling and buying of products directly from those sites. Social media marketing is a form of internet marketing where social media platforms are utilised in order to achieve marketing objectives, and it includes the sharing of content, videos, and pictures for the purpose of advertising (Singh & Singh, 2018:21). It is the use of social media as a means of interacting with various stakeholders and it is a necessary tool for communication where social media sites allow users to connect with each other (Wibowo *et al.*, 2021:2). Social media marketing has given birth to social commerce. According to Nadda *et al.* (2015:362), social media marketing has enabled businesses to take comments, feedback, and suggestions from consumers by means of blogs, pictures, posts, and ratings, thereby improving their offerings and addressing consumers' needs in a more effective and proactive way.

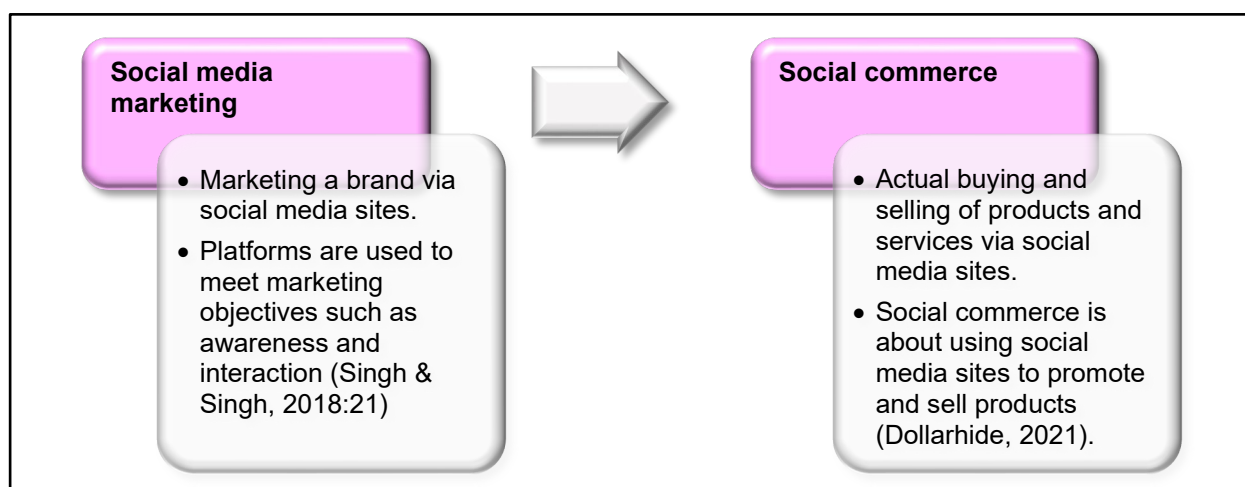
According to Hayes (2021a), social media marketing utilises social media in order to market a company's products and services. Hayes (2021a) adds that it allows companies to engage with existing consumers as well as to reach new ones as they promote their tone, mission and culture, whereas sites such as Twitter, Facebook, and Instagram are commonly used to execute social media marketing. The primary goal of social media marketing is aimed at brand awareness as well as establishing social trust, and by going deeper into social media marketing a marketer can gain leads as well as direct sales channels (Barone, 2021). These direct sales channels are aligned with the term social commerce, as they enable users to purchase products or services via social media sites.

Social media marketing has led to social commerce. The difference between the two is that the commerce aspect (i.e. social commerce) is not only about promoting and advertising, but the actual selling of items via social media sites as well. According to Dollarhide (2021), social commerce uses social media sites such as Facebook, Twitter, and Instagram as tools to promote and sell products and services. It refers to the actual buying and selling on social media sites, where it includes both social interaction and user contribution in the context of an e-commerce transaction (HTFM, 2021). Social commerce is about utilising social media platforms to develop more personalised and targeted in-app shopping experiences for consumers, as it integrates e-commerce functionality into social media platforms (CIORReview, 2021). Social commerce is a type of e-commerce that utilises social media sites in order to facilitate the buying and selling of goods and services, and it makes use of ratings, social advertising, online communities, shares, and stores within the social media sites to further aid with the buying and selling of items (MBN,

2021). Social commerce sells directly via social media sites, and differs from social media marketing, as it does not redirect users to an online store, but provides users with the opportunity to checkout directly within the social media site being used at that moment (Davenport, 2021).

Although social media marketing and social commerce are closely related, these two aspects do differ. Social media marketing is about advertising via social media, whereas social commerce includes the functionality of e-commerce integrated with social media sites, allowing users to purchase items directly from these sites and providing businesses with an array of opportunities. Figure 3-5 illustrates the differences between social media marketing and social commerce.

Figure 3-5: Difference between social media marketing and social commerce



3.6 SOCIAL COMMERCE BUSINESS OPPORTUNITIES

Social commerce creates more business opportunities among social media users by means of providing the opportunity to sell products or services via social media sites. It enables sellers to advertise their offerings to a wider audience, and employs social media influencers who promote their offerings and receive payment for it (Zainuddin *et al.*, 2020:2571). Social commerce empowers consumers to generate content and persuade other users to purchase from specific e-shops; it enhances the level of trust among consumers; it encourages consumers to purchase products via social media sites; and it affects their intentions to buy – hence the exponential growth in the popularity of social media sites, providing new business and marketing opportunities for renowned companies as well as smaller family concerns (Curzi *et al.*, 2019:8). According to the Women’s World Banking report (2018:2), social commerce is transforming micro enterprises by expanding access to new suppliers, consumers, skills, and capital as it has the potential to overcome many of the constraints involved in starting and expanding businesses. The report states further that it presents new opportunities in order to enhance entrepreneurs’ access to formal financial services, and closes this gap for various smaller enterprises.

Not only does social commerce provide opportunities for smaller enterprises, it also provides opportunities for businesses to enhance their overall customer experience. It enables them to provide the best possible customer service by means of effortless social media transactions. According to Lowes (2021:10), consumers will not settle for less than a seamless experience when purchasing, and social commerce can fill this space in order to meet time-sensitive consumer demands and tackle relevant fragmented challenges (Lowes, 2021:10). Social media sites enable users to communicate with each other, exchange opinions, post comments, and give recommendations as well as referrals (Alhulail *et al.*, 2015:88). These aspects are beneficial for consumers, who gain correspondingly more trust in businesses and their offerings. This in turn elevates consumer loyalty on the part of consumers who are provided with trustworthy information by their peers via social media.

According to Bazi *et al.* (2020:461), consumers obtain utilitarian value by means of social commerce, thereby improving their purchase outcomes. Social commerce can also increase the playfulness in online shopping, which adds hedonic value. Social commerce strengthens brand community by providing consumers with the opportunity to produce and share content, interact with brands and peers, build strong social relationships, purchase their preferred brands within the same community benefiting from timely support from online peers as well as firms (Cuomo *et al.*, 2020:354).

Marketers are also able to track reviews via social media sites, enabling them to keep an eye on how their offers are being received (Meltwater, 2020:22). Marketers are able to gain a clear view of the actual needs and wants of consumers. They can therefore tailor their offerings to meet those needs and wants more effectively. By means of social media sites, firms are able to boost the popularity of their e-commerce sites, they can increase brand awareness among their consumers, they can increase sales and facilitate word-of-mouth communication, and they can ensure social support to online consumers (Curzi *et al.*, 2019:2). Their social support can be much more effective by tracking consumer reviews, as they will then be aware of when consumers are unhappy about something. Marketers can therefore provide social support that addresses these issues. Users are also able to communicate with each other, exchange opinions, post comments, and give recommendations via social media sites (Alhulail *et al.*, 2015:88).

These aspects of social media can also be tracked using appropriate skills and technology. Marketers can use this information to further improve their product or services offerings according to the specific needs and wants of their target markets. They will also gain a better understanding of the social commerce market as a whole, from which they will be able to benefit.

3.7 THE SOCIAL COMMERCE MARKET

According to Datareportal (2021), there were 4.33 billion social media users around the world at the start of 2020, which equates to more than 55% of the entire global population, suggesting that more than nine out of ten internet users make use of social media each month. Social media platform usage has grown more than expected in 2020, which is likely to be due to the pandemic as well as other factors (Williamson, 2021). As social media usage increases, so will the use of social commerce increase. It follows that the social commerce market can be expected to grow. More people will purchase products and/or services via social commerce, and more businesses will enter this market by utilising this opportunity. According to the research report of Grand View Research (2021), the growth of the social commerce market currently appears to be increasingly promising.

3.7.1 Social commerce market size and growth

The demand for social commerce is expected to gain momentum due to the convenience of the shopping experience as well as increased smartphone and social media usage, which are only two of the factors contributing towards the growth of the social commerce market (Grand View Research, 2021). China currently has the world's largest social commerce market, equating to US\$351.65 billion in sales in 2021, whereas the U.S. amounts to about a tenth of that amount, equating to US\$36.62 billion, but it has nevertheless grown by an astonishing 35.8% since 2020 (Enberg, 2021). The global social commerce market size is expected to reach US\$1,948.5 billion by 2026, increasing at a market growth rate of 29.4% CAGR during the forecast period (Intrado Globe Newswire, 2021). Table 3-4 represents the social commerce market scope, providing all necessary detail concerning the social commerce market.

Table 3-4: Social commerce market scope

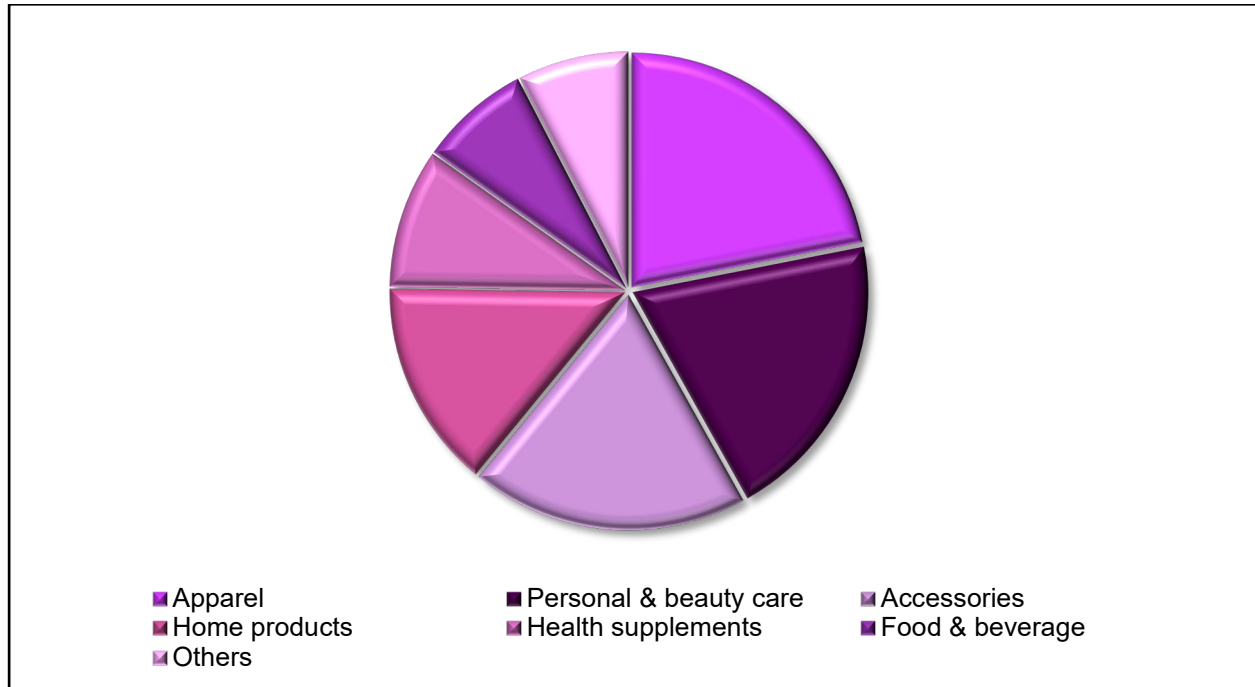
Attribute	Details
Market size value in 2021	US\$584.9 billion
Revenue forecast in 2028	US\$3 369.8 billion
Revenue growth rate	CAGR 28.4% from 2021-2028
Base year for estimation	2020

Source: Adopted from Grand View Research (2021).

In terms of products and services sold via the social commerce market, it appears as if apparel is the most popular selling product. According to the Grand View Research (2021) report, and as illustrated in Figure 3-6, the apparel segment held the largest market share of 21.96% of the

overall social commerce revenue on social media, making the number of vendors selling apparel the largest in the global market. Figure 3-6 illustrates the 2020 global social commerce market according to product type.

Figure 3-6: Global social commerce market by product type 2020



Source: Adopted from Grand View Research (2021).

The rise of social commerce in South Africa is imminent when one considers that 23.77 million South Africans (approximately 40% of the total population) use social media platforms (Statista, 2021e). Kemp (2020) adds that the number of social media users in South Africa increased by 3.5 million between April 2019 and January 2020, with a social media penetration rate of 37%. The number of social media users in South Africa is currently equivalent to 41.9% of the country's population (Majola, 2021). According to Gengan (2021), social media companies are upping their shopping 'games'. Gengan (2021) adds that in the U.S., Facebook, Instagram, and Pinterest have the best discovery experience and therefore lead the social commerce space, whereas in South Africa it is the same for Facebook and Instagram.

The social commerce market is already at a staggering size, and is expected to grow in the future amid the rise in social media and smart-phone usage. More opportunities are available for businesses due to the increase in the social commerce market. Businesses will be able to connect with their target consumers on a much deeper level, and the building of customer relationships will become much more convenient due to the social aspect of social commerce.

3.8 HOW BUSINESSES USE SOCIAL COMMERCE

Businesses use social media as a vehicle to market and sell their products. Social commerce and e-commerce have many aspects in common. Social commerce is e-commerce transactions and activities delivered by means of social media (Liang & Turban, 2011:6). Businesses are able to market their offerings via social media using posts and pages. Social media enables companies to set up fan pages, post news, post photos and post videos for the purpose of image building, as a result of which overtime companies started appreciating the advantages of web communication with consumers as well as the application of the tool in order to enhance their offerings and engage consumers with new products, services and ideas (Polańska, 2014:335). Businesses can now not only market their offerings via social media, they can also sell items direct via their social media pages. Social media pages and posts about products or services allow consumers to click on posts, which will lead them directly to a web page where they can immediately purchase the item shown in the post.

According to Stokes (2018:237), social commerce uses social media networks in order to facilitate e-commerce transactions, thus bringing the functionality and convenience of e-commerce directly to social media platforms. Businesses use social commerce to combine functionality and an excellent user experience with creativity and playfulness, where enabling seamless transactions is an example of how they achieve this (Lowes, 2021:10).

Lowes (2021:10) provides the following examples and tools that businesses could use in order to provide this convenient shopping experience via social media sites:

- **Facebook Pay.** Facebook Pay provides consumers with secure, convenient, and consistent payment across the cluster of apps including Facebook, Messenger, Instagram, and WhatsApp.
- **Instagram Shopping.** Instagram shop is an in-app shopping destination where consumers are able to discover products and brands via Instagram. It includes various features such as product tags, which allow businesses to highlight products from their catalogue by means of stories and in feed, as a result of which consumers can engage and learn more.
- **Instagram checkout.** Instagram offers users a two-step purchase option without even leaving the app.
- **TikTok in-app buys.** Users are able to purchase items that are marked with a sponsored hashtag via TikTok.

- **Influencers as sales people.** Creator Brands use content creators as salespeople. For example, Adidas launched a membership program called the Creator Club, providing their consumers with early access to products, special events, and exclusive drops. They also enable members to sell Adidas products themselves.
- **Asian super apps.** With Asia becoming the barometer for the global consumer's pulse, it is safe to say that the design of fully integrated apps will inspire the rest of the world. These apps include the characteristics of an operating system, allowing users to combine entertainment, social network, and commerce in a single space.

Social commerce professionals create interactive messages and features that promote online sales as well as other e-commerce initiatives, where some of the marketing tactics employed by social commerce include inviting users to vote on product styles or choices, offering personalised buyer options, applying large and striking graphics in order to attract viewer clicks, using videos to show the product in full use and from multiple angles, encouraging user-submitted commentary and feedback, using celebrity endorsements, linking direct to the checkout, and offering promotions or giveaways to users who share the offers on their feeds (Dollarhide, 2021). In order to enable effortless transactions via social commerce, merchants, and payment service-providers need to take a localised and customised approach towards digital payments, as consumers have become accustomed to the availability of different options in terms of online payments, from buy-now-pay-later offerings to bank transfer payments. Due to this, payment preference expectations have skyrocketed in recent years, to the point where consumers will abandon a purchase if their favourite payment method is not available (Jackson, 2021). Businesses therefore need to ensure that they provide as many relevant payment methods as possible to avoid having put so much effort into the marketing of their product, only to have consumers resist purchasing from them due to the consumers' favourite payment methods not being available.

It is evident that there are many ways in which businesses can use social commerce. This type of commerce provides a convenient and seamless shopping experience to consumers, as they are able to purchase items directly from social media sites. Businesses are also provided with endless opportunities to market their offerings as social media sites provide insights into what their consumers really want, and also provide new means of communicating with them. Businesses can use various tools provided by social media sites in order to enhance the convenience of their total consumer shopping experience. Due to the extensive reach and power of social commerce, brands are rapidly embracing social commerce as it has the power to unlock online and cross-border growth (Jackson, 2021).

Businesses can also incorporate reference groups into their social commerce strategies as these groups play an important role in social media. According to MBN (2021), businesses can make use of ratings, online communities, and shares within social media sites to sell their products and services. Consumers utilise reference groups as a standard when making purchase decisions as other consumers value the opinions of these referents (Schiffman & Wisenblit, 2019:243). As a result, consumers are likely to act upon the shares and ratings of their referents. The online communities that businesses utilise can also be seen as a type of reference group as consumers might use participants of these communities as a guide when purchasing certain items. Reference groups play an important role in social commerce and companies should take note, as they can harness the effect that these groups may exert on their consumers via social media sites.

3.9 CONCLUSION

Social commerce includes the buying and selling of products and services via social media sites. This new form of commerce is a result of the popularity of the internet, social media networking and e-commerce transactions. It has combined the functionality of e-commerce transactions with social networking. This new type of commerce is busy changing the way businesses operate, and it provides an entire range of new business opportunities. These opportunities include better methods of communicating with consumers, tracking consumer reviews, comments and posts, more effective need-satisfaction, and the provision of seamless customer experiences. It also provides new opportunities to interact with consumers, and a means to connect with them on entirely different level.

This chapter has discussed the term 'social commerce'. It has provided insight into how this new form of commerce came about by means of creatively utilising the rise of the internet, social media and e-commerce. Information about the various different social media sites as well as the difference between social media marketing and social commerce have been provided. The business opportunities that have emerged due to social commerce and the current social commerce market size and growth have been explained. The manner in which businesses use this type of commerce has been elaborated on, and an understanding of the concept of social commerce as a contribution to the overall aim of the research, which includes investigating the influence of reference groups on the social commerce buying behaviour of Generation Y, has been provided.

CHAPTER 4

RESEARCH METHODOLOGY

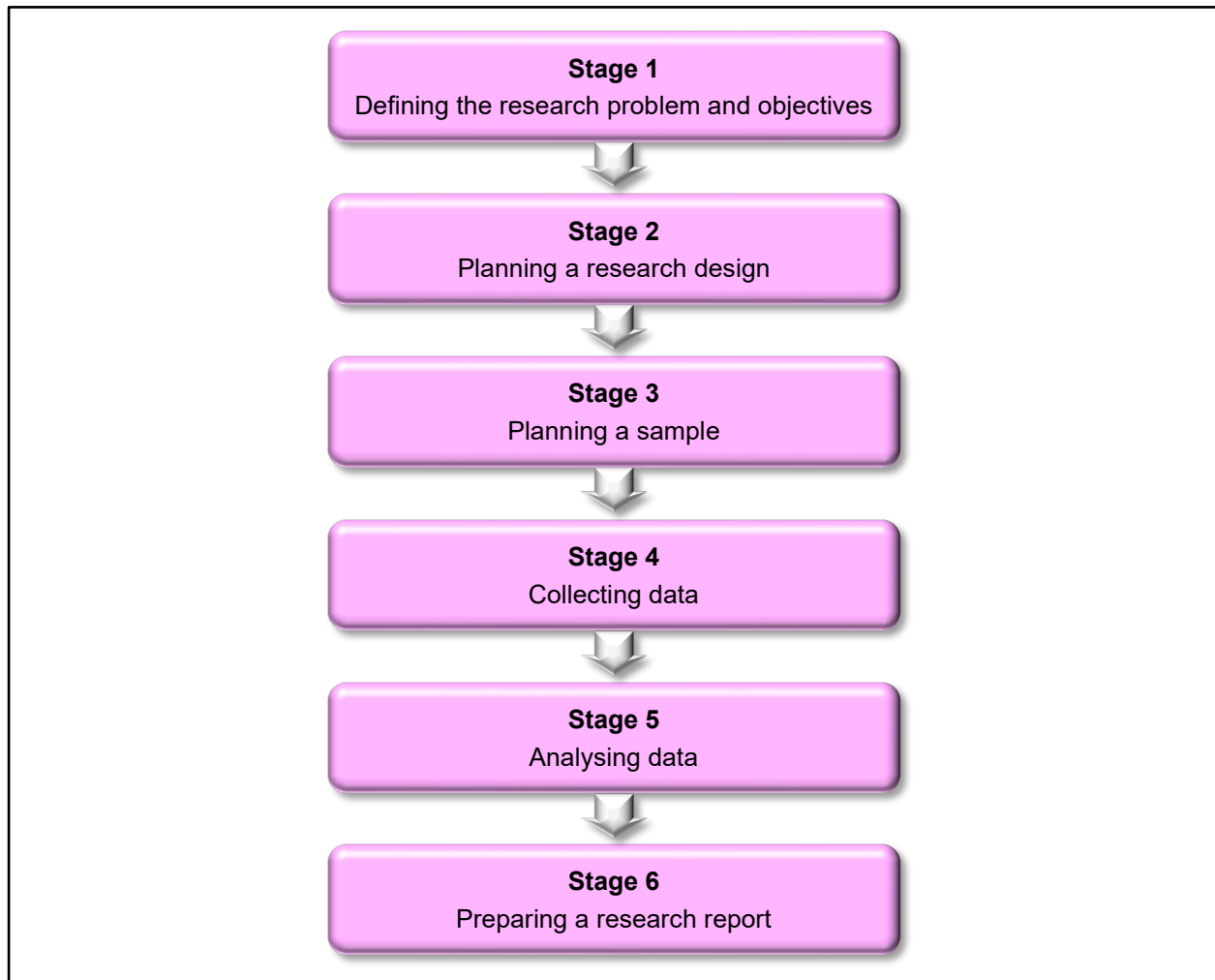
4.1 INTRODUCTION

Igwenagu (2016:4) describes the term methodology as the theoretical and systematic analysis of methods applied to a field of study. This chapter presents the research methodology applied in order to address the research problem and to meet the objectives of this study. The chapter commences with an explanation of what the marketing research process entails. A brief overview of the research problem is provided as well as a discussion of the primary and secondary objectives. These discussions serve as a background for the selected methodologies. The chapter further contains a discussion on the sampling technique, selected research design, data collection method, and procedure followed in conducting the data analysis. It concludes with an explanation as to how trustworthiness was ensured for this study.

4.2 THE MARKETING RESEARCH PROCESS

Market research is the application of scientific methods in searching for truth in terms of marketing whereas these activities include defining marketing opportunities and problems, generating and evaluating marketing ideas, monitoring performance as well as understanding the marketing process (Babin & Zikmund, 2016:5). It is a search for information that aids in successfully capturing market share (Smith & Albaum, 2012:1). The market research process requires careful attention to intricacies, for it can be described as a chain: only as strong as its weakest link, where the links signify the relevant stages of the research process (Hyman & Sierra, 2015:1).

According to Babin and Zikmund (2016:5), the marketing research process is much like other forms of scientific enquiry as it involves a sequence of highly interrelated activities and stages presented in Figure 4-1.

Figure 4-1: The marketing research process

Source: Adopted from Babin and Zikmund (2016:5).

4.2.1 Stage 1: Defining the research problem and research objectives

Defining the research problem is considered the most important stage of the marketing research process as it acts as a foundation on which a construction will be built (Pardede, 2018:1). An explanation of the research problem is not only relevant for researchers, it is also important for business managers as the work done by managers and consultants require skills in terms of research. According to Fischler (2020), the research problem is an area of conflict, concern, or controversy, thus a gap between what is wanted, and what is observed.

For the purpose of this study: As e-commerce is on the rise in South Africa, more organisations are making their goods and service available for purchase online (IOL, 2020). Due to various factors contributing to the increased usage of social media (Wertz, 2019), so too has the popularity of social commerce been amplified (Maia *et al.*, 2018:195). The majority of Generation Y prefer to shop on social commerce platforms, as it enables them to discuss their purchases or

prospective purchases with their peers (Accenture, 2017; Forbes, 2018). Reference groups have the ability to influence consumers' purchase decisions and overall buying behaviour (Hoyer *et al.*, 2021:13). This being the case, organisations have been investing vast resources in identifying and mobilising referents to use, review, and promote products and services to their target audiences (Raz & Adamek, 2019). Organisations seem to be missing the mark, however, when selecting the referents to promote their products, which inevitably leads to wasteful marketing expenditure. According to a report by Stackla (2021), a mere 23% of consumers are effectively influenced by celebrities and influencers when making purchase decisions, and 60% are influenced by family and friends. It is thus important to identify the reference groups that exert influence on a consumer group's buying behaviour, and to determine the level of influence exerted by such groups. This will enable marketers to devise more appropriate and effective marketing strategies, aid in effective brand differentiation, assist with resource allocation, and ultimately improve sales and profitability levels. Accordingly, this study aims to explore the influence of reference groups on the buying behaviour of Generation Y on social commerce platforms.

A research objective can be described as an active statement of how the study will answer a specific research question and can state the exact outcome measures to be used within their statements (Farrugia *et al.*, 2010:280). According to Babin and Zikmund (2016:62), research objectives are the goals that researchers intend to achieve. Research objectives are usually based on the research problem (Boshoff & Berndt, 2018:103). There are two types of research objectives that need to be determined, namely primary and secondary objectives. Primary objectives include the goal that the researcher wishes to achieve by means of the study and secondary objectives are set in order to achieve the primary objective (Brown *et al.*, 2017:14).

For the purpose of this study, the primary objective is to investigate the influence of reference groups on Generation Y's buying behaviour on social commerce platforms. In order to achieve this primary objective, the following secondary objectives were devised:

- 1) Provide an overview of the literature related to this study, namely consumer behaviour, reference groups, segmentation, and social commerce.
- 2) Identify the preferred retail format of Generation Y.
- 3) Determine the preferred social commerce platforms of Generation Y.
- 4) Identify the product categories mostly purchased by Generation Y on social commerce platforms.
- 5) Identify the activities engaged in on social commerce platforms by Generation Y.

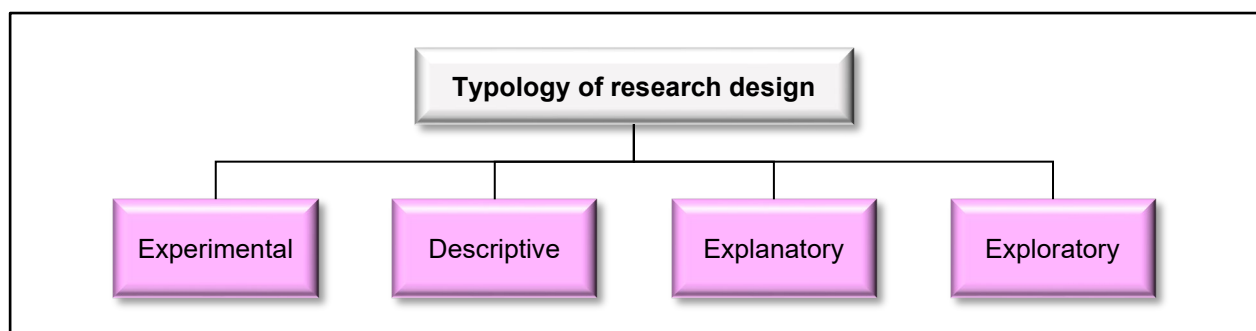
- 6) Identify the reference groups of Generation Y.
- 7) Determine the influence of reference groups on the approach and avoidance behaviour of Generation Y with regard to social commerce platforms.
- 8) Determine the influence of reference groups on the credibility of product information, reviews, and advertisements on social commerce platforms by Generation Y.
- 9) Determine the influence of reference groups on the purchase decisions of Generation Y on social commerce platforms.

4.2.2 Stage 2: Determine the research design

Babin and Zikmund (2016:67) describe the research design as the methods and procedures used for analysing and collecting necessary information for a specific type of research project. The research design and the research problem are highly related, and each type of research design has different uses and requires different analytical techniques (Mooi *et al.*, 2018:13). The research design is the master plan of the research project and, as such, specifies the methods implemented by a researcher in order to conduct the study.

The research design includes the use of protocols, evidence-based procedures, and guidelines where these aspects provide a framework when conducting a research study. The choice of design is a methodological decision made by a researcher before commencing with the data collection and prior to submitting the study for ethical review (Majid, 2018:1). According to Akhtar (2016:72), a good research design can be characterised as flexible, appropriate, efficient, and economical. Akhtar (2016:72) further states that there are various types of research design, including experimental, explanatory, descriptive, and exploratory research designs. Figure 4-2 depicts the various types of research design.

Figure 4-2: Typology of research design



Source: Adopted from Akhtar (2016:72).

4.2.2.1 Experimental research design

An experimental research design is concerned with the construction of research that is high in causal validity, which refers to the accuracy of statements in terms of cause-and-effect relationships (Mitchell, 2016:1). There are various definitions of the term 'experimental research' where all of the definitions share various obligatory features, such as a dependent variable and at least one independent variable, cause-and-effect relationship between two variables while controlling or eliminating other confounding factors, an experimental group, a control group, an appropriate selection as well as assignment of subjects and replicability (Mildner, 2019:729). An experiment can be referred to as a cautiously controlled study in which a researcher manipulates a proposed cause in order to observe any corresponding changes in the proposed effect (Babin & Zikmund, 2016:59). Experimental design refers to an experiment's structure, and the most prominent types of experimental designs include the following (Mooi *et al.*, 2018:88):

- **One-shot case study.** This is the simplest type of experiment. It means that the researcher has one treatment, such as an advertising campaign, and after the treatment, the researcher waits for the reactions to it. As a result, he or she will be able to measure the outcome of the manipulation, such as participants' willingness to purchase a product.
- **Before-after design.** This is the simplest type of experiment that allows causal inferences to be made with certain limits. This type of experiment is conducted by having one measurement before, and one after a treatment. This type of design can therefore be used to determine the effect of an advertisement on participants' willingness to purchase a product.
- **Before-after design with a control group.** This experiment is utilised when a researcher is looking for a better chance of identifying the 'real' effect of a treatment. It is a more complex experiment in comparison with a control group, which is not subjected to a treatment.
- **Solomon four-group design.** This design is the most complex as the researcher needs to measure the effects six times, and has to administer two treatments as well.

4.2.2.2 Descriptive research design

A descriptive research design is used to describe a phenomenon and its characteristics and this type of research design is more concerned with the 'what' rather than the 'how' or 'why' (Nassaji, 2015:129). Descriptive studies are designed to describe the distribution of existing variables (De Lima, 2011:9). Descriptive research is also referred to as statistical research as it describes a phenomenon as it exists, and it is used to identify as well as obtain information on the characteristics of a particular issue such as a group or community (Akhtar, 2016:73). This type of

design aids in describing a market segment and is therefore commonly utilised by marketers in order to determine who purchases a product, the size of a market as well as competitors' actions (Babin & Zikmund, 2016:54). Mooi *et al.* (2018:17) add that descriptive research enables the researcher to focus on several variables simultaneously. Descriptive research is usually utilised in studies that consist of large sample sizes (Iacobucci & Churchill, 2018:56).

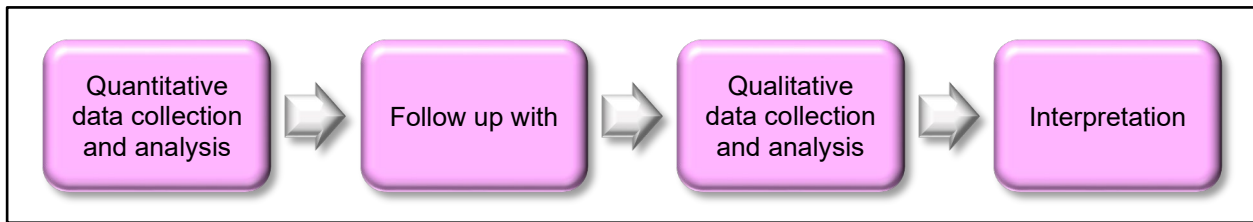
Researchers use a descriptive design when a simple description of a phenomenon is required, and this approach is useful when researchers want to know, in terms of events, who was involved, where things took place and what exactly happened (Lambert & Lambert, 2012:256). Descriptive designs are common in healthcare and nursing research due to the inherent flexibility, simplicity, and utility in healthcare contexts (Doyle *et al.*, 2020:443). Descriptive research designs obtain information on the current state of a phenomenon and provides an accurate profile of situations, people, and events (Rahi, 2017:2). Unlike exploratory research, researchers conduct descriptive research with a considerable amount of understanding, which is often developed during exploratory research (Babin & Zikmund, 2016:56). According to Iacobucci and Churchill (2018:84), descriptive research designs are utilised when the aim of a study is to:

- Describe characteristics of a specific phenomenon.
- Estimate a segment of consumers who exhibit similar behavioural traits.
- Make specific predictions.

According to Rofianto (2011:6), characteristics of descriptive research designs include the fact that they are marked by the prior formulation of a specific hypothesis and that they are pre-planned and structured in terms of design. When utilising a descriptive design, data is usually collected in order to test a hypothesis regarding the current status of an occurrence or a topic, as descriptive designs report the way things are (Goundar, 2012:219).

4.2.2.3 Explanatory research design

Explanatory research designs are utilised in order to clarify how and why a relationship exists between two or more aspects of a phenomenon or situation (Goundar, 2012:219). According to Taboola (2018), explanatory research aids in clarifying the aspects of a study in detail. According to Clark, cited by Subedi (2016:573), this type of design consists of collecting quantitative data and thereafter collecting qualitative data in order to explain the quantitative results, whereas the rationale of this approach is that the quantitative data can provide a general picture of the research problem – more analysis through qualitative data is therefore necessary in order to refine, extend and explain that picture. Figure 4-3 illustrates how explanatory research is conducted.

Figure 4-3: Explanatory research design

Source: Adopted from Subedi (2016:573).

Explanatory research explains the descriptive information; it builds on exploratory research as it aims to identify the actual reasons for the occurrence of a phenomenon; it looks for causes and provides evidence that supports an explanation or prediction; and it is conducted in order to discover as well as report relationships among various aspects of the phenomenon in a study (Lelissa, 2017:99). Van Wyk (2012:10) adds that explanatory research can also be referred to as analytical study, as this type of design identifies any casual links between variables that form part of a research problem. Van Wyk (2012:8) also mentions that a characteristic of exploratory research includes the fact that it is structured in nature. Explanatory research allows for causal inferences to be made in order to identify the cause-and-effect (y brought about x) relationships and researchers require specific evidence in order to draw this causal inference, three critical pieces of evidence including the following (Babin & Zikmund, 2016:57):

- **Temporal sequence.** The temporal sequence deals with the time as well as the order of events where the cause has to occur before the effect. Having a temporal sequence is a necessary criterion for the determination of causality.
- **Concomitant variation.** Concomitant variation occurs when two events 'covary'. 'Covary' refers to the fact that the events vary systematically. Therefore, when a change occurs in a cause, a change in the outcome is observed as well.
- **Nonspurious association.** Nonspurious association refers to the fact that any covariation between a cause and an effect is indeed due to the cause and not owing to some other variable. A spurious association is an association that is not true.

4.2.2.4 Exploratory research design

The aim of exploratory research is not to provide final answers to a research question, but merely to explore the research topic by means of varying levels of depth (Lelissa, 2017:99). The purpose of exploratory research is to discover new insights into a phenomenon, and is applied when there are not a lot of earlier studies to which reference can be made (Akhtar, 2016:73). Exploratory research is used for a problem that has not yet been clearly defined and it aids in determining the

best research design, data collection method, and selection of subjects (Goundar, 2012:218). Exploratory research explores a situation or a problem, and has several key uses in terms of solving ambiguous problems. Thus, it can help organisations to formulate their problems accurately (Mooi *et al.*, 2018:14). Exploratory research is an effective tool to use to thoroughly understand a research concept and to gain insight into the problem (Airikka, 2014:51). According to Rofianto (2011:5), exploratory research consists of the following characteristics:

- The information needed is defined loosely.
- The research process is flexible and unstructured.
- The samples are usually small and non-representative.
- It analysis primary data.

Exploratory research designs are typically used when there is a general lack of knowledge on some topic of importance (Swedberg, 2020:19). In order for exploratory research to be reliable, it should be conducted in an honest, transparent, and strongly self-reflective manner, where it should follow a set of guidelines that ensure reliability. In this fashion, it can establish validity and provide innovative ways to analyse reality (Reiter, 2017:131). Babin and Zikmund (2016:54) add that exploratory research aids in clarifying ambiguous situations as well as discovering ideas that may result in potential business opportunities. It further aids in establishing priorities and acquiring perspective (Feinberg *et al.*, 2013:54). Babin and Zikmund (2016:54) also mention that utilising exploratory research can make a difference in determining the relevance of follow-up research. According to Burns and Bush (2019:27), tools that can be utilised when conducting exploratory research include secondary data, surveys, observations, and focus groups.

For the purpose of this study, exploratory research was conducted by means of focus group sessions. It has allowed the researcher to explore the influence exerted by reference groups on the buying behaviour of Generation Y when engaging on social commerce platforms. This topic is considered an ambiguous situation as a vast number of articles and studies on the subject do not currently exist, especially in South Africa. Babin and Zikmund (2016:54) mention that exploratory research is used to discover new ideas that may amount to true business opportunities. This topic can provide firms with accurate insight into the behaviour of Generation Y when purchasing products via social commerce. Social commerce is a new type of commerce that is on the rise in terms of popularity, and accordingly it provides businesses with an array of opportunities. Exploratory research has aided in gaining a deeper understanding of a topic that lacked general knowledge, indeed a topic that has the potential to provide firms with creative and innovative strategies to successfully target this segment via this new commerce platform.

4.2.3 Stage 4: The data collection method

Data collection refers to the process of obtaining information on the variables of interest in a systematic manner so as to enable the researcher to answer certain stated research questions, test the hypotheses, and evaluate the outcomes (Kabir, 2016:202). It is the heart of any research design, irrespective of the field of study, as any research begins with questions that need to be answered (Parveen & Showkat, 2017a). Accurate systematic data collection is a vital part of conducting research as it allows the researcher to collect information that he or she would like to know about the study participants and, depending on the type of research, the methods for collecting data include document reviews, observation, measuring, questioning, or a combination of various methods (Abawi, 2017:2). According to Kotler and Keller (2016:63), data collection can turn out to be expensive as well as error-prone. It follows that the design and the implementation of the data collection method need to be carefully evaluated. Kotler and Keller (2016:63) also note the differentiation between two main types of data to be collected: primary and secondary data.

4.2.3.1 Secondary data sources

Secondary data includes information that has been collected by previous organisations or people for their own purposes, and this information can be utilised by a researcher for planning, monitoring as well as evaluation purposes (Babin & Zikmund, 2016:75). Secondary data can be collected by means of published data and unpublished sources (Haradhan, 2017:6):

- **Published sources.** Published sources can include the publications of federal and local governments such as census reports, annual reports, statistical statements and reports of government departments; publications of foreign governments or of international bodies along with their subsidiary organisations, for example the WTO and the World Bank; reports prepared by universities, students or economists; books, magazines and newspapers; sources from university libraries; technical as well as trade journals; websites; public records as well as statistical and historical documents.
- **Unpublished sources.** Unpublished information can be found in diaries, letters, unpublished biographies, and autobiographies. It can also be gathered from scholars and research workers, trade associations, labour bureaus or private or public organisations and individuals.

For the purpose of this study, secondary data was obtained via an extensive literature review set out in Chapters 2 and 3. The review provided the researcher with knowledge as to theoretical constructs including the buying behaviour of the Generation Y target segment and the influence of reference groups on purchase behaviour. It provided insight and understanding of a new type of commerce called social commerce.

The following sites, platforms, and sources were utilised in order to gather the secondary data presented in this study:

- Google Scholar: Articles
- ScienceDirect: International journals
- EBSCOhost: International journals
- Emerald Insight Journals: International journals
- SACat: Journals and books in South Africa
- SaePublications: South African journals
- Subject-related textbooks

4.2.3.2 Primary data sources

Primary data can be described as first-hand data gathered by the researcher, and primary data sources can include surveys, experiments, questionnaires, personal interviews, and observations (Ajayi, 2017:3). Primary research is often based on principles of scientific method. It is a theory of investigation developed by John Stuart Mill during the nineteenth century in his book *Philosophy of the Scientific Method* (Driscoll, 2011:154). The types of information gathered by means of primary data collection methods include lifestyle information, preferences, motivations, attitudes, demographics, and behaviours (Kardes *et al.*, 2015:30). Primary data is obtained in real-time; it is original, and it addresses a specific research problem, as the aim of primary data is to gain specific information for a study (Burns & Bush, 2019:12; Hair *et al.*, 2021:66). According to Boshoff and Berndt (2018:103), primary data can be collected by means of quantitative or qualitative research, as explained below and compared in Table 4-1.

i. Quantitative research

Quantitative research is concerned with the analysis of variables in order to gain results, and it involves the utilisation and analysis of numerical data by means of specific statistical techniques, the aim of which is to answer questions like who, how much, what, where, when, how many and how (Apuke, 2017:41). Quantitative research is an organised inquiry about a phenomenon, and it includes the collection of numerical data as well as the execution of mathematical, statistical, and computational techniques (Adedoyin, 2020). According to Eyisi (2016:94), quantitative research has various advantages. The first advantage is the use of statistical data as a tool since it saves time and resources. The second advantage is the use of scientific methods of data analysis and collection, as this makes generalisation possible.

Replicability is another advantage of a quantitative research approach. Quantitative research methods include surveys: self-administered questionnaires, telephone surveys, and mall intercept surveys (Burns & Bush, 2019:120), as follows:

- **Self-administered questionnaires.** Self-administered questionnaires are surveys in which the participants take responsibility for answering the questions without having them stated orally by an interviewer (Babin & Zikmund, 2016:187). According to Belisario *et al.* (2015), self-administered surveys are important in terms of data collection as these questionnaires are ideal for achieving a wide geographic coverage of the target population, especially when dealing with sensitive topics. Belisario *et al.* (2015) add that this data collection tool is less resource-intensive in comparison with other methods.
- **Telephone surveys.** Telephone surveys require a researcher to make a phone call whereas questions are read from a computer to a participant (Van Niekerk, 2020:87). The interviewer usually sits at a computer that lists the questions and provides a survey form on which the interviewer records the participant's answers (Babin & Zikmund, 2016:181). These surveys allow researchers to collect data quickly (Mooi *et al.*, 2018:66).
- **Mall intercept surveys.** This method requires approaching participants in a shopping mall and asking them whether they are willing to participate in a survey (Brown & Suter, 2014:101). Researchers usually intercept potential participants in public areas and then complete the interview or survey in a convenient place (Babin & Zikmund, 2016:179).

ii. Qualitative research

The aim of qualitative research is to examine the way people make sense of their own experiences in their minds, and it focuses on the way the world is understood in a researcher's mind, usually by means of abstract terminology and concepts (Corpley, 2021:5). It is a form of social interaction that is concerned with the way people interpret their situations and experiences to understand the social reality of individuals; thus, qualitative researchers are interested in people's experiences, beliefs, and meaning systems (Haradhan, 2018:23). Qualitative research entails an interpretive, naturalistic approach towards an object of study where researchers attempt to make sense of an observed phenomenon by means of the meanings brought to them by people (Dooly & Moore, 2017:3). Qualitative data collection methods include in-depth interviews and focus groups (Burns & Bush, 2019:144), as follows:

- **In-depth interviews.** According to Mooi *et al.* (2018:15), an in-depth interview requires an interviewer to ask an interviewee various questions and these interviews facilitate probing on a one-to-one basis, which fosters interaction between the interviewer and the

participant. The in-depth interview usually consists of an interviewer entering into a one-on-one dialogue with a participant to discover some aspect of personal information about the participant, whereas the interviewer usually has control of the questions being asked and when the interviews are completed, the information is analysed in order to create a narrative that conveys an understanding of a certain topic (Roller, 2020:1).

- **Focus groups.** A focus group refers to a small group discussion about a research topic led by a moderator who is in charge of guiding the discussion among the participants (Babin & Harris, 2018:65). This purpose of this discussion is to utilise the social dynamics of a group via a moderator, who stimulates participants to reveal underlying attitudes, opinions, and reasons for behaviour (Kabir, 2016:221).

Table 4-1 provides a comparison between qualitative and quantitative research.

Table 4-1: Qualitative vs. quantitative research

Basis for comparison	Qualitative research	Quantitative research
Meaning	A research method that develops understanding on human and social sciences, to find the way people think and feel.	A research method that is used in order to generate numerical data as well as hard facts, through means of employing statistical, logical, and mathematical technique
Nature	Holistic	Particularistic
Approach	Subjective	Objective
Research type	Explanatory	Conclusive
Reasoning	Inductive	Deductive
Sampling	Purposive	
Data	Verbal	Measurable
Inquiry	Process-oriented	Result-oriented
Hypothesis	Generated	Tested
Elements of analysis	Words, pictures and objects	Numerical data
Objective	To explore and discover ideas used in the ongoing processes.	To examine cause and effect relationship between variables.
Methods	Non-structured techniques like in-depth interviews, group discussions.	Structured techniques such as surveys, questionnaires, and observations.
Result	Develops initial understanding	Recommends final course of action

Source: Adapted from Ahmad *et al.* (2019:2829).

For the purpose of this study, a qualitative research approach was utilised to acquire the primary data. According to Ahmad *et al.* (2019:2829), qualitative research allows the researcher to develop an understanding by means of human and social sciences in order to determine the way people think and feel. It is concerned with the way people interpret their experiences and situations (Haradhan, 2018:23). As the aim of this study was to determine the influence of reference groups on the buying behaviour of Generation Y consumers on social commerce platforms, a qualitative approach was deemed suitable, as the researcher had to gather knowledge concerning how this segment interprets certain situations. Qualitative research enabled the researcher to determine whether the Generation Y target segment is actually affected by their reference groups.

As the research design for this study was exploratory in nature, focus groups were considered an appropriate tool for collecting the primary data. Three focus group sessions were conducted, which consisted of twenty-six participants in total. The focus group sessions had a duration of one to two hours, and the researcher acted as the moderator for each of the sessions. The researcher made use of an effective moderator's guide, which contained all the relevant questions necessary to address the research objectives of the study.

4.2.3.3 The moderator's guide

Focus group facilitation is an art in consequence of which the following guidelines were followed in order to avoid making the discussions too structured (Klagge, 2018):

- Set a friendly and informal tone.
- Make participants feel relaxed and welcome.
- Get full answers by means of gently probing.
- Ensure that everyone gets the chance to participate. Ask those who have been quiet if they would like to add something.
- Head-off any arguments that may close down communication.
- Be neutral, open, and non-judgemental via verbal and non-verbal response.
- Keep the conversation flowing and on track.
- Monitor the time and stay on schedule with the agenda.

According to Burns and Bush (2019:157), a moderator should be actively involved in the discussion, and should follow the list of the questions format according to the guide. **For the purpose of this study**, the moderator's guide comprised of the following sections:

i. Section A: Introduction to study

Participants were welcomed and thanked for their time and willingness. A short description of what the study entailed was provided by explaining the aim of the study as well as the relative theoretical terms. Participants were informed of the definitions of 'reference groups' as well as 'social commerce'. The outline of the session was discussed, as well as the rules. Participants were told to provide all answers in English and to mention their assigned participant numbers before answering. They were affirmed by being told that the participant numbers were necessary in order to keep track of who said what, and to ensure confidentiality. They were then reminded of the confidentiality of the session, thereby encouraging them to provide their honest opinions, as they would not be judged. The following screening questions were asked in order to confirm that they met the necessary criteria in order to participate further in the discussion:

- You are all between the ages of 18 to 35.
- You have all purchased something via a social commerce platform within the past six months.
- You are all citizens of South Africa.

ii. Section B: Usage of social commerce

The objective of this section was to determine the participants' usage of social commerce platforms. They were first asked whether they were aware of what social commerce entailed, and they were then informed of what it is. As they were all aware of social commerce but uncertain of the meaning of the term 'social commerce', the moderator confirmed that they all knew what the social commerce entailed. Questions were then asked in order to determine the extent of their usage of social commerce.

iii. Section C: Influence of reference groups

This section was concerned with the influence exerted on the participants by their reference groups when purchasing products via social commerce platforms. The moderator explained the term 'reference groups' as the participants were aware of what it entailed, but were uncertain of what the terminology signified. The moderator confirmed a mutual understanding of the meaning of the term 'reference groups'.

iv. Section D: Closure

The aim of this section was to conclude the discussion on a positive note. Participants were thanked for their time and participation. They were also asked whether they would like to add any additional comments that were relevant to the topics discussed during the session.

Table 4-2 indicates the links between the sections of the moderator's guide and the secondary research objectives.

Table 4-2: Links between moderator's guide and secondary objectives

Section	Secondary objective
B	Identify the preferred retail format of Generation Y.
B	Determine the preferred social commerce platforms of Generation Y.
B	Identify the product categories mostly purchased by Generation Y on social commerce platforms.
B	Identify the activities engaged in on social commerce platforms by Generation Y.
C	Identify the reference groups of Generation Y.
C	Determine the influence of reference groups on the approach and avoidance behaviour of Generation Y with regards to social commerce platforms.
C	Determine the influence of reference groups on the believability of product information, reviews and advertisements on social commerce platforms by Generation Y.
C	Determine the influence of reference groups on the purchase decisions of Generation Y on social commerce platforms.

4.2.3.4 Steps followed in conducting the focus group sessions

The following steps were followed in order to conduct effective focus group sessions:

- Identification.** Judgement sampling was used in order to identify possible participants. This aided in identifying participants that fitted the necessary criteria. Possible participants were obtained from family members, friends, and colleagues. These persons were contacted via WhatsApp and Facebook in order to determine whether they were qualified and willing to participate in the study. They needed to be between the ages of eighteen and thirty-five, they had to have purchased something via a social commerce site within the previous six months, and they had to be citizens of South Africa. A total of 100 participants were identified, and 26 agreed to participate.

- **Invitation.** The identified participants were contacted via WhatsApp and Facebook. A personal message was sent stating the details and requirements for participation in the study. Upon qualification and agreement to participate, an invitation letter was sent to them. The invitation provided a brief overview of the study and details of what the focus group sessions would entail. It provided them with information on when, where and how the focus groups were to be conducted, and they were informed of the confidentiality thereof.
- **Appointment.** Of the 100 identified participants who were contacted, 26 agreed to attend a focus group session. Three individual group sessions were conducted. A WhatsApp group was created for each session to simplify communication with the participants. The first group consisted of seven participants, and was conducted via Zoom; the second group consisted of eleven participants, and was conducted via Microsoft Teams; the third group consisted of eight participants, and was conducted via Zoom. A date and a time that suited all participants were arranged via WhatsApp. Prior to the commencement of each session, participants were required to sign consent forms. The moderator's guide was shared via the WhatsApp groups in order for participants to become aware of the questions that were to be asked.

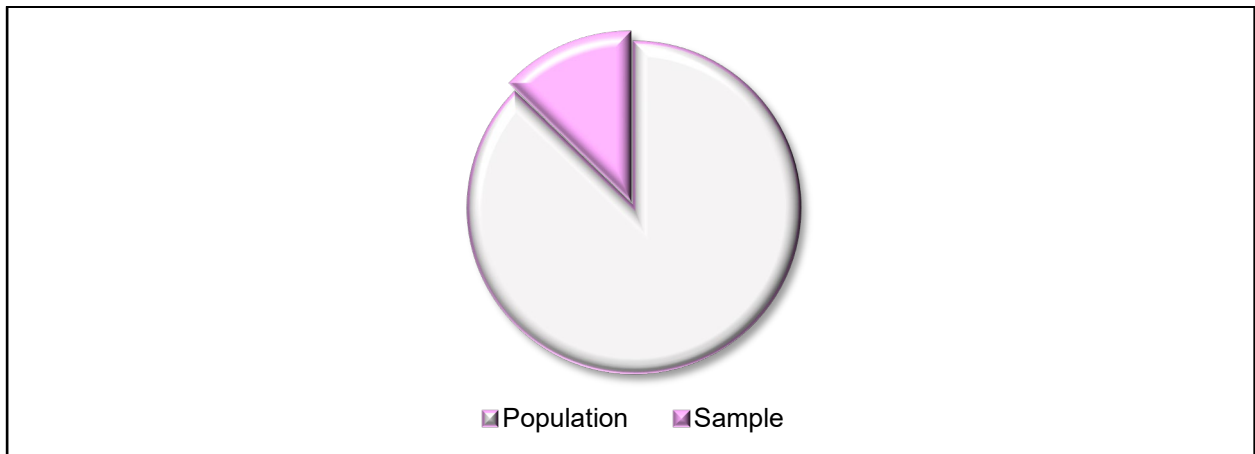
4.2.4 Stage 5: Design the sample and collect the data

A *sample* can be described as a part of a population that represents characteristics of the population at large, whereas *sampling* refers to the process of selecting a sample for the purpose of estimating population characteristics and, ultimately, the process of obtaining information about an entire population by examining only a small part thereof (Kabir, 2016:169). Sampling plays a crucial role in research. Careful consideration is necessary when deciding whom to include as participants and when determining the sample size for quantitative and qualitative data (Mujere, 2016:109). According to Kotler and Keller (2016:64), there are three important decisions to make when designing a sample plan:

- **Sampling unit.** The sampling unit addresses the question of who to include in the sample. Together with the sampling unit, a sampling frame needs to be developed, allowing everyone in the target population to have an equal chance of being sampled.
- **Sample size.** The sample size determines the number of people to include in a sample. Larger samples are more reliable, but it is not mandatory to sample an entire population in order to achieve adequate results. Samples of less than one percent of a population can provide reliability by means of a credible sampling procedure.
- **Sampling procedure.** The sampling procedure is concerned with how the researcher should choose participants for a sample.

Figure 4-4 is a representation of a sample chosen within a target population of interest. It provides an understanding of how the target population and the sample are related.

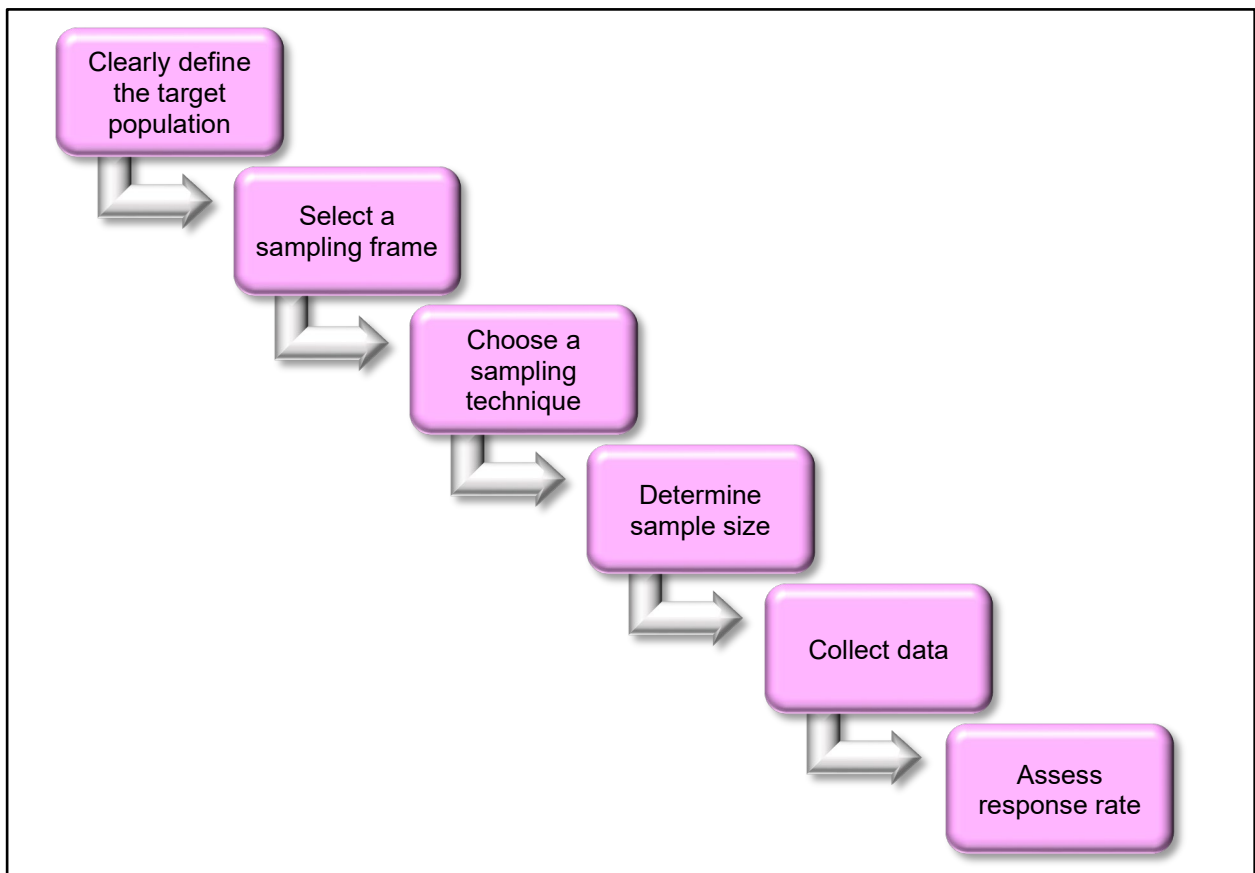
Figure 4-4: Representation of a sample and a population



Source: Adopted from Glen (2022).

The sampling process consists of various important steps. Figure 4-5 is a visual representation of the various steps involved in the process.

Figure 4-5: Sampling process steps



Source: Adopted from Taherdoost (2016:19).

4.2.4.1 Defining the target population

Properly defining or specifying a population is critical for a research study as it guides others in appraising the credibility of the sample, sampling techniques and outcomes of the research (Asiamah *et al.*, 2017:1608). A target population includes the population of interest that a researcher intends to study or treat, and investigators will often recruit a sample from the population of interest, which is then to be included in the study (Majid, 2018:3). According to Malhotra *et al.* (2017:414), a target population should be defined with the following in mind:

- **An element.** An element is an object from which information is desired.
- **A sampling unit.** A sampling unit contains the element and it is available for selection at some stage of the sampling process.
- **Extent.** Extent includes the geographical boundaries of the research.
- **Time.** Time includes the period under consideration for the study.

For the purpose of the study, the target population was articulated as consumers between 18 and 35 years of age, who have purchased a product on a social commerce platform during the past six months. Consumers within this age group formed part of the Generation Y consumer segment, which was of importance for this study, as the aim of the study was to determine the influence of reference groups on the purchase behaviour of Generation Y consumers via social commerce platforms. Participants needed to be citizens of the Republic of South Africa, from whom data would be collected during August 2021. Table 4-3 summarises the target population for this study, using the terms by which a target population should be defined (i.e., sample element, sampling unit, extent, and time), as mentioned by Malhotra *et al.* (2017:414).

Table 4-3: Definition of the target population relevant to this study

Defining elements	Application to empirical study
Sample element	Consumers, between 18 and 35 years of age, who have purchased a product on a social commerce platform in the past six months.
Sampling unit	The Generation Y consumer segment.
Extent	The Republic of South Africa.
Time	August 2021.

4.2.4.2 Selecting a sampling frame

A sampling frame can be defined as a list of elements from which a sample is drawn, and it is also called a working population, as these units will eventually provide units involved in the analysis (Babin & Zikmund, 2016:342). The aim of a sampling frame is to identify every single element that can be included in the sample, the most common type of sampling frame being a list of elements of the population with appropriate contact information, for example a telephone book, a city directory, an employee roster, or a list of all students attending a university (Kabir, 2016:171).

For the purpose of this study, no sampling frame was specified. An appropriate method of sampling was utilised in order to draw a sample of the total population. Non-probability sampling was utilised in this study. Non-probability sampling is a subjective method of sampling where the selection of population elements to form part of the sample depends on the personal discretion and judgement of the sampler (Kabir, 2016:171). A sampling frame was thus not necessary for the purpose of this study.

4.2.4.3 Stage 6: Choosing a sampling technique

The sampling technique outlines the way in which sample units are to be selected and the choice of method is influenced by an array of factors, such as the objectives of the research, the availability of resources, time constraints and the nature of the problem at hand (Kabir, 2016:171). According to Parveen and Showkat (2017b), there are two types of sampling techniques, namely probability sampling and non-probability sampling.

i. Probability sampling

Probability sampling is a sampling technique in which each member of a population has a known, non-zero chance of being selected for a sample (Babin & Zikmund, 2016:348). Probability sampling specifies that each segment of a known population will be represented within a sample, and the characteristics of the sample are assumed to be similar to the characteristics of the total population from which it was drawn (Adwok, 2015:95). Probability sampling techniques are more accurate than non-probability sampling techniques, but they require a lot more work (Sharma, 2017:749). According to Datta (2018:3), there are various probability sampling techniques, namely simple random sampling, systematic random sampling, stratified random sampling, and cluster sampling. Datta (2018:1) mentions further that these techniques need to be precisely defined and that they cannot be used for a population classified as too general, i.e., a category found almost everywhere in the world. Table 4-4 presents the advantages and disadvantages of probability sampling techniques.

Table 4-4: Advantages and disadvantages of probability sampling techniques

Advantages	Disadvantages
Reduces the chance of systematic errors.	These techniques require a lot of effort.
These techniques minimise the chances of sampling bias.	These techniques are time consuming.
Samples produced by probability techniques are more representative.	These techniques can be expensive.
Inferences drawn from a sample are generalised to the population.	

Source: Adapted from Datta (2018:2).

Probability sampling techniques include the following:

- Simple random sampling.** Simple random sampling is concerned with randomly selecting the number of elements required for a sample, and is considered the easiest probability sampling technique (Mooi *et al.*, 2018:44). In this technique, each sample element of a population has an equal chance of being selected for the sample, and each element is selected independently from the other elements of the population (Sharma, 2017:750). Kabir (2016:172) mentions different ways in which this technique can be implemented. One method entails assigning each member of the population a number, and drawing a sample by means of a random number chart. Another method includes performing a lottery, by writing all the numbers on small, uniform pieces of paper, putting them into a container, and removing the required number from the container in a random manner. For this technique, the population has to contain a finite number of elements to be listed or mapped, every element has to be mutually exclusive (i.e. be distinguishable from one another), and the population has to be homogenous when it comes to meeting the described criteria for the target population (Datta, 2018:3).
- Systematic random sampling.** Systematic sampling is one of the most popular techniques due to its practicality. It is a lot easier – in comparison to simple random sampling – to draw a systematic sample when the selection of sample units is done in the field (Mostafa & Ahmad, 2018:290). With this sampling technique, each unit or individual is selected by means of a pre-determined sequence from a list (Adwok, 2015:95). In order to conduct simple random sampling, the observations need to be randomised, numbered, and selected in every n^{th} observation. For example, if the sampling frame consists of one thousand firms and the researcher wished to select one hundred firms, he/she should select the first observation, the 11th, the 21st, and so forth

until the end of the sampling frame is reached (Mooi *et al.*, 2018:44). Systematic random sampling is more precise than simple random sampling when implicit or explicit stratification is present within the sampling frame (Mostafa & Ahmad, 2018:290).

- **Stratified random sampling.** Stratified random sampling is concerned with dividing the population into smaller sub-groups (strata), which are formed on the basis of members' shared characteristics and attributes, such as educational attainment or income (Hayes, 2021b). A random sample from each stratum is thus taken in a number proportional to the stratum's size when compared to the population, and these subsets of strata are then pooled in order to form a random sample (Sharma, 2017:750). For example, with respect to the level of social-economic status, the population may firstly be grouped into strata by means of high-, middle- and low-income levels, as per predetermined criteria, with a random sample being drawn from each group (Kabir, 2016:172).
- **Cluster sampling.** According to Sedgwick (2013:1), clusters refer to natural groupings of people, for example electoral wards, schools, or general practices. Sedgwick (2013:1) mentions further that it is necessary to construct a sampling frame by listing all clusters in the population, and a sample of fixed clusters is then selected from this list where each cluster has the same probability of being chosen, independently from the others. Cluster sampling is concerned with dividing a population into heterogeneous groups, with each group's characteristics similar to those of the chosen population, for example dividing a country's consumers with reference to provinces, councils, and counties, whereas simple random sampling is used in order to select one or more of these representative groups (Mooi *et al.*, 2018:45). If the sizes of the clusters vary, the probability of selection may be proportional to the size of the cluster: thus, large clusters will have a larger probability of being selected (Sedgwick, 2013:1). This technique is used when elements of a population are widespread over a wide geographical area, whereas the population is divided into sub-groups based on their geographical location (Datta, 2018:4).

ii. Non-probability sampling

Non-probability sampling can be defined as a deviation from probability sampling principles, as a result of which the probability of units being included within these samples is unknown whereas some probabilities of these units are known to be zero (Vehovar *et al.*, 2016:329). It is a sampling procedure that will not provide a basis for any probability that elements in the universe will have a chance of being included within a study sample (Etikan & Bala, 2017:215). A non-probability sample does not need to be random or representative, but it has to be a clear rationale in order for the inclusion of some cases or individuals rather than

others (Taherdoost, 2016:19). Non-probability sampling involves the selection of units based on assumptions in terms of the population of interest which ultimately forms the criterion for selection and as the selection of elements is non-random, non-probability sampling does not allow the estimation of sampling errors (Kabir, 2016:173). According to Hair *et al.* (2021) cited by Mooi *et al.* (2018:45), popular non-probability procedures include snowball sampling, quota sampling and judgement sampling. Table 4-5 provides the advantages and disadvantages of non-probability sampling techniques.

Table 4-5: Advantages and disadvantages of non-probability sampling techniques

Advantages	Disadvantages
The techniques require less effort.	These samples are prone to encounter sampling biases and systematic errors.
These techniques are less time consuming.	The sample cannot be claimed to be a good representative of a population.
These techniques are not expensive.	Inferences drawn from a sample are not generalisable to a population.

Source: Adapted from Datta (2018:2).

Popular non-probability techniques include the following:

- Snowball sampling.** Snowball sampling, also known as network sampling, is a technique whereby some units form the starting seeds, which then sequentially lead to more units selected from their network (Vehovar *et al.*, 2016:329). Snowball sampling is a convenience method, and is used when subjects with the target characteristics are difficult to find (Naderifar *et al.*, 2017:1). This type of sampling is not used to estimate the characteristics of a general population, but is used to estimate the characteristics of a network of hidden population (i.e., a rare population that can be difficult to find) (Dragan & Isaic-Maniu, 2013:161). A disadvantage of this technique is that the choice of the sample balances on the choices of individuals at the beginning of the process, which can lead to biases (Etikan & Bala, 2017:216).
- Quota sampling.** Quota sampling is concerned with setting quotas of various types of participants to include in a sample. For example, in a face-to-face survey an interviewer could be instructed to interview a specific number of men and women, or people from different age categories (Brown *et al.*, 2017:2). Etikan and Bala (2017:215) mention two types of quota sampling. The first refers to *proportional sampling*, which represents the characteristics of a population by means of sampling a proportional total. The second refers to *non-proportional sampling*, which is a technique with a small number of units

from each category. This type of sampling is not necessarily concerned with having a number that will match the proportions of a population. Proportional quota sampling is often used in surveys where the total number of participants being surveyed has been predetermined in advance. For example, researchers reported that they wanted to interview a minimum of one thousand adults (Sedgwick, 2012:1). Brown *et al.* (2017:2) mention that the aim of quota sampling is to control the composition of the final sample by design, as the design may replicate the true composition of a population, have equal numbers of various types of participant, or over-sample a particular type of participant.

- **Judgement sampling.** Judgement can be used in order to select a sample from a population (Tuovila, 2021). In this technique, the selection follows some judgement as the researcher searches for a representative sample or the researcher may explicitly seek diversity and units are occasionally added sequentially until the researcher is satisfied with some criteria (Vehovar *et al.*, 2016:329). Judgement sampling is based on researchers taking an informed guess as to which participants to include within a sample; for example, research companies often have panels of respondents who are constantly utilised in research (Mooi *et al.*, 2018:45). The researcher needs to focus on participants with the same opinion in order to have the necessary information and be willing to share it (Etikan & Bala, 2017:216). Judgement sampling cannot be used in quantitative studies because the nature of the research has to be mostly qualitative and the use of this technique will depend largely on the type and nature of the study (Etikan *et al.*, 2016:4).

For the purpose of this study, non-probability sampling was used in order to select the sample. The qualitative nature of this study contributed towards the reason for choosing this technique. Non-probability sampling was an appropriate technique as it required less effort, was less time consuming and was an affordable method of selecting a sample (Datta, 2018:2).

Judgement sampling was also used to select the participants. This allowed the researcher to select participants who were bound to be appropriate for the study in terms of the relevant criteria. The participants had to be between the ages of eighteen and thirty-five, they had to have purchased something via a social commerce platform within the past six months, and they had to be citizens of South Africa in order to part take in the study. The researcher was therefore able to use judgement in order to select participants who were likely to fulfil these criteria. According to Sharma (2017:751), judgement sampling can be useful as it provides a wide range of non-probability sampling techniques for the researcher to draw on, and it can justify the making of generalisations from a sample, whether the generalisations are theoretical, logical, or analytical in nature. These advantages of judgement sampling contributed towards the researcher's choice of non-probability judgement sampling.

4.2.4.4 Determining the sample size

According to Zamboni (2017), a sample size can be described as the number of participants that are included in a study. To generalise a sample and avoid sampling errors, a sample needs to be of adequate size (Taherdoost, 2017:236). Determining a sample size is of extreme importance in order to draw correct conclusions, as too small a sample size may fail to detect important effects or may estimate impacts imprecisely, and sample sizes that are too large may be more complex, expensive and may lead to inaccurate results (Singh & Masuku, 2014:1). The ideal size for a focus group is between six and ten research participants (Babin & Zikmund, 2016:120). Ritchie *et al.* (2013:117) provide four main reasons as to why qualitative research should make use of smaller sample sizes:

- If data is properly analysed, a point of saturation will be reached where little new evidence is obtained from additional sampling units. This is referred to as the point of diminishing return, where increasing the sample size will not contribute towards new knowledge and evidence.
- Statements about prevalence are not primary concerns in terms of qualitative research. There exists no requirement in order to ensure a sample is of sufficient scale to provide estimates or to determine variables.
- The type of information elicited by a qualitative study is rich in detail. Thus, in order to do justice to these analyses, sample sizes should be kept reasonable small.
- Qualitative research can be intensive in terms of resource requirements. Thus, it might be complicated to obtain and analyse large amounts of data from focus groups and/or interviews.

For the purpose of this study, the researcher planned to hold four focus groups comprising ten participants each (i.e., a total sample size of forty participants). The researcher was aware that the sample size might vary due to the point of saturation. Saturation indicates, in terms of data that has been collected and analysed, that further data collection and/or analysis will be unnecessary (Saunders *et al.*, 2018:1894). Data saturation is reached when enough information has been obtained in order to replicate the study, when the inability to obtain additional new information has been attained, and when further coding is no longer feasible (Fusch & Ness, 2015:1408). The sample size for this study was largely determined by the point of saturation, meaning that the researcher could achieve a point of saturation with less than four focus groups. The point of saturation was in fact achieved during the second focus group session, after which a third focus group session was conducted to confirm the point of saturation. The first focus group session had seven participants, the second focus group session eleven, and the third session eight participants. The total sample size realised was therefore twenty-six participants.

4.2.4.5 Data collection

Once the target population, sampling frame, sampling technique, and sample size have been established, the next step is to collect the data (Taherdoost, 2016:26). Table 4-6 provides a summary of the abovementioned aspects of this study, namely the sample plan used in this study.

Table 4-6: Sample plan for this study

Design elements	Application to empirical study
Population	
Sample element	Consumers, between 18 and 35 years of age, who have purchased a product on a social commerce platform in the past six months.
Sampling unit	The Generation Y consumer segment.
Extent	The Republic of South Africa.
Time	August 2021.
Sampling method	Non-probability purposive sampling.
Sample size	26 participants.

For the purpose of this study, the data was collected via focus groups sessions. A focus group discussion is a qualitative tool used to gain a deeper understanding of social issues, as this method aims to obtain data from a purposely selected group of individuals rather than from a statistically representative sample of a broader population (Nyumba *et al.*, 2018:20). A focus group interview is an unstructured, free-flowing interview with a small group of people usually from six to ten people, and is led by a moderator who facilitates a flexible format therefore encouraging dialogue among the participants (Babin & Zikmund, 2016:120). Focus group discussions are often used for the following (Mishra, 2016:3):

- Understanding the market place and obtaining insight in terms of how people think and behave.
- Generating new ideas for products.
- Screening or evaluating new product concepts.
- As disaster checks via prototype products in order to confirm appropriation before the introduction of a new product or the adaptation of an existing one.

Focus groups are used to form an understanding of the marketplace, which made it particularly useful to gain an understanding of the Generation Y segment and how it thinks and behaves in

certain situations. Babin and Zikmund (2016:122) mention the following advantages of focus groups, contributing further towards the choice of utilising focus group sessions for this study:

- Focus group discussions are relatively fast.
- Focus group discussions are easy to execute.
- Participants are able to piggyback off each other's ideas. Thus, one participant stimulates thought and opinions among others, allowing creative insights to increase.
- Flexibility of focus groups allow for more detailed descriptions.
- Focus groups provide a high degree of scrutiny.

South African Generation Y consumers who have purchased something via social commerce were recruited via non-probability judgement sampling. The researcher specifically invited participants who were bound to fit all the criteria. Three focus group sessions were planned with the participants of each group being part of a WhatsApp group. A date and time for each group was determined, and the sessions took place via Microsoft Teams and Zoom. Various questions were asked in order to achieve the objectives of the study. The sessions were recorded via Zoom, Microsoft Teams, and via the researcher's cell phone. The recordings were sent to Language Matters (a transcription service located in Potchefstroom) to be transcribed for further analysis.

4.2.5 Stage 7: Analysing and interpreting the data

Data analysis is a crucial step in qualitative research, as the analysis constitutes the outcome of the research (Flick, 2013:3). According to Noble and Smith (2014:2), the aim of analysing data is to assemble or reconstruct data in a meaningful and comprehensible manner, in a way that is rigorous, transparent and thorough, while remaining 'true' to the participants' accounts. Data collected would not be of any value unless it was interpreted and analysed with reference to the research problem of interest (Iacobucci & Churchill, 2018:26).

4.2.5.1 Data preparation

According to Noble and Smith (2014:2), qualitative researchers work with text when analysing data, as a result of which the text needs to be transcribed. Transcription is the process of turning spoken text into written form, and this was done by means of rendering the participants anonymous and transcribing the data. The accuracy of the transcriptions played an important role in determining the accuracy and dependability of the data to be analysed (Stuckey, 2014:6).

For the purpose of this study, data was collected via video recordings. These recordings were transcribed by *Language Matters*, a professional digital video and audio transcription company located in Potchefstroom, South Africa. The accuracy of the transcripts was validated by comparing them with the original recordings.

4.2.5.2 Data analysis: The Morse and Field approach

Qualitative data analysis is concerned with pursuing a relationship between themes and categories of data seeking in order to increase understanding of a certain phenomenon (Hilal & Alabri, 2013:181). The Morse and Field (1996) approach was used to analyse the data for this study as it is widely used in the marketing discipline and is relatively user-friendly. The Morse and Field (1996) approach includes four steps, namely comprehend, synthesise, theorise and recontextualise.

i. Step 1: Comprehend

Comprehension is the ability to fully understand and be familiar with a situation (Cambridge Dictionary, 2021a). According to Morse (1991:27), reliable information is necessary in order to explain what a study is about and what it entails. Once the data has been collected, transcribed, checked, adjusted, and coded, it is important for the researcher to understand the information (Morse & Field, 1996:104). It is critical to comprehend one's work thoroughly as market research is an integral part of decision-making (Graue, 2015:14). According to Babin and Zikmund (2016:70), data analysis is the application of computation, reasoning and summarising in order to understand the gathered information, thereby proving the importance of fully understanding the data and properly ensuring thorough comprehension.

Coding enables a researcher to achieve comprehension (Morse & Field, 1996:104). It is an important tool in the process of turning raw data into a trustworthy 'story', and it involves the examination of a coherent portion of empirical material and labelling it with a short phrase or a word in order to summarise its content (Linneberg & Korsgaard, 2019:261). It is the process of assigning a numerical score or symbol to previously edited data (Babin & Zikmund, 2016:393). It reveals fundamental implications and allows a researcher to categorise the gathered data (Van Niekerk, 2020:99). To code exploratory open-ended questions, a line-by-line analysis is necessary (Morse & Field, 1996:104). The researcher is required to read through every line of the text in the transcripts, and should be able to identify certain qualities and direct an analysis in that specific line of text once the concept becomes noticeable – a code being assigned to it (Van Niekerk, 2020:99).

For the purpose of this study, Chapters 2 and 3 provide a literature review, which allows for a full comprehension of existing concepts and theory. As to the focus groups, comprehension was reached by reviewing each line of the transcripts and assigning a code to it, after which the lines were categorised. This method is the line-by-line analysis (Morse & Field, 1996:104). The transcripts were reviewed line-by-line and, prior to coding, common speech data within the transcripts were identified. To further facilitate comprehension, the transcripts were also refined, by removing any unnecessary and irrelevant comments.

After refining the transcripts, the data was coded. The Morse and Field (1996:104) line-by-line analysis was utilised in order to code the data. The ATLAS.ti 9 analysis software was used in order to assign codes to the specific lines within the transcripts. ATLAS.ti is a computer-assisted qualitative data analysis software package and can be used in order to manage every phase of a qualitative research study (Frey, 2018). The researcher is able to understand how the tagged lines of analysis are arrayed throughout the document via reviewing the ATLAS.ti project file. A codebook was also created in which the assigned codes were clearly defined and once the researcher was completely versed with the data and affirmed that the saturation point has been achieved, comprehension was reached.

ii. **Step 2: Synthesise**

Synthesising is concerned with systematically searching for research on a topic and drawing together findings from the acquired studies and research (Seers, 2012:101). It includes the combination of ideas in order to form a system or theory with new knowledge being generated by progressing beyond the sum of the parts (Garside, 2015:5). There are two approaches when synthesising qualitative data (Morse & Field, 1996:105):

- **Inter participant analysis.** This involves the comparison of transcripts where differences and similarities are identified.
- **Category analysis.** Category analysis is where collected data is organised into categories according to identified resemblances. Qualitative synthesis therefore enables a researcher to interpret data, identify relationships, and validate findings.

For the purpose of this study, synthesising was achieved by means of comparing focus group transcripts across all participants' answers. It was also achieved by identifying various differences and similarities. Category analysis was applied by means of data synthesis. The coding applied during the first step facilitated data synthesis. The codes were created during the first step, and allowed for the transcript results to be placed into various categories. The results were then placed into these categories to indicate differences and similarities.

iii. Step 3: Theorise

According to Morse and Field (1996:105), theorising refers to the fitting and selection of alternative models to the collected data. According to Babin and Zikmund (2016:65), theory refers to a logical explanation of some event that includes prediction of how certain aspects relate to one another. Babin and Zikmund (2016:70) further explain that during this step, the researcher compares data with alternative explanations to identify the best fit that explains the data. According to Collins and Stockton (2018:2), a theoretical framework includes the use of a theory or theories in a study that conveys the deepest values of the researcher and provides a clearly articulated signpost for how the study will advance knowledge.

For the purpose of this study, the literature as well as the empirical data was analysed. This led to the identification of the effect of reference groups on Generation Y's social commerce consumer behaviour. The data was further utilised in order to explain the importance of reference groups, especially in terms of social commerce.

iv. Step 4: Recontextualise

Recontextualising entails the development of a theory that is based on the results and findings of the study, with the aim of applying it to other research studies (Morse, 1991:34). The theories in step three are developed in such a manner as to clarify in which populations and settings these theories are applicable (Van Niekerk, 2020:102). The research and category results are integrated to indicate how they are supported by existing theoretical models. It follows that the supporting literature and the results obtained from the focus groups will contribute to the recontextualisation of the findings of this study.

For the purpose of this study, the identified theories were further explained to determine the influence of reference groups on Generation Y's social commerce behaviour. This provided insight into whether these groups have any influence on their purchase behaviour, as well as to how they influence their behaviour.

4.2.5.3 Trustworthiness of research design

The trustworthiness or rigour of a study refers to the faith, confidence, and trust concerning the data, its interpretation, and the methods used in the study (Connelly, 2016:435). The trustworthiness of qualitative research can be assessed in terms of validity and reliability. According to Leung (2015:325), validity refers to the appropriateness of the research instrument used, the research processes that were followed, and the quality of the data that was collected, whereas reliability refers to the consistency of the findings as well as the fact that the findings of

a study are replicable (Babin & Zikmund, 2016:280). According to Guba (1981:75), the following four criteria should be considered in the evaluation of trustworthiness:

i. Credibility

How can a researcher establish confidence in the truth of the findings of a particular inquiry about the respondents of a study, as well as the context in which the inquiry is carried out (Guba, 1981:79)? This question needs to be asked in order to establish the credibility of a study. Researchers need to ensure that the participants-aspect of a study are described and identified accurately in order to ensure credibility (Elo *et al.*, 2014:2). Credibility is enhanced when a researcher describes his or her own experiences as the researcher and also by verifying the research findings with the participants (Cope, 2014:89). A statistically reliable instrument leads to the results and recommendations of a study being credible (Saunders *et al.*, 2018:1902). According to Lincoln and Guba (1985) and Sim and Sharp (1998), cited by Korstjens and Moser (2018:121), credibility can be ensured via the following strategies:

- **Prolonged engagement.** This strategy includes the lasting presence during the observation of engagement with participants. It also includes investing sufficient time in order to maximise awareness of the setting and context, testing for misinformation, building trust, and getting to know the data in order to obtain rich data. **For the purpose of this study**, the researcher conducted research on the topic of social commerce for one year. Various social commerce platforms were evaluated and attention was paid to how those platforms worked and how reference groups could play an important role vis-à-vis the behaviour of consumers on those platforms.
- **Member check.** Member checking includes feeding back data, interpretations, analytical categories, and conclusions to members of the groups from which the data was originally gathered. It strengthens the data as the researcher and the participants view the data from a different perspective. **For the purpose of this study**, the moderator engaged meaningfully with the answers provided by the participants. Some answers were repeated in order to ensure that the answer had been captured accurately and that the participant was satisfied with the answer he or she had provided.
- **Persistent observation.** This strategy includes identification of characteristics and elements that are most relevant to the problem at hand, and these elements are focused on in detail. **For the purpose of this study**, the transcripts were reviewed. The answers provided by the participants that were most relevant to the research problem were identified. The researcher focused on these answers and their characteristics in detail, in order to further ensure credibility.

ii. Transferability

How can a researcher determine the degree to which findings of a particular inquiry are applicable in other contexts or in relation to other participants (Guba, 1981:79-80)? This question needs to be asked to establish the transferability of a study. The researcher needs to provide a detailed description of the enquiry, and participants need to be purposively selected (Anney, 2015:277). Providing sufficient background data in order to establish the context of a study as well as providing a detailed description of the phenomena of interest allows for comparisons to be made and aids in ensuring transferability (Shenton, 2004:73).

For the purpose of this study, background data was provided via a thorough literature review, which explained all of the constructs of the study. The phenomena of interest, which encompass the consumer behaviour of Generation Y on social commerce platforms, were discussed in detail, allowing for comparisons to be made between the secondary and primary data. According to Smith (2018:140), transferability is achieved by means of the following:

- **Establish context of the study/scientific analysis. For the purpose of this study**, the researcher described the research and the assumptions. The data was analysed by reviewing the transcripts, in the process of which coding was implemented. The data was examined in detail in order to ensure that there were no discrepancies.
- **Low-inference descriptors.** According to Anney (2015:279), low-inference descriptors refer to the moderator using his/her guide exactly as provided and quoting phrases and words used by the participants during the focus group discussion sessions. **For the purpose of this study**, the participants' original responses were quoted in order to support the findings, whereas any negative feedback was staffed in order to prohibit bias.
- **Purposeful sampling.** Purposeful sampling involves selecting participants who are knowledgeable about the topic at hand (Palinkas *et al.*, 2015:533). **For the purpose of this study**, participants were chosen who were aware of social commerce and who had purchased something on a social commerce platform within the previous six months.

iii. Dependability

The researcher needs to ask the following question concerning dependability: how can one determine whether the findings of a certain research inquiry would consistently be repeated if it was replicated with similar participants in the same or a similar context (Guba, 1981:80)? In order to ensure dependability, the processes within the study need to be reported in detail, thereby enabling a future researcher to repeat the study (Shenton, 2004:71). The following methods can be employed in order to establish dependability (Belk *et al.*, 2013:33):

- **Audit trail.** An audit trail keeps record of when, why and what in terms of changes that have been implemented, and such audit trails become useful in the management of larger databases and for placing data points, methodology and interpretation within the specific context in which they belong (White *et al.*, 2012:247). This enables another researcher to follow the decisions made by the researcher and therefore understand why the researcher made those particular decisions (Palinkas *et al.*, 2015:543). **For the purpose of this study**, an audit trail was performed by presenting and explaining the problem statement, explaining the selection of participants, explaining the data collection method as well as how it took place, describing how data was analysed, discussing the results of the study, and explaining how the trustworthiness of the study was achieved and maintained.
- **Peer debriefing.** According to Lincoln and Guba (1985:308), peer debriefing can be described as the process of exposing oneself to a peer who appears to be disinterested in a manner that parallels an analytic session for the purpose of exploring aspects of an inquiry that might otherwise remain implicit within the inquirer's mind. Thus, the researcher examines the research process from various perspectives, which ultimately ensure the trustworthiness of a qualitative study. **For the purpose of this study**, the results of the focus group discussions were submitted to professional qualitative researchers, Prof Alfredo Henrico and Dr Rajesh Sanagadu, in order to verify the analysis and the coding of the data.
- **Recording a focus group session.** The recording of focus group sessions allows for the researcher to capture what is being said in the focus group session (Van Niekerk, 2020:105). **For the purpose of this study**, the focus group sessions were recorded via Microsoft Teams and Zoom, as well as by use of the moderator's cellular telephone.
- **Transcription of focus group discussions.** The word 'transcribe' means to record something spoken or played by writing it down, and these recordings of conversations are then transcribed and entered into a database (Cambridge Dictionary, 2021b). **For the purpose of this study**, the data collected via the focus group sessions was captured using the recording features of Zoom and Microsoft Teams, and the recordings were sent to *Language Matters*, a recording service-provider located in Potchefstroom, South Africa. The video recordings were transcribed and returned to the researcher. All transcripts were then read while listening to the video recordings in order to correct any errors. Once the data has been described, ATLAS.ti 9 (a computer programme for qualitative data analysis) was utilised for further analysis in terms of categorisation, thematic analysis, and coding.

iv. Confirmability

The following question needs to be asked regarding confirmability: How can a researcher establish the degree to which findings of an inquiry are a function solely of the participants or conditions of the inquiry, and not of the motivations, biases, or perspectives of the inquirer (Guba, 1981:80)? According to Shenton (2004:72), confirmability is the inquirer's concern regarding objectivity, whereby steps need to be taken to ensure that the findings are the result of the experiences and ideas of the participants, and not of the inquirer. Creswell (2015:218) mentions the following methods that can aid in establishing the confirmability of a study:

- **Reflexivity.** Reflexivity is an awareness of the researcher's role in the practice of research and the way in which it has influenced the object of the study, thereby enabling the researcher to acknowledge the way in which he/she affects the outcomes and the research processes (Hayes, 2021b). **For the purpose of this study**, the supervisor of the study evaluated and analysed the collected data. The results of the focus group discussions were additionally submitted to two professional and experienced qualitative researchers to confirm the findings of the study. The researcher also engaged in an ongoing discussion with the participants and removed potential biases.
- **Audit trail.** The decisions taken throughout the research process were explained and recorded. **For the purpose of this study**, bias was prevented by remaining neutral, taking notes, and following the moderator's guide during the focus group discussions.

4.2.6 Stage 8: Prepare the research report

This stage focuses on the results, reporting the findings, and formulating the conclusions as to whether reference groups have an influence on Generation Y consumer behaviour via social commerce platforms, as well as how these groups influence this consumer segment. The stage of the research process is presented in Chapters 5 and 6 of this study.

4.3 CONCLUSION

The research methodology applied to this study has been presented by means of discussion of each of the stages of the marketing research process. The research problem and objectives were determined. The research design was examined, and the process of selecting a suitable research method was described. The sampling method was justified, and an explanation of the methods used to collect, interpret and examine the research findings was provided. Chapters 5 and 6 provide the findings and the conclusions of the study. The interpretation categories of this study identified in Chapter 4 are used to report the findings.

CHAPTER 5

REPORTING OF RESULTS

5.1 INTRODUCTION

This chapter presents the results derived from the empirical part of the study. These results were obtained after the implementation of the research methodology set out in Chapter 4. The chapter commences with a review of the questions asked during the focus group sessions after which the categories and themes are described that were identified in the second stage of the Morse and Field approach in terms of analysing the qualitative data (see section 4.2.5.2). The chapter further provides a detailed description of the results identified within each of the respective categories. A summary of the main findings pertaining to each identified theme concludes this chapter.

5.2 RESULTS OBTAINED FROM SECTIONS B AND C OF THE MODERATOR'S GUIDE

This section presents the results of the study obtained from sections B and C of the moderator's guide. The aims of the focus group questions and how they relate to the literature, research objectives, and interpretation categories are provided. The section continues by presenting the thematic and categorical framework for the empirical research results of the study. The results pertaining to each individual category identified are presented, after which the section concludes by providing a summary of the main findings relating to the identified themes of the study.

5.2.1 Aims of focus group questions and relation to literature, objectives, and interpretation categories

Table 5-1 presents the links between the focus group questions, the research objectives (see section 1.9), the literature chapters of the study (Chapters 2 and 3), as well as the categories and themes identified (as were determined by using the Morse and Field approach in section 4.2.5.2).

Table 5-1: The aims of focus group questions and their relation to literature, objectives, and interpretation categories

Focus group question B1: Where do you prefer to do your shopping, online or at a brick-and-mortar (physical) shop?			
Aim	To determine the preferred retail format of Generation Y.		
Research objective	Secondary research objective 2		
Literature	Chapter 3		
Theme	1	Category	(A)

Table 5-1: The aims of focus group questions and their relation to literature, objectives, and interpretation categories (continues)

Focus group question B2: Does your decision on where to shop depend on what it is you need to buy?			
Aim	To determine whether Generation Y's preferred retail format depends on what it is they need to purchase.		
Research objective	Secondary research objective 2		
Literature	Chapter 3		
Theme	1	Category	(A)
Focus group question B3: Do you spend a lot of time on social media platforms?			
Aim	To determine the amount of time that Generation Y spends on social media platforms.		
Research objective	Secondary research objective 3		
Literature	Chapter 3		
Theme	2	Category	(A)
Focus group question B4: In terms of shopping online, do you prefer to shop at larger online retailers (like Takealot and Amazon), auction sites (like Bid or Buy and eBay), classifieds (like JunkMail and Gumtree), or social commerce platforms (like Facebook Marketplace and Instagram)?			
Aim	To determine on which online platform Generation Y prefers to do their shopping.		
Research objective	Secondary research objectives 2 and 3		
Literature	Chapter 3		
Theme	2	Category	(B)
Focus group question B5: With regards to social commerce platforms, what is your preferred social commerce platform?			
Aim	To determine Generation Y's preferred social commerce platform.		
Research objective	Secondary research objective 3		
Literature	Chapter 3		
Theme	2	Category	(B)
Focus group question B6: Why do you visit social commerce platforms?			
Aim	To identify the reason why Generation Y visit social commerce platforms and to determine.		
Research objective	Secondary research objective 5		
Literature	Chapter 3		
Theme	2	Category	(B)

Table 5-1: The aims of focus group questions and their relation to literature, objectives, and interpretation categories (continues)

Focus group question B7: When visiting a social commerce platform, what activities do you engage in? (I.e., search for information or reviews on products or brands, provide comments or reviews on products or brands, engage in discussions with peers regarding products or brands, etc.)			
Aim	To determine the activities engaged in on social commerce platforms by Generation Y.		
Research objective	Secondary research objective 5		
Literature	Chapter 3		
Theme	2	Category	(D)
Focus group question B8: Do you mostly use social commerce platform to search for product information or browse for various product alternatives, or to purchase products and services?			
Aim	To determine whether Generation Y uses social commerce platforms primarily to search for information or browse for product alternatives, or to actually make a purchase on such platforms.		
Research objective	Secondary research objective 5		
Literature	Chapter 3		
Theme	2	Category	(D)
Focus group question B9: What type of products or services would you mostly buy on social commerce platforms?			
Aim	To identify the predominant category of products or services that Generation Y prefers to buy on social commerce platforms.		
Research objective	Secondary research objective 4		
Literature	Chapter 3		
Theme	2	Category	(C)
Focus group question C1: Who do you consider to be your reference groups or referents when shopping for products and services (i.e. family, friends, celebrities)?			
Aim	To identify Generation Y's reference groups when shopping for products and services.		
Research objective	Secondary research objective 6		
Literature	Chapter 2		
Theme	3	Category	(A)
Focus group question C2: Why have you selected these referents?			
Aim	To identify those factors that Generation Y considers when choosing a specific reference group.		
Research objective	Secondary research objective 6		
Literature	Chapter 2		
Theme	3	Category	(A)

Table 5-1: The aims of focus group questions and their relation to literature, objectives, and interpretation categories (continues)

Focus group question C3: Does the choice of referent depend on the product or service you want to buy?			
Aim	To determine whether the product category influences the choice of reference group or referent for Generation Y.		
Research objective	Secondary research objective 6		
Literature	Chapter 2		
Theme	3	Category	(A)
Focus group question C4: Does the choice of referent depend on where you buy a product or service?			
Aim	To determine whether the retail platform or location influences the choice of reference group or referent for Generation Y.		
Research objective	Secondary research objective 6		
Literature	Chapter 2		
Theme	3	Category	(A)
Focus group question C5: Have your reference groups or referents ever convinced you or lured you to engage on a social commerce platform?			
Aim	To determine whether Generation Y's reference group has influenced them to make use of social commerce platforms.		
Research objective	Secondary research objective 7		
Literature	Chapters 2 and 3		
Theme	4	Category	(A)
Focus group question C6: Have your reference groups or referents ever convinced you not to engage on social commerce platforms or to buy products and services on social commerce platforms? How so?			
Aim	To determine whether Generation Y's reference group has influenced them not to make use of social commerce platforms.		
Research objective	Secondary research objective 7		
Literature	Chapters 2 and 3		
Theme	4	Category	(B)
Focus group question C7: When shopping on social commerce platforms, which referents' recommendations or product information will you mostly believe and trust? (I.e., family and friends or celebrities and influencers). Why?			
Aim	To identify Generation Y's primary reference group in whom they trust when shopping for products and services on social commerce platforms.		
Research objective	Secondary research objective 8		
Literature	Chapters 2 and 3		
Theme	4	Category	(C)

Table 5-1: The aims of focus group questions and their relation to literature, objectives, and interpretation categories (continues)

Focus group question C8:			
Have your reference groups or referents ever convinced you to buy a product or service on social commerce platforms?			
Aim	To determine whether Generation Y's reference group or referents have an influence on whether they actually purchase a product or service on social commerce platforms or not.		
Research objective	Secondary research objective 9		
Literature	Chapters 2 and 3		
Theme	4	Category	(A)
Focus group question C9:			
Do you seek approval from your reference groups on social commerce platforms when buying a product, brand, or service?			
Aim	To determine whether approval seeking from reference groups is a determinant of whether Generation Y purchases products and services on social commerce platforms.		
Research objective	Secondary research objective 9		
Literature	Chapters 2 and 3		
Theme	4	Category	(D)
Focus group question C10:			
Have you ever purchased a product or service on a social commerce platform in order to be more like the person who uses or recommends the product, brand, or service?			
Aim	To determine whether the desire to be more like their referents or reference groups is a determinant of whether Generation Y purchases products and service on social commerce platforms.		
Research objective	Secondary research objective 9		
Literature	Chapters 2 and 3		
Theme	4	Category	(D)
Focus group question C11:			
Do you feel like you identify more with your reference groups or referents on social commerce platforms when buying the same products, brands, or services that they use?			
Aim	To determine whether Generation Y identifies with their referents when purchasing something used or recommended by them.		
Research objective	Secondary research objective 9		
Literature	Chapters 2 and 3		
Theme	4	Category	(D)

Table 5-1: The aims of focus group questions and their relation to literature, objectives, and interpretation categories (continues)

Focus group question C12:			
Do you first observe the buying behaviour and decisions of products, brands, and services purchased by your reference groups on social commerce platforms before deciding to buy the same?			
Aim	To identify at what stage of the buying process reference groups or referent exert an influence on Generation Y's decisions.		
Research objective	Secondary research objective 9		
Literature	Chapters 2 and 3		
Theme	4	Category	(D)
Focus group question C13:			
When you have little experience with a brand or product, or if you are unsure how to use a product or service, do you ask your referents on social commerce platforms?			
Aim	To determine whether Generation Y consults their reference groups or referents on social commerce platforms with regards to obtaining help or assistance in the use of a product or service.		
Research objective	Secondary research objective 9		
Literature	Chapters 2 and 3		
Theme	4	Category	(E)
Focus group question C14:			
Do you ever consult your referents on social commerce platforms to help you choose the best alternative from a range of products?			
Aim	To determine whether Generation Y consults their reference groups or referents on social commerce platforms with regards to obtaining help or assistance in selecting a product or service prior to purchase.		
Research objective	Secondary research objective 9		
Literature	Chapters 2 and 3		
Theme	4	Category	(E)
Focus group question C15:			
Do you often gather information from your referents on social commerce platforms about a product, brand, or service before buying it?			
Aim	To determine the frequency of influence exerted on the buying decisions of Generation Y by their reference groups or referents on social commerce platforms when deciding to buy a product or service.		
Research objective	Secondary research objective 9		
Literature	Chapters 2 and 3		
Theme	4	Category	(E)

The remainder of this section is structured according to the themes and categories identified via the ATLAS.ti 9 software for the purpose of analysing qualitative data and by means of applying the Morse and Field approach (see section 4.2.5.2). Details pertaining to the data analysis as well

as indications on how the categories were identified within each theme alongside the codebook used during the analysis of data can be found on the CD-ROM included in the back of this dissertation. Table 5-2 specifies the categorical and thematic framework of the empirical research results and acts as a prelude to the results discussed in the subsequent sections of this chapter.

Table 5-2: The thematic and categorical framework for empirical research results

Theme	Category				
	A	B	C	D	E
Theme 1: The preferred retail <i>channel</i> of Generation Y.	Format				
Theme 2: Generation Y's <i>usage</i> of social commerce platforms.	Social media	Platform	Products	Engagement	Challenges
Theme 3: The <i>reference groups</i> of Generation Y.	Group				
Theme 4: The <i>influence</i> of reference groups on Generation Y's social commerce buying behaviour.	Approach	Avoidance	Trust	Role	Consultation

The categories identified within each theme are discussed below. The research results pertaining to each identified category are also presented.

5.2.2 Theme 1: The preferred retail channel of Generation Y

This section provides a detailed discussion of the preferred retail channel of Generation Y consumers within the South African context, and presents the results for each of the identified categories (see Table 5-2).

5.2.2.1 Category 1(A): Format

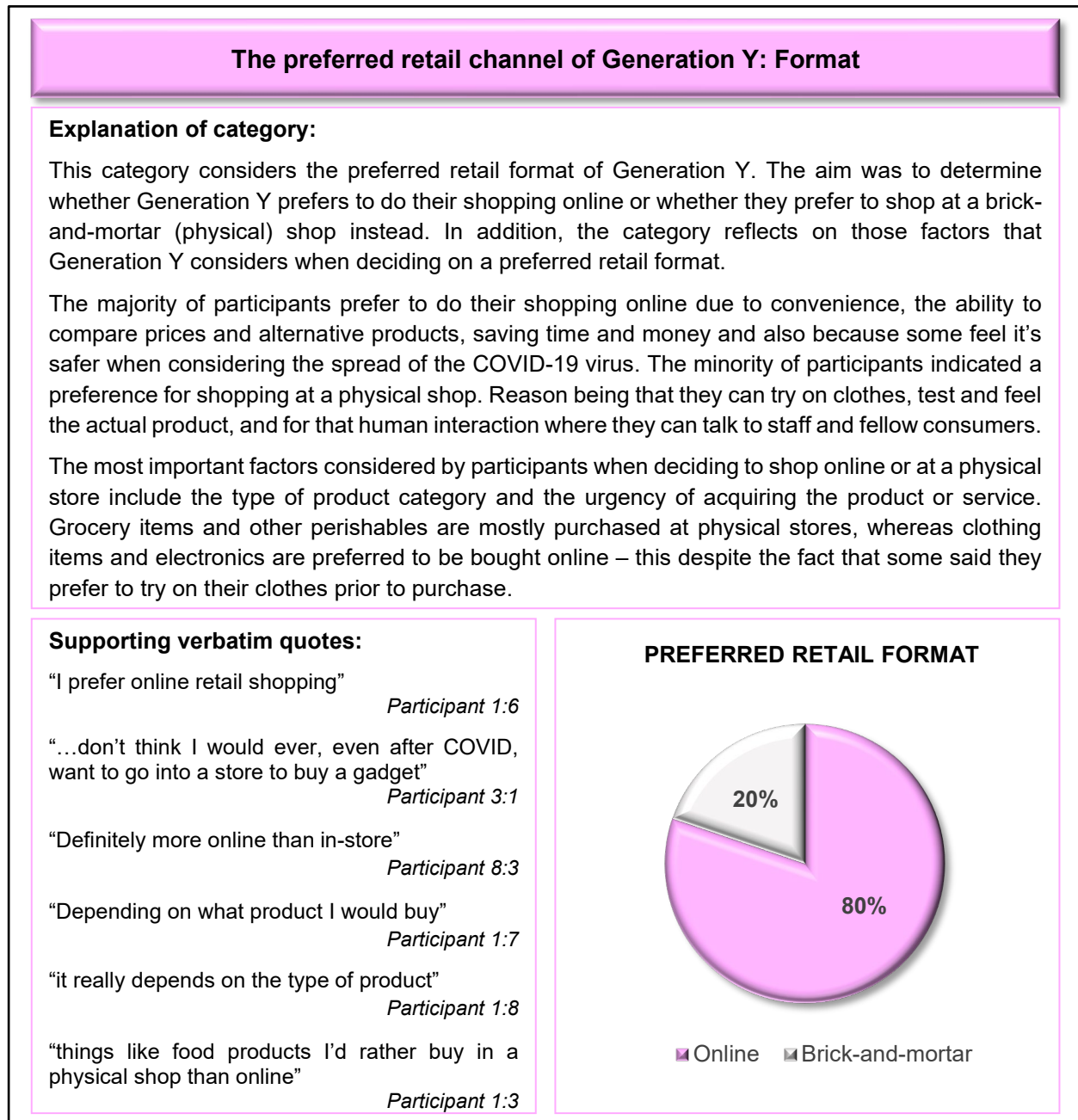
This category considers whether Generation Y prefers to do their shopping online or in a brick-and-mortar (physical) shop as well as the reason for their decision of preference. In addition, it reflects on those factors they consider when deciding on whether to shop online or in a physical store.

The majority of participants have indicated that they prefer to do their shopping online as opposed to shopping at a brick-and-mortar shop. The primary reason for this decision is due to the convenience brought about by online shopping. Another reason for rather opting to shop online is due to the ability to compare prices and product alternatives from the comfort of your own home without having to spend money on travelling between shops. As such, online shopping is said to be cheaper at times than shopping at a physical store. Some participants mentioned that when shopping online, one is almost certain of seeing all the items available in a particular product category, whereas when you shop at a physical store, you may not be aware of some products due to a lack of stock available. The risk of contracting the COVID-19 virus was mentioned the least as a reason for preferring online shopping, which is quite surprising.

The minority of participants stated that they prefer shopping at a brick-and-mortar shop. Reasons for this preference includes that one can actually try on clothing items and test or feel the actual product prior to purchase, which is not possible when shopping online. Some participants have mentioned that this allows them to feel more comfortable in their purchase decision, and that a trust factor most definitely plays a role. Another reason for rather wanting to shop at a physical store is the human interaction of going to a store and interacting with the staff or fellow consumers.

The factors that participants consider when deciding on whether to shop online or in a physical store predominantly include the type of product that they need to purchase, as well as the urgency of acquiring the product or service. Most participants stated that food products, perishable items and other groceries are easier and more convenient to purchase at a physical store, whereas clothing items, electronics, and complex products that require further research prior to purchase are popular items to buy online.

Even though most participants agreed that clothing items are one of those items that one would prefer to buy in a physical store due to the fact that one can try one the item for size, most of the participants stated that they purchase their clothing items online regardless. This could be attributed to the perception that clothing items are sometimes cheaper when purchased online than when purchased in a brick-and-mortar or physical shop.

Figure 5-1: Category 1(A) research results – Theme 1

5.2.3 Theme 2: Generation Y's usage of social commerce platforms

This section provides a detailed discussion pertaining to Generation Y's usage of social commerce platforms and presents the results for the categories identified (see Table 5-2).

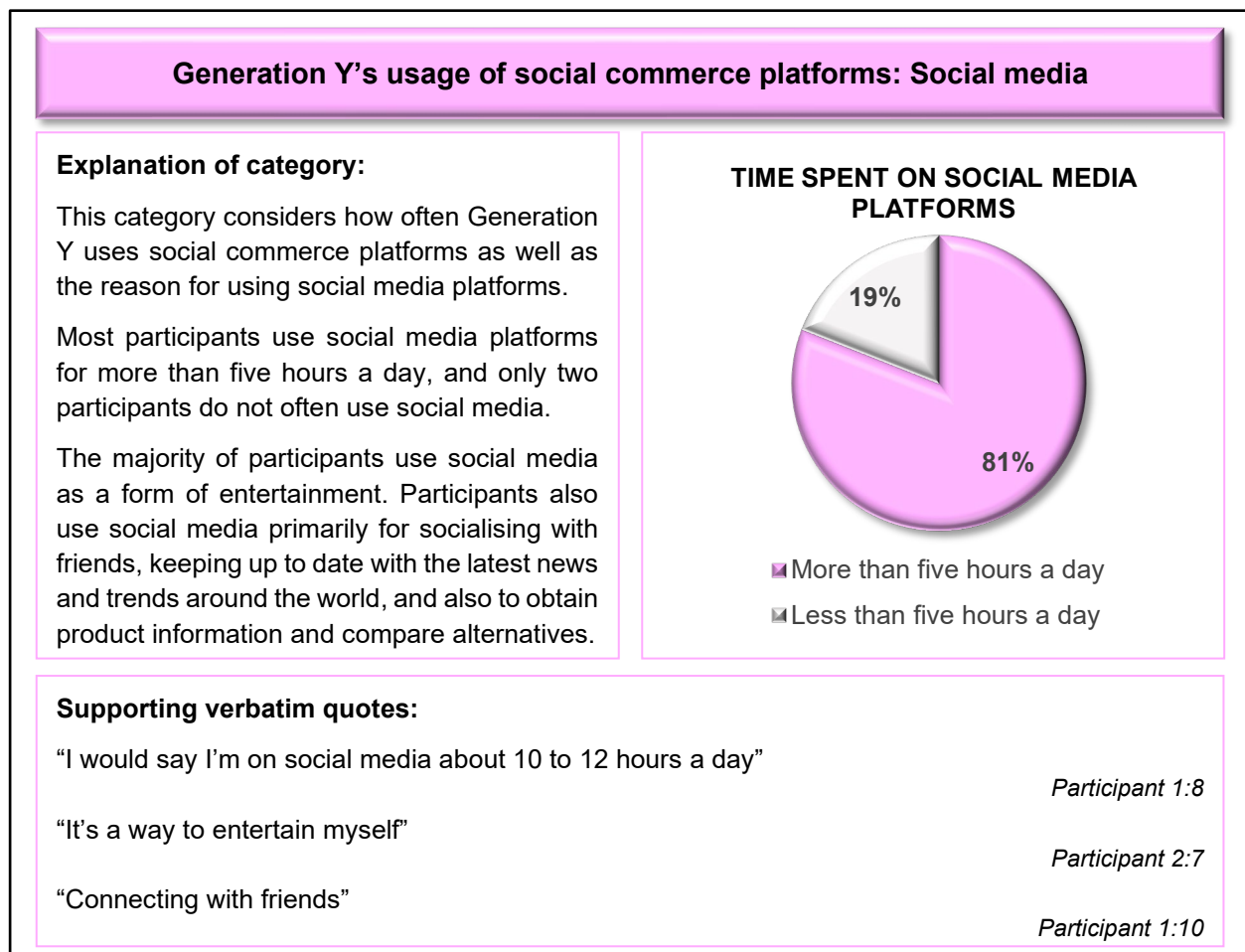
5.2.3.1 Category 2(A): Social media

Category 2(A) focuses on Generation Y's usage of the social media component of social commerce platforms in terms of the reasons for using these platforms as well as the amount of time that they spend on these platforms.

The majority of participants have indicated that they spend more than five hours a day on social media platforms, with five participants stating that they spend most of their day on social media. Two of the participants admit that they spend too much time on social media. One participant indicated that they spend a fair amount of time on social media - not too much and not too little. Only two participants stated that they do not enjoy spending a lot of time on social media.

Most of the participants consider social media as a means of entertainment by scrolling through their friends' posts, watching videos, or spotting the latest memes. One of the participants said that they use social media as a form of escapism. Participants also enjoy the social factor that social media has to offer in terms of engaging with their peers, keeping up to date with what is happening in their friends' lives whether they live near or far away. Participants also use social media to keep abreast of global news and developments, and take note of the latest trends in fashion and other products around the world. A lot of participants also stated that they make use of social media platforms to obtain product information and to compare various alternatives. Only two of the participants mentioned that they use social media platforms to attend classes and for employment purposes (i.e. a social media administrator).

Figure 5-2: Category 2(A) research results – Theme 2



5.2.3.2 Category 2(B): Platform

Category 2(B) considers the preferred e-commerce platform of Generation Y when shopping online. These platforms include larger online retailers (i.e. Takealot and Amazon), auction sites (i.e. Bid or Buy and eBay), classifieds (i.e. JunkMail and Gumtree), and social commerce platforms (i.e. Facebook Marketplace and Instagram). In addition, the reason for deciding on a specific e-commerce platform is explained. The category further reflects the favourite social commerce platform of Generation Y, as well as the reason as to why these specific social commerce platforms are preferred.

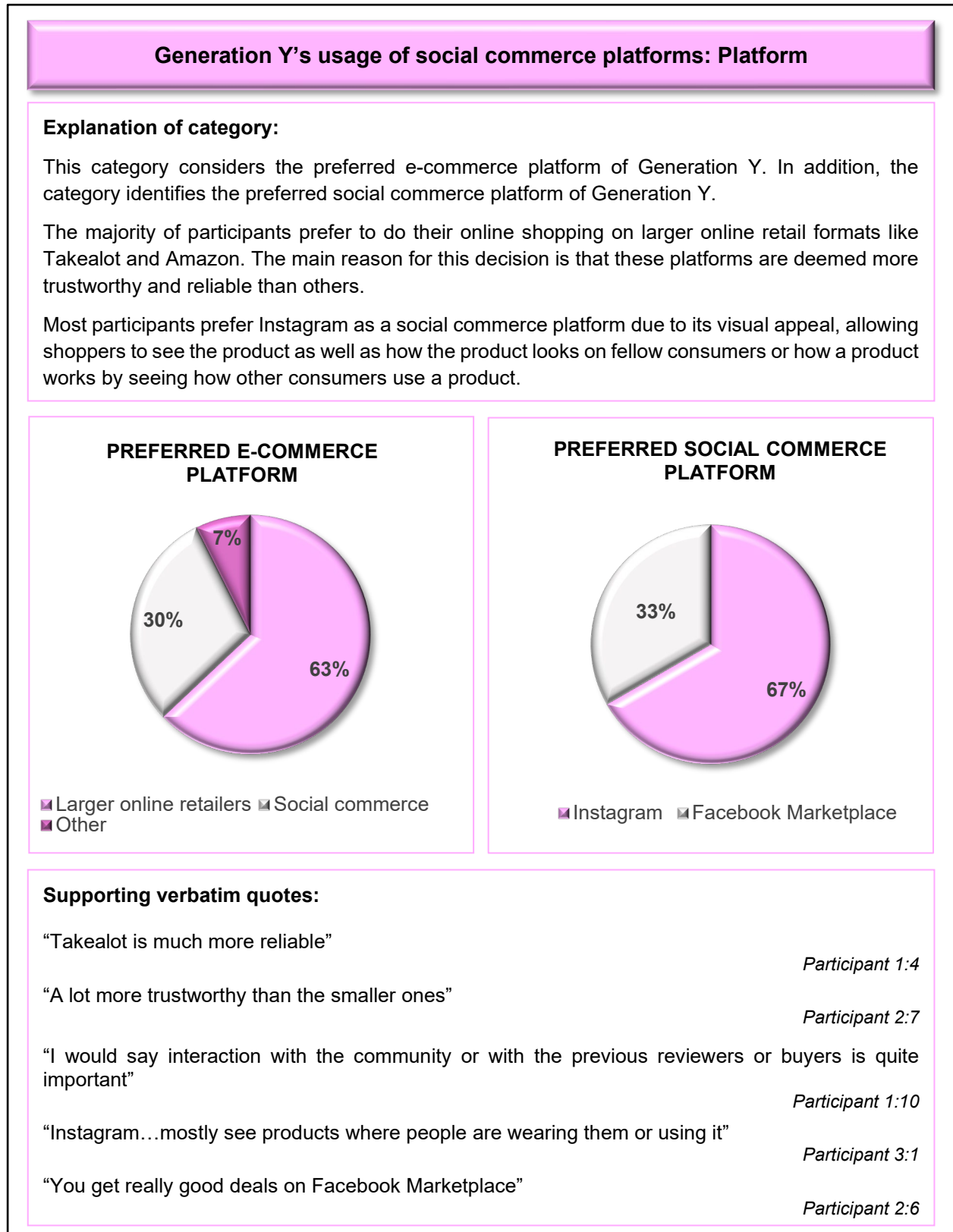
The results show that the majority of participants prefer to do their online shopping via the larger retail platforms like Takealot and Amazon. The prevailing reason for preferring larger online retail platforms is due to the trustworthiness factor and a perception of being more reliable. Participants seem to be more at ease completing a transaction and paying for a product on these larger retail platforms as opposed to the other e-commerce sites. Another widely stated reason is the fact that larger online retailers are involved with the entire process of purchasing a product and allows the buyer to track a product as soon as it is ordered. One of the participants also mentioned that the policies and procedures are in place and more reliable with larger online retailers for when you wish to return the product or to report service failure.

Another preferred e-commerce platform is that of social commerce platforms. The majority of participants enjoy making use of social commerce platforms because they believe that these platforms inform them of the latest fashion and trends in the market. In addition, some of the participants use social commerce platforms to support shops and members in their local communities. Participants like the social interaction aspect of social commerce, where they are able to see the product and service reviews posted by friends and other social commerce users, and by so doing, obtaining additional product information. A few of the participants also enjoy browsing the wide variety of products offered by social commerce platforms, as well as the ability to negotiate the price with sellers.

In terms of Generation Y's preferred social commerce platforms, results indicate that the majority of participants prefer to make use of Instagram. Another favourite social commerce platform is Facebook Marketplace, with 10 participants stating that they prefer to do their shopping and browsing on this platform. The primary reason why most participants prefer Instagram is that it is visually appealing. Participants are able to see photos of the products and also see what these products look like on other consumers or how certain products are used as demonstrated by users. The most prevalent reason for using Facebook Marketplace is that participants believe that one can get great deals on products or services, and the price is easy to negotiation by

communicating directly with the seller by using the Messenger function on the platform. Another reason for rather opting to use Facebook Marketplace than other social commerce platforms is the fact that there are more second-hand products for sale on this platform than on others.

Figure 5-3: Category 2(B) research results – Theme 2

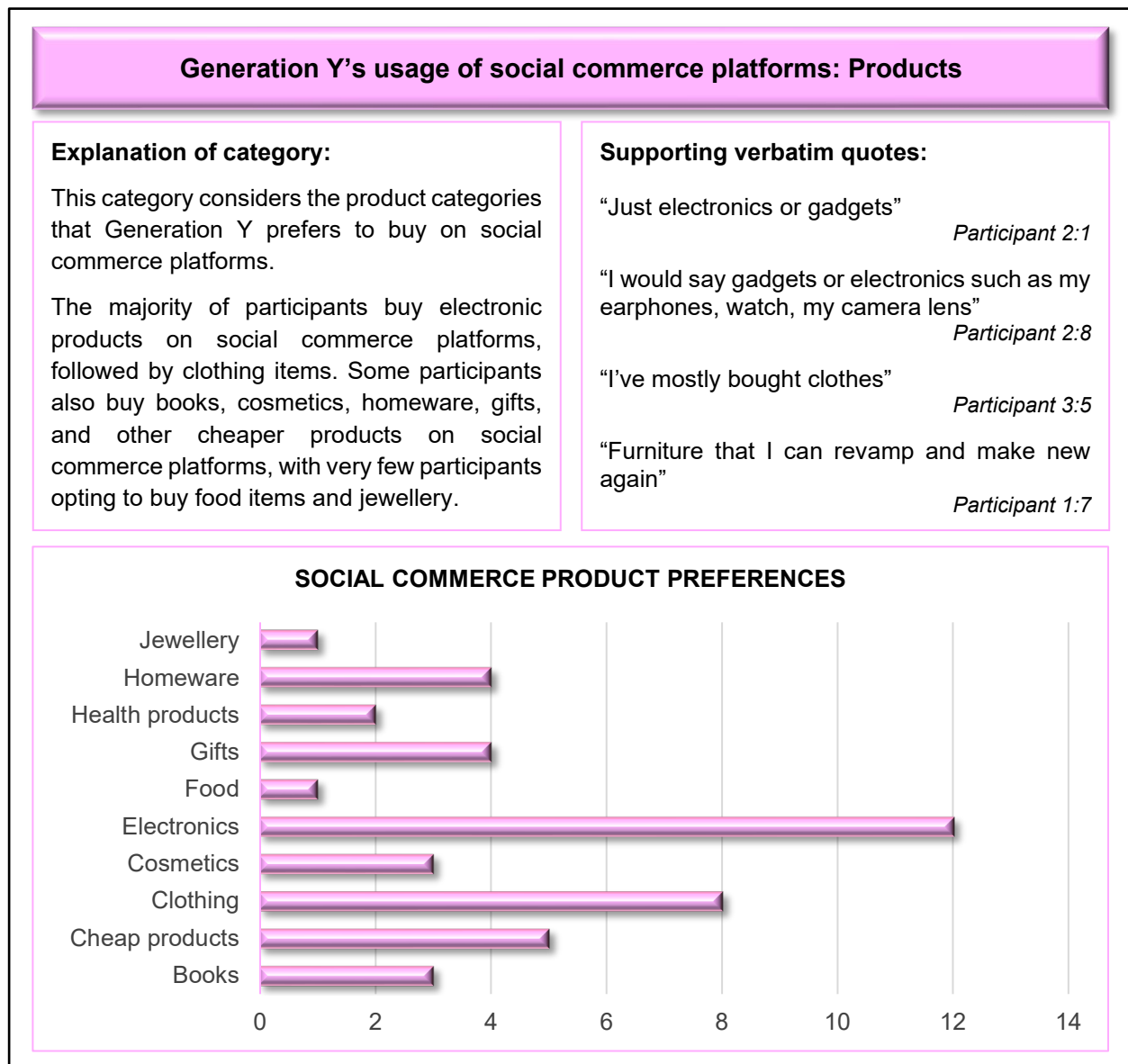


5.2.3.3 Category 2(C): Products

Category 2(C) considers the type of products and services that Generation Y prefer to buy on social commerce platforms.

The results indicate that the majority of participants prefer to buy electronic products on social commerce platforms. A lot of participants also tend to buy their clothing on social commerce platforms like Instagram, as they are able to clearly see the product and also what it looks like when worn by fellow consumers. This is despite the fact that they are unable to fit the clothing item prior to purchase. Books, cosmetics, homeware, and gifts are also popular product categories purchased on social commerce platforms. Very few participants stated that they purchase jewellery and food items on social commerce platforms.

Figure 5-4: Category 2(C) research results – Theme 2



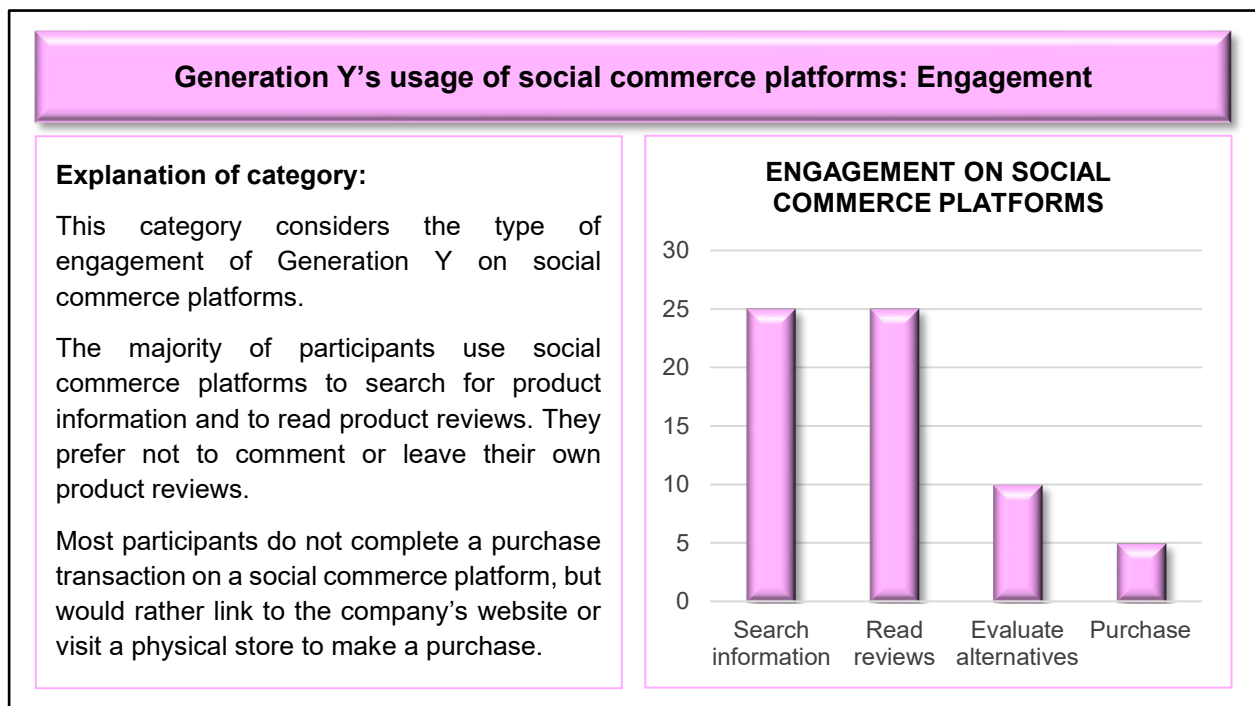
5.2.3.4 Category 2(D): Engagement

Category 2(D) considers the type of activities that Generation Y engage in when using a social commerce platform. These activities range from searching for product or service information, searching for product reviews, making comments or leaving reviews of products, services or brands, engaging in a discussion with peers concerning a specific product or service, or merely purchasing a product or service and completing a transaction on the platform.

The majority of participants use social commerce platforms to obtain product information and to read through product or service reviews left by fellow consumers. Most participants would rather read product reviews and comments made by fellow consumers than to write a product review or make a comment themselves. Participants would mostly search for product information and read product reviews on social commerce platforms rather than purchase products and services via these platforms.

When searching for product information and reading product reviews, participants evaluate various alternatives. Based on the information obtained and the number of positive reviews, participants would either purchase the product on the social commerce platform or visit a physical store to complete the purchase. Four of the participants would rather link to the company's website from a social commerce platform to complete the transaction rather than buying the product on a social commerce site.

Figure 5-5: Category 2(D) research results – Theme 2



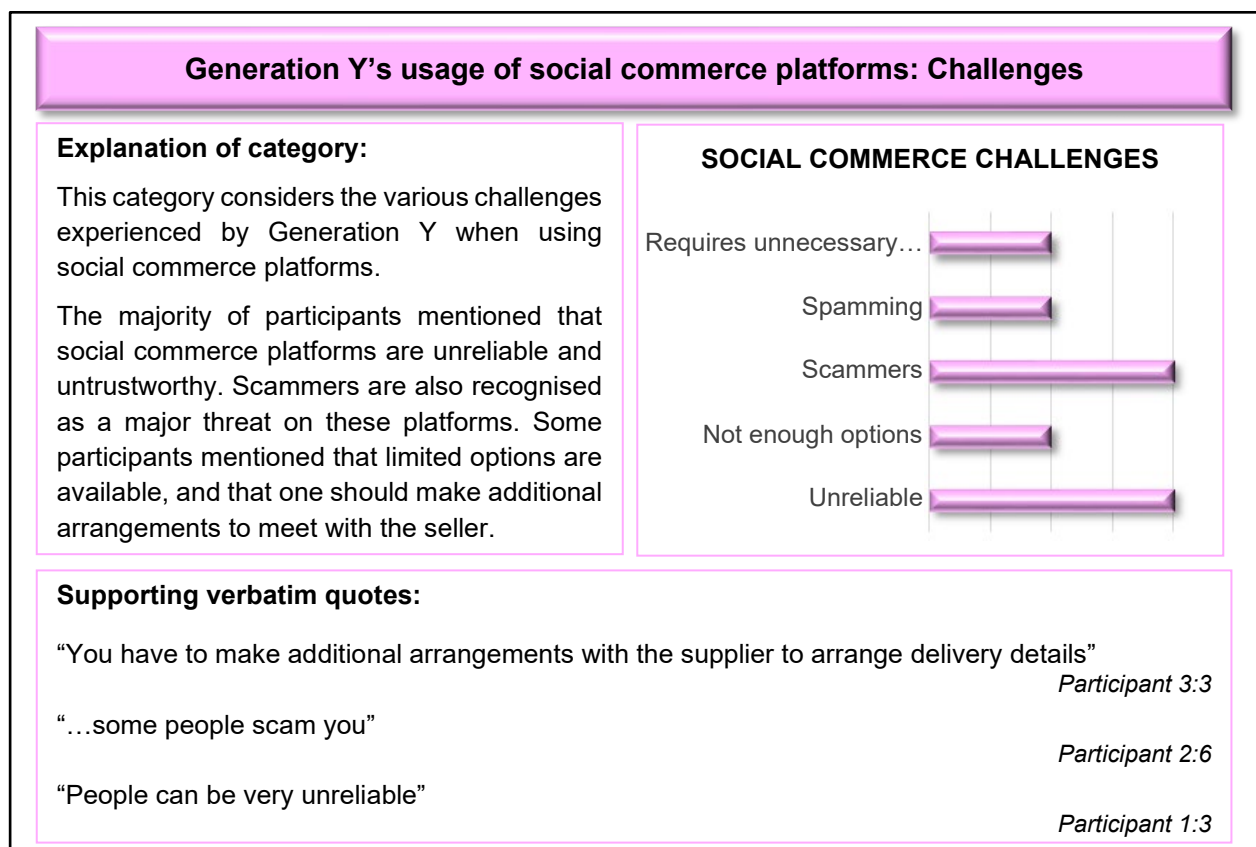
5.2.3.5 Category 2(E): Challenges

Category 2(E) identifies the challenges faced by Generation Y when using social commerce platforms. The predominant factor that was mentioned by most participants as a challenge is that of trustworthiness and reliability. Most participants feel that they cannot always trust the seller who advertises the product or service on a social commerce platform, and also the image of the product might not be genuine. Thus, participants feel that buying on social commerce platforms might expose them to a scam of some sort.

A few of the participants mentioned that the commentary and reviews of products and services may not be genuine either, stating that company's and brands, especially some of the new ones in the market, might pay consumers to leave a positive review or comment of a specific product or service.

One of the participants mentioned that buying on a social commerce platform seeks for additional logistical arrangements to be made. If one wishes to first view or test the product prior to purchase, arrangements need to be made to meet with the seller. Another of the participants mentioned that they do not enjoy the actual interaction with another person, and would much rather complete a transaction online without interacting with anyone else.

Figure 5-6: Category 2(E) research results – Theme 2



5.2.4 Theme 3: The reference groups of Generation Y

This section provides a detailed discussion pertaining to the reference groups of Generation Y and presents the results for the categories identified (see Table 5-2).

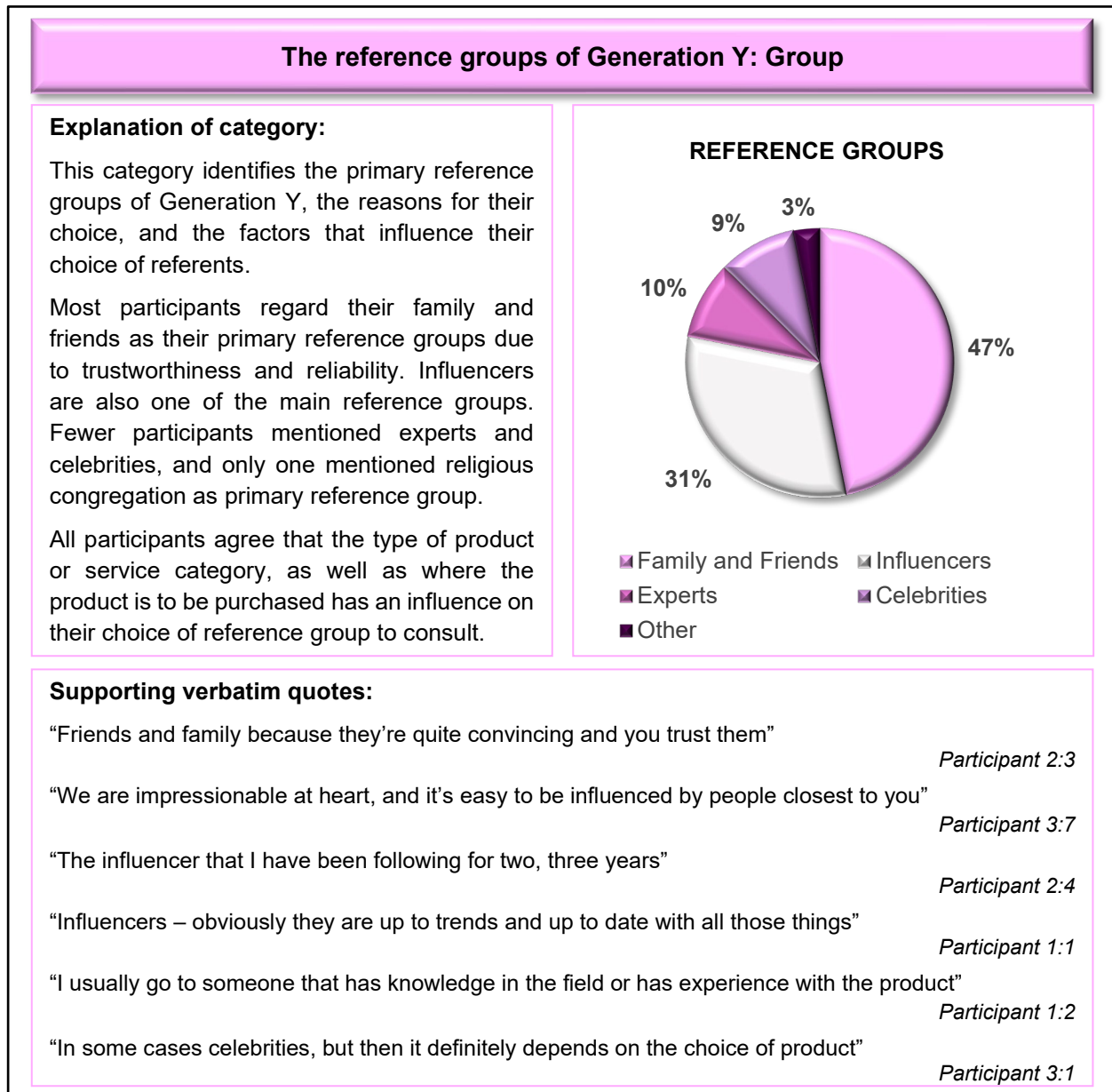
5.2.4.1 Category 3(A): Group

Category 3(A) considers the reference groups of Generation Y. In Addition, the category identifies the reasons as to why Generation Y considers these groups as their referents, and also reflects on the factors that influences the choice of reference groups.

The majority of participants regard their family and friends and their primary reference group. Trust is the main reason provided by participants as to why they have selected friends and family as their primary reference group. In addition, some participants mention that they are easily influenced by their friends and family, and therefore regard them as their primary referents. Shared interests is yet another reason why some have selected their family and friends to be their primary reference group.

Influencers are also one of the major reference groups for a lot of the participants. Participants mention that watching videos or seeing photos of influencers using products over an extensive period of time is convincing enough that the product works and that it is worthwhile purchasing it. Participants who follow influencers for two to three years and over have built a certain level of trust with these influencers and therefore rely on their advice for purchasing a product or service. Participants also perceive influencers as being on trend and up to date with the latest fashion, and thus heed their advice for purchasing certain fashion-related products, as they trust their judgement. Fewer participants mentioned experts and celebrities as a point of reference, with only one participant stating that they use their religious congregation as a reference group.

The majority of participants agree that the type of product or service and where the product or service can be purchased has a significant influence on the reference group they select and the referents that they would consult when searching for information or making a purchase decision. With products or services that participants have no experience with, they would consult a reference group or referent who has used the product before. With products of a personal nature, like clothing, they would consult with referents whom they trust the most, like family and friends. Similar to the place of purchase, if a participant has not purchased a product or service from a specific platform before, then they would consult a referent who has to give them some advice.

Figure 5-7: Category 3(A) research results: Theme 3

5.2.5 Theme 4: The influence of reference groups on Generation Y’s social commerce buying behaviour

This section describes how reference groups influence Generation Y’s buying behaviour on social commerce platforms and presents the results for the categories identified (see Table 5-2).

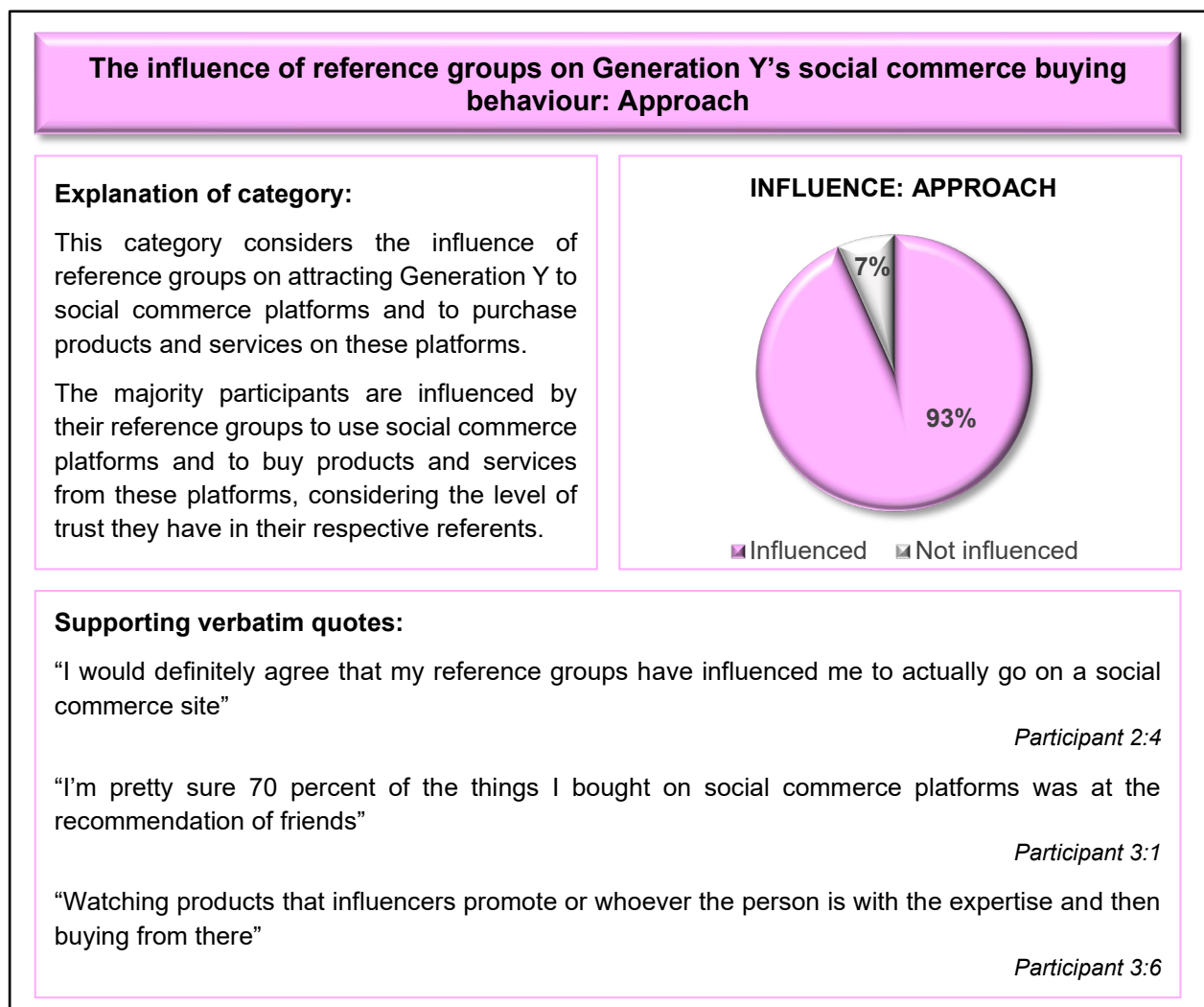
5.2.5.1 Category 4(A): Approach

Category 4(A) considers the influence of reference groups on the buying behaviour of Generation Y in terms of attracting Generation Y towards a social commerce platform and purchasing a product or service on a social commerce platform.

The results indicate that the majority of participants have been influenced by their respective reference groups to make use of a social commerce platform, whether it was to search for product information, read product reviews or to purchase a product. In addition, most of the participants have stated that their referents have convinced them to purchase a product or service from a social commerce platform. A major factor that is taken into consideration, however, is trust. If there is a sufficient level of trust between the participant and their referent, then they feel more comfortable in using a specific social commerce platform that they have been advised to use, and also to complete the transaction on the social commerce platform.

Some of the participants have mentioned that they have used a specific social commerce platform in the past due to the influence exerted by influencers. Influencers would take a photo or video of themselves using a product or service, and then post a link to a website or platform where the specific product or service can be purchased.

Figure 5-8: Category 4(A) research results: Theme 4

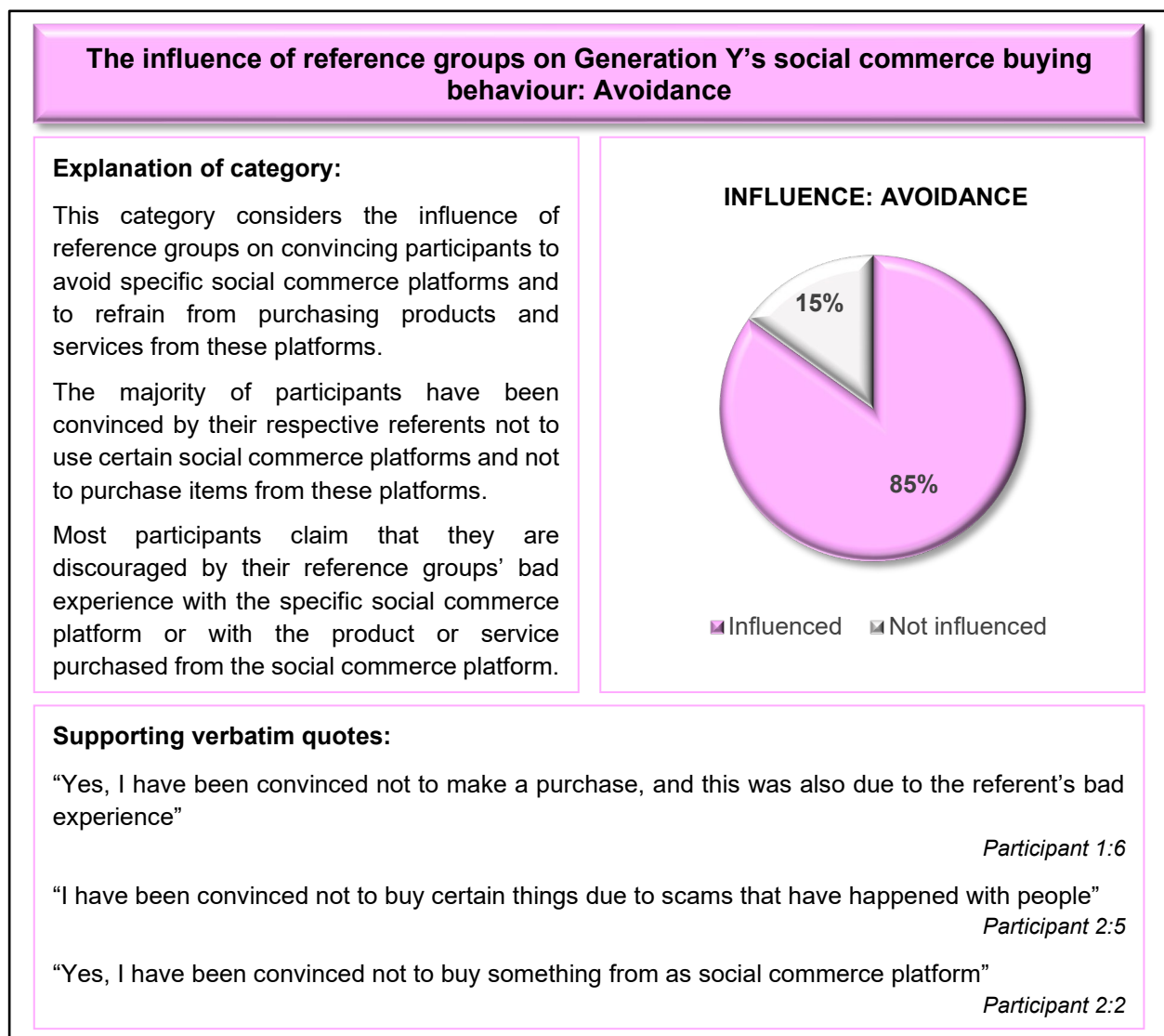


5.2.5.2 Category 4(B): Avoidance

Category 4(B) considers the influence of reference groups on the buying behaviour of Generation Y in terms of pushing Generation Y away from a social commerce platform or from purchasing a product or service on a social commerce platform.

The majority of participants have been convinced or advised by referents not to use a specific social commerce platform or to buy a specific product on a social commerce platform. The key factor spurring the influence is when the referent shares a scenario of having a bad experience on the social commerce platform. Only three participants have indicated that they have not been influenced by a reference group to avoid using a social commerce platform or to buy a product or service from a social commerce platform. Two of the participants mentioned that they are more prone to being influenced *not* to use a social commerce platform than to use a social commerce platform.

Figure 5-9: Category 4(B) research results: Theme 4

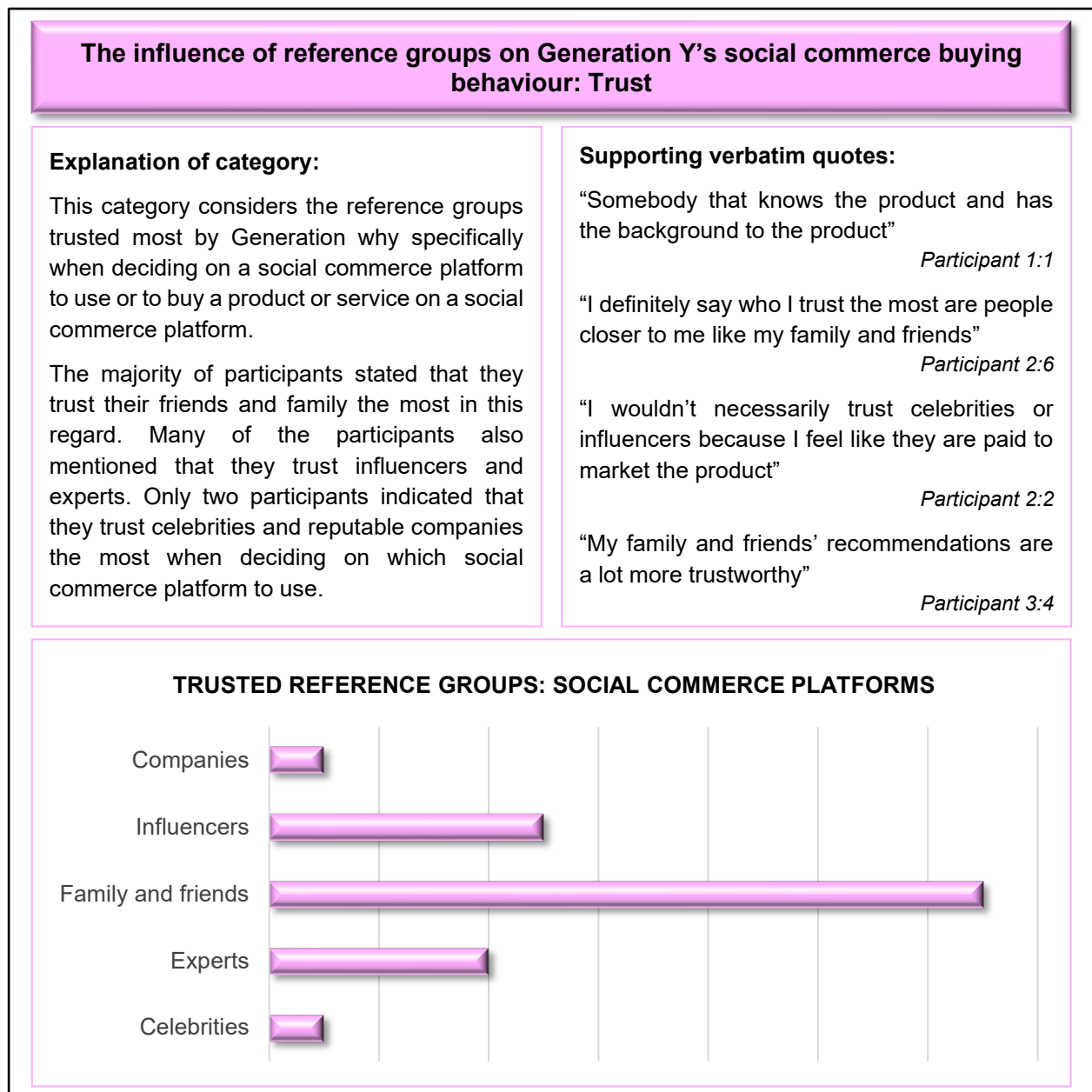


5.2.5.3 Category 4(C): Trust

Category 4(C) considers the reference groups or referents trusted mostly by Generation Y specifically when using social commerce platforms or when buying products or services from social commerce platforms.

The majority of participants trust their friends and family the most when having to decide on which social commerce platform to use and whether to buy a product or service on a social commerce platform. Many of the participants also mentioned that they would use influencers and product experts as their point of reference in this regard. Only a few participants stated that they would make use of celebrities or reputable companies as referents.

Figure 5-10: Category 4(C) research results: Theme 4



5.2.5.4 Category 4(D): Role

Category 4(D) considers the role that Generation Y's referents play when using a social commerce platform or when buying a product or service on a social commerce platform. These roles range from observing referents' buying behaviour on social commerce platforms prior to engaging in the same behaviour; mimicking the purchase decisions and style of referents; seeking approval from referents' with the items purchased on social commerce platforms; and striving to identify with referents by purchasing the same products or services.

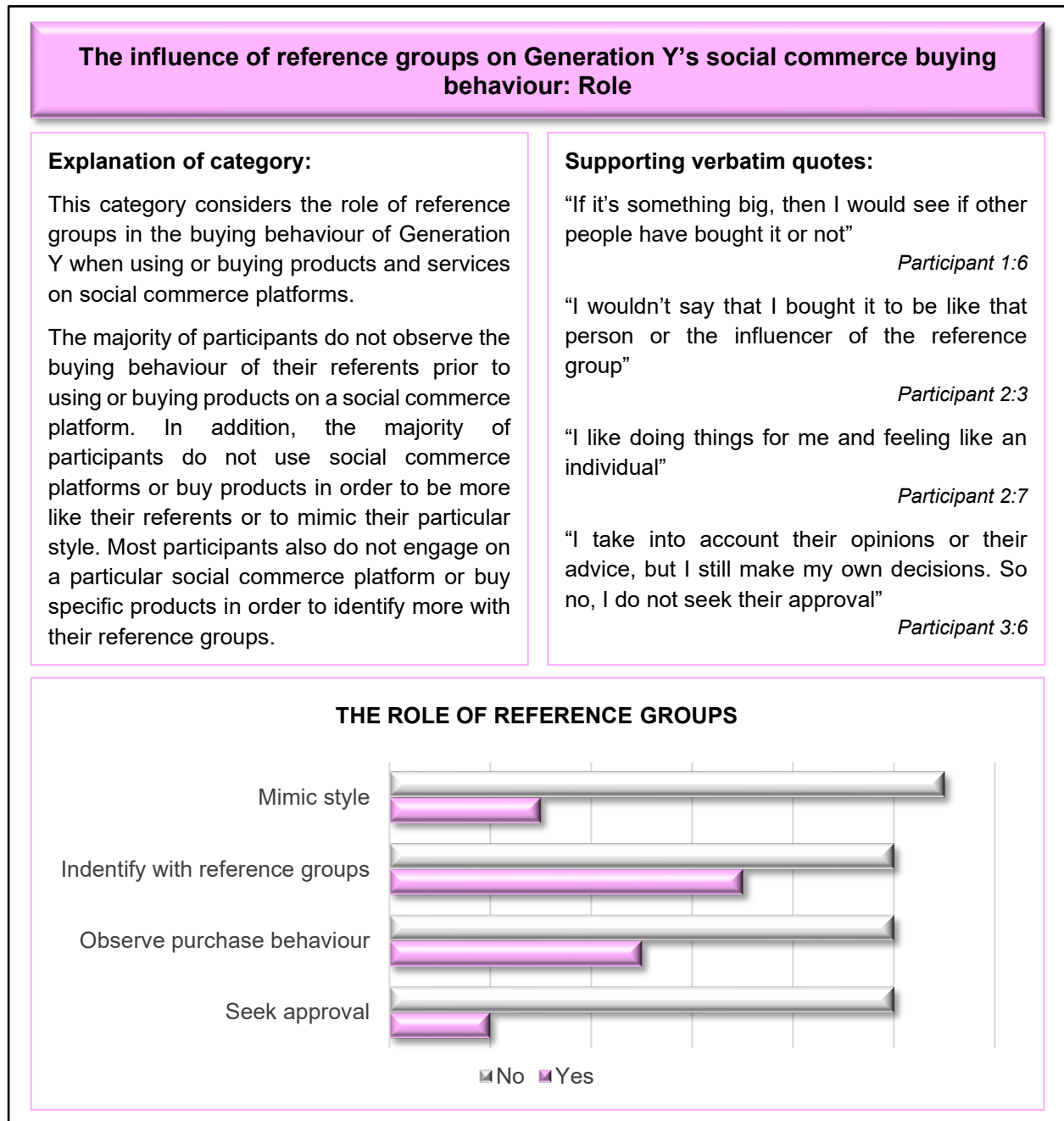
The majority of participants do not observe the buying behaviour of referents prior to using a social commerce platform or buying a product or a service on a social commerce platform. Only a few participants mentioned that they observe the buying behaviour of their referents prior to buying a product or service on a social commerce platform, especially when the product or service is quite expensive.

Most of the participants have indicated that they do not purchase the same or similar products than their reference groups in order to be more like them or to mimic their particular style. Only a few participants mentioned that they have, in the past, subconsciously purchased the same or similar product than that of their referent in order to copy their style or to be more like them.

The majority of participants do not seek approval from their referents when making a purchase decision on social commerce platforms. Even though referents' advice is heeded when making purchase decisions on social commerce platforms, the approval from these references' are not sought. Only two participants mentioned that they seek the approval from friends and family when purchasing clothing items on social commerce platforms, and also the approval from experts when purchasing more complex or technologically advanced products.

Most of the participants agree that they do not engage on a social commerce platform or buy a specific product or service on a social commerce platform in order to identify with the reference groups or referent that has influenced them to use the platform or to buy the specific product. Participants enjoy having their own unique identity. Only three participants indicated that they make certain purchase decisions on social commerce platforms and buy specific products and services to identify with referents and to strengthen the relationship they have with those particular referents to a certain extent.

Figure 5-11: Category 4(D) research results: Theme 4



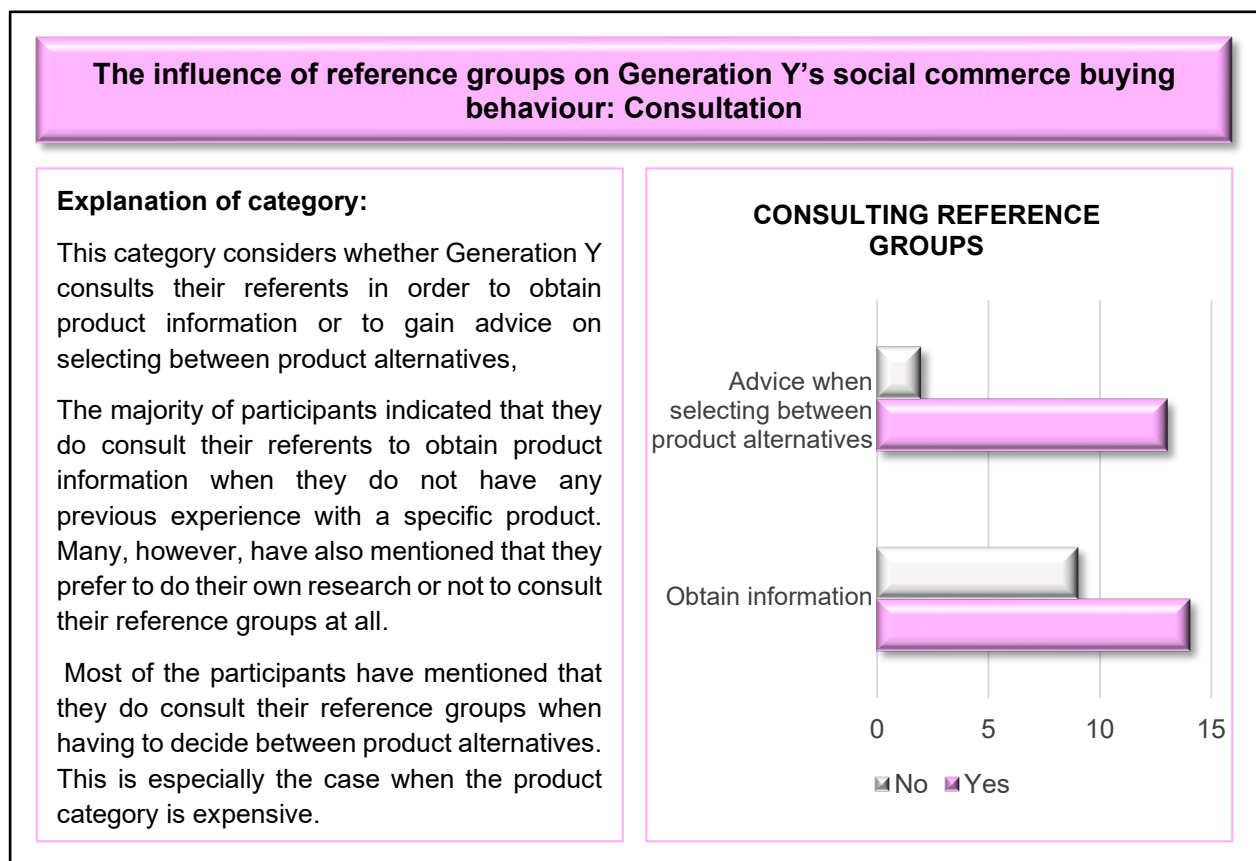
5.2.5.5 Category 4(E): Consultation

Category 4(E) considers the consultative role that reference groups fulfil when Generation Y make purchase decisions on social commerce platforms. A discernment is made between consulting referents to obtain product knowledge when participants do not have any prior experience with the social commerce platform or product sought, and when consulting referents in order to select between product alternatives.

The majority of participants indicated that they do indeed consult their referents in order to obtain more information on a social commerce platform, or product or service that they do not have prior experience with. This, however, is provided that the referent has experience with the social commerce platform or is regarded as an expert in terms of product or service usage. Many of the participants also mentioned that they would prefer to conduct their own research and obtain their own information before consulting their referents. Nine participants stated that they do not consult their reference groups at all in order to obtain information.

Most of the participants consult their referents when seeking advice when deciding between product alternatives. Once again, it is stated that it depends whether these referents have sufficient product knowledge. Some participants indicated that it depends on the product category. Advice will be sought from referents especially when a decision needs to be made between expensive product alternatives.

Figure 5-12: Category 4(E) research results: Theme 4



5.2.6 Summary of empirical research results

Table 5-3 summarises the categories and themes identified in the empirical research results. It also notes the main findings pertaining to each identified theme.

Table 5-3: Summary of empirical results

Theme 1: The preferred retail format of Generation Y					
Categories	(A) Format				
Main finding 5.1	<p>The majority of participants prefer to do their shopping online due to convenience, the ability to compare prices and products, saving time and money and also due to being safer with regards to the spread of the COVID-19 virus.</p> <p>The most important factors considered by participants when deciding to shop online or at a physical store include the type of product category and the urgency of acquiring the product or service. Grocery items and other perishables are mostly purchased at physical stores, whereas clothing items and electronics are preferred to be bought online.</p>				
Theme 2: Generation Y's usage of social commerce platforms					
Categories	(A) Format	(B) Platform	(C) Products	(D) Engagement	(E) Challenges
Theme 3: The reference groups of Generation Y					
Categories	(A) Group				
Main finding 5.3	<p>The majority of participants regard their family and friends and their primary reference group. Trust is the main reason provided by participants as to why they have selected friends and family as their primary reference group. In addition, some participants mention that they are easily influenced by their friends and family, and therefore regard them as their primary referents.</p> <p>Influencers are also one of the major reference groups for a lot of the participants. Participants mention that watching videos or seeing photos of influencers using products over an extensive period of time is convincing enough that the product works and that it is worthwhile purchasing it. Participants who follow influencers for two to three years and over have built a certain level of trust with these influencers and therefore rely on their advice for purchasing a product or service. Participants also perceive influencers as being on trend and up to date with the latest fashion, and thus heed their advice for purchasing certain fashion-related products, as they trust their judgement.</p> <p>The majority of participants agree that the type of product or service and where the product or service can be purchased has a significant influence on the reference group they select and the referents that they would consult when searching for information or making a purchase decision. With products or services that participants have no experience with, they would consult a reference group or referent who has used the product before. With products of a personal nature, like clothing, they would consult with referents whom they trust the most, like family and friends. Similar with the place of purchase; if a participant has not purchased a product or service from a specific platform before, then they would consult a referent who has to give them some advice.</p>				

Table 5-3: Summary of empirical results (continues)

Theme 4: The influence of reference groups on Generation Y's social commerce buying behaviour					
Categories	(A) Format	(B) Avoidance	(C) Trust	(D) Role	(E) Consultation
Main finding 5.4	<p>The majority of participants have been influenced by their respective reference groups to make use of a social commerce platform, whether it was to search for product information, read product reviews or to purchase a product. In addition, most of the participants have stated that their referents have convinced them to purchase a product or service from a social commerce platform.</p> <p>The majority of participants have been convinced or advised by referents not to use a specific social commerce platform or to buy a specific product on a social commerce platform. The key factor spurring the influence is when the referent shares a scenario of having a bad experience on the social commerce platform.</p> <p>The majority of participants trust their friends and family the most when having to decide on which social commerce platform to use and whether to buy a product or service on a social commerce platform. Many of the participants also mentioned that they would use influencers and product experts as their point of reference in this regard.</p> <p>The majority of participants do not observe the buying behaviour of referents prior to using a social commerce platform or buying a product or a service on a social commerce platform. Most of the participants have indicated that they do not purchase the same or similar products than their reference groups in order to be more like them or to mimic their particular style. The majority of participants do not seek approval from their referents when making a purchase decision on social commerce platforms. Most of the participants agree that they do not engage on a social commerce platform or buy a specific product or service on a social commerce platform in order to identify with the reference groups or referent that has influenced them to use the platform or to buy the specific product.</p> <p>The majority of participants indicated that they do indeed consult their referents in order to obtain more information on a social commerce platform or product or service that they do not have prior experience with. Most of the participants consult their referents when seeking advice when deciding between product alternatives.</p>				

5.3 CONCLUSION

This chapter presented the empirical results obtained for the purpose of this study. The chapter commenced by providing an overview of the questions that were asked during the focus group sessions. This chapter commenced with an explanation of how the questions asked during the focus group sessions link to the secondary objectives of the study, the literature chapter that the question refers to as well as the themes and categories that were identified. The chapter further provided a thematic and categorical framework, which was subsequently used in order to report the empirical results pertaining to each respective category and theme identified. The chapter concluded by providing a summary of the main findings relevant to each theme.

Chapter 6 presents the conclusions, recommendations, and limitations of the study and provides guidelines for future research.

CHAPTER 6

CONCLUSIONS, RECOMMENDATIONS, AND LIMITATIONS

6.1 INTRODUCTION

This chapter addresses the research objectives that were formulated as part of this study. It commences with the provision of a brief overview of the study where after conclusions and recommendations are discussed for each of the objectives of the study. The chapter concludes with the limitations of the study along with advice for future research.

6.2 OVERVIEW

In order to provide context for the recommendations and conclusions relating to each objective discussed in section 6.3, this section provides a summary of the study objectives, the concepts addressed in the literature (Chapters 2 and 3), and the research methodology (Chapter 4).

The primary objective of the study was to investigate the influence of reference groups on Generation Y's buying behaviour on social commerce platforms. The reason for pursuing this objective is mentioned as part of the problem statement (see section 1.3). It is important to identify the reference groups that exert influence on consumer buying behaviour and to determine the level of influence exerted by such groups. This will enable marketers to devise improved marketing strategies, aid in effective branding differentiation, assist with resource allocation, and ultimately improve sales and profitability. The popularity of social commerce is on the rise due to the increased usage of social media. The Generation Y cohort is well known for its tech-savviness and its usage of social media platforms. Social commerce is a form of e-commerce where reference groups play an important role due to the social aspect of social media. As a result, an opportunity exists for firms to gain a better understanding of the influence that reference groups exert on the social commerce buying behaviour of Generation Y.

A literature study was conducted on the key concepts of the research, which was presented in Chapters 2 and 3. Chapter 2 was aimed at understanding the nature of consumer behaviour, and a detailed description of the consumer decision-making process was provided. It was further demonstrated that reference groups have a significant impact on the consumer decision-making process, as reference groups are one of the prominent socio-cultural factors affecting consumer behaviour. Reference groups were discussed in detail, including what they entail and how they influence consumer behaviour. Market segmentation was discussed as a vital tool for marketers, as it enables marketers to target the correct consumers with applicable products and services.

There are various bases that marketers can use in order to segment the market such as demographic segmentation, geographic segmentation, psychographic segmentation, and behavioural segmentation. Markets are commonly segmented by means of demographic characteristics such as age, income, and generational cohorts, and the Generation Y cohort was shown to be the largest generational cohort at the time of conducting this study, making them an attractive segment for marketers to target. The chapter provided insight into the behaviour of this generation and it became clear that this generation is characterised by their tech-savviness and their frequent usage of social media. Detail was provided with reference to social commerce, which is a new type of commerce where products and services are sold via social media sites. The chapter provided insight into what this type of commerce entails, as well as the behaviour of the Generation Y on social commerce platforms. Chapter 3 provided further insight in relation to the social commerce concept, the development thereof, what it entails, and how it is changing the traditional business and e-commerce environment. It discussed how this type of commerce came about, with a specific focus on how the internet gave rise to e-commerce, online transactions, social media, and ultimately social commerce. The chapter further provided methods for organisations to deploy in order to make effective use of social commerce strategies. The key concepts of each literature chapter are presented in Table 6-1.

Table 6-1: Concepts of each literature chapter

	Key aspects	Reference
Chapter 2: Consumer behaviour	The term 'consumer behaviour' was defined by using various definitions provided in the literature.	Section 2.2; Table 2-1
	The entire consumer decision-making process was discussed whereas a detailed discussion was provided for each of the stages of the process.	Section 2.3; Figure 2-1; Figure 2-2; Figure 2-3
	The factors affecting consumer behaviour were discussed including socio-cultural factors (family, social class, culture, and reference groups) as well as psychological factors (motivation, attitude, perception, learning, and personality).	Section 2.4; Figure 2-4; Figure 2-5; Figure 2-6; Figure 2-7; Figure 2-8; Table 2-2
	Reference groups were discussed in terms of the following aspects: the definition of reference groups, reference groups as target markets, the formality of reference groups, marketing implications of reference groups, the types of reference groups, the influence of reference groups on consumer behaviour, the effect of reference groups on Generation Y and the relationship between reference groups and social commerce.	Section 2.5; Table 2-3; Table 2-4
	Market segmentation was defined and discussed. In addition, the various bases of segmentation were discussed, including geographic, demographic, psychographic, and behavioural segmentation.	Section 2.6; Table 2-5
	Generational cohorts were defined and a detailed discussion of the characteristics of Generation Y was provided. The correlation between Generation Y and the internet as well as social media was discussed.	Section 2.7; Figure 2-9; Figure 2-10; Figure 2-11; Table 2-6; Table 2-7

Table 6-1: Concepts of each literature chapter (continues)

	Key aspects	Reference
Chapter 3: Social commerce	A definition of the term “social commerce” was devised by using various definitions obtained from the literature.	Section 3.2; Table 3-1
	The development of social commerce was discussed specifically referring to the internet, the influence of the internet on business models, e-commerce, and social media.	Section 3.3; Figure 3-1; Figure 3-2; Figure 3-3; Figure 3-4; Table 3-2
	The various social commerce platforms were discussed which included Facebook, Instagram, Twitter, Snapchat, and Pinterest.	Section 3.4; Table 3-3
	The difference between social media marketing and social commerce was delineated.	Section 3.5; Figure 3-5
	The opportunities presented by social commerce to the commercial environment were discussed.	Section 3.6
	The social commerce sector was discussed, specifically referring to its market size and growth.	Section 3.7; Figure 3-6; Table 3-4
	An explanation was provided in terms of how organisations can effectively implement social commerce as part of their business and marketing strategies.	Section 3.8

Secondary research was conducted by means of a literature review in order to address the primary objective, and primary research was conducted by means of collecting data for the empirical part of this study. A qualitative research design was selected. The data was collected by conducting three focus group sessions comprising of twenty-six participants in total. A non-probability judgement sampling method was used to recruit the participants (see section 4.2.4.3). The data collected was analysed using the Mores and Field approach. The ATLAS.ti qualitative data software was used for coding, categorising and thematic analysis of the data as well as the results of which are presented in Chapter 5. Conclusions and recommendations pertaining to each objective of the study are presented below.

6.3 ADDRESSING THE RESEARCH OBJECTIVES

This section provides answers to the research objectives formulated for the purpose of this study. Firstly, the secondary objectives are addressed in order to answer the primary research objective. An indication of how the study’s research objectives are linked to the literature review and empirical study is provided in

Table 6-2.

Table 6-2: Summary of the linkages between the research objectives, literature review, and empirical study

Research objectives	Literature review	Empirical study
Primary objective		
To investigate the influence of reference groups on Generation Y's social commerce buying behaviour.	Chapters 2 & 3	Focus group questions: B1-9; C1-15
Secondary objectives		
1) Provide an overview of the literature related to this study, namely consumer behaviour, reference groups, segmentation, and social commerce.	Chapters 2 & 3	
2) Identify the preferred retail format of Generation Y.	Chapter 2	Focus group questions: B1-4
3) Determine the preferred social commerce platforms of Generation Y.	Chapter 2	Focus group questions: B5
4) Identify the product categories mostly purchased by Generation Y on social commerce platforms.	Chapter 2	Focus group questions: B9
5) Identify the activities engaged in on social commerce platforms by Generation Y.	Chapters 2 & 3	Focus group questions: B6-8
6) Identify the reference groups of Generation Y.	Chapter 2	Focus group questions: C1-4; C7
7) Determine the influence of reference groups on the approach and avoidance behaviour of Generation Y with regards to social commerce platforms.	Chapters 2 & 3	Focus group questions: C5-6
8) Determine the influence of reference groups on the believability of product information, reviews and advertisements on social commerce platforms by Generation Y.	Chapters 2 & 3	Focus group questions: C8-15
9) Determine the influence of reference groups on the purchase decisions of Generation Y on social commerce platforms.	Chapter 2	Focus group questions: C8-15

Conclusions were drawn and recommendations made pertaining to each secondary objective based on the empirical research results presented in Chapter 5 as well as the literature review presented in Chapters 2 and 3. The following section provides conclusions and recommendations pertaining to each of the research objectives of the study.

6.3.1 Conclusions and recommendations

6.3.1.1 Secondary objective 1

Secondary objective 1 was to provide an overview of the literature related to this study, namely consumer behaviour, reference groups, segmentation, and social commerce. Table 6-3 presents the literature findings, conclusions, and recommendations pertaining to this objective.

Table 6-3: Conclusions and recommendations: Secondary objective 1

Literature findings: Secondary objective 1
<p>According to Ramya and Ali (2016:76), consumer buying behaviour can be described as the selection, purchase, use, and disposal of products and services to satisfy the needs and wants of consumers. Terblanche (2016:57) asserts that consumer buying behaviour includes the decision-making process applied by consumers when purchasing a product or service. By gaining a deeper understanding of the behaviour consumers display when searching for, purchasing and disposing of goods and services, and by identifying and analysing the various factors that influence their purchase decisions, marketers will be able to customise their product offering to the specific needs of their targeted consumers. It could also shape organisational directives and inform decision-making (Stephens, 2017:3-6). When making purchase decisions consumers go through the following five stages (Stankevich, 2017:12): problem recognition, information search, evaluation of alternatives, purchase decision, and post-purchase evaluation. In addition, it was found that the consumer decision-making process is influenced by various psychological and socio-cultural factors (Schiffman & Wisenblit, 2019:375). Psychological factors include attitude, learning, motivation, personality, and preferences, whereas socio-cultural factors include family, social class, culture, and reference groups.</p>
<p>Schiffman and Wisenblit (2019:243) explain that reference groups are those groups with which consumers compare themselves and who exert influence on the norms, values and behaviours of others, and individuals or groups of individuals that a consumer considers when making decisions. Consumers value the opinions of these referents that include, inter alia, a family member, a friend, or a celebrity. These referents influence the consumer's behaviour, values, conduct and decisions (Joubert, 2013:26). Reference groups are one of the most prominent social factors affecting consumer behaviour. Consumers base their actions, activities, opinions, and decision-making on the influence exerted on them by other individuals, organisations, or groups (Lawan & Zanna, 2013:158). Consumers look towards reference groups for guidance and behavioural cues in given situations (Sankar, 2016:101).</p>
<p>According to Gajjar (2013:3), there are two types of reference groups, namely primary and secondary reference groups. Primary reference groups refer to individuals who interact on a daily basis, for example family, friends or work colleagues. Secondary reference groups refer to those individuals with whom a consumer have an indirect relationship, for example members of a political party or religious affiliation or clubs.</p>
<p>The division of a market into identifiable segments marks the starting point for the process of market segmentation, after which an organisation must devise strategic goals, objectives, and strategies in order to effectively reach and communicate with the targeted segments (West <i>et al.</i>, 2015:152). Schiffman and Wisenblit (2019:58-66) affirm that the primary bases for segmenting a market include demographic variables, psychographic variables, geographic variables, product benefits, product usage, and media exposure. Market segmentation enables the marketer to target the right person with appropriate products and services. Demographic segmentation tends to include variables such as generational cohorts that will allow marketers to focus on a specific generation such as Generation Y. Demographic variables include occupation, religion, ethnicity, family size, generational cohorts, and social status (West <i>et al.</i>, 2015:154).</p>

Table 6-3: Conclusions and recommendations: Secondary objective 1 (continues)**Literature findings: Secondary objective 1**

The rise of the internet and e-commerce as well as the popularity of social media platforms have paved the way for a new type of commerce, namely social commerce. Social commerce entails the selling of goods or services through social media platforms (Shirazi *et al.*, 2020:790). It involves the use of internet-based social media that enable consumers to participate in the selling, comparing, marketing, curating, or buying of products in offline or online marketplaces (Zhou *et al.*, 2013:61). According to Wang and Zhang (2012:106), social commerce presents merchandising opportunities that combine social networking and retail activities via social media sites. Social commerce has shaped emerging commercial channels on the internet and many e-commerce traders are taking advantage of social media technologies to expand their offerings, as social media has become easily accessible and consumers use it as a source of information about various brands, products, and organisations (Zhou *et al.*, 2013:61).

As a generation known for being 'digital natives', Generation Y are significant users of social media and social commerce as they have been quick to adopt and use social commerce (Barnes & Correia, 2016:1). Herosmyth (2017) mentions that 83% of the generation makes use of Facebook, Instagram, Twitter, and Pinterest, 41% of them check their Facebook feeds every day, and five out of six connect with companies via social media. Facebook, Twitter, Instagram, and Pinterest are social media sites that enable consumers to participate in social commerce (Hussain *et al.*, 2012:2). Therefore, Generation Y, being so keen on engaging with brands via social media, are likely to participate in social commerce on a regular basis. This generation was raised with the social web, so they are digital-centric and technology is the identity that distinguishes them from other generations, as they are more connected to electronics and the digital world (Singh & Dangmei, 2016:2). It follows that they are more inclined to use social commerce. They are the driving force of social commerce development, as their use of this type of commerce will continue to grow alongside reliance on social media sites to provide them with product information.

6.3.1.2 Secondary objective 2

Secondary objective 2 aimed to identify the preferred retail format of Generation Y. Table 6-4 presents the literature findings, conclusions, and recommendations pertaining to this objective.

Table 6-4: Conclusions and recommendations: Secondary objective 2**Literature findings: Secondary objective 2**

According to the literature, Generation Y is more likely to make use of e-commerce when compared to other generations (see section 2.7.4). Generation Y is essential for the development of the e-commerce industry, having grown up with socialising and shopping online (Moreno, 2017:138). Being the 'digital native' generation, it has been shown that Generation Y tends to participate in e-commerce activities more than prior generations. According to Sabanoglu (2020a), the percentage of generational cohorts that shop via e-commerce include the following (see Figure 2-10):

- Generation Y: 86.2%
- Generation X: 79.2%
- Baby Boomers: 62.1%

Moreno *et al.* (2017:141) mention that a large percentage of their purchases tend to be online, as a result of which retailers are forced to find new ways to create links with them, to observe them and offer products that are attractive to them. Generation Y is highly digital in various aspects of life and its members tend to incorporate the digital into their purchase behaviour (eMarketer, 2020). According to PWC (2021:12), Generation Y and Generation Z consumers are more likely to shop online using their mobile phones than their older counterparts, and the trend is predicted to continue and possibly increase.

Table 6-4: Conclusions and recommendations: Secondary objective 2 (continues)

Literature findings: Secondary objective 2
Data pertaining to Generation Y's preferred retail format was obtained by conducting three focus group sessions. Secondary objective 2 was addressed in main finding 5.1. Conclusions as well as recommendations pertaining to Generation Y's preferred retail format is provided below.
Conclusions: Secondary objective 2
Conclusion 2.1: The participants agreed that they prefer online shopping instead of physical brick-and-mortar shopping. This is mostly due to its convenience as well as the risk of contracting COVID-19.
Conclusion 2.2: Participants agreed that convenience is the reason for shopping online. They are able to browse through options easily without having to walk to different stores.
Conclusion 2.3: The participants agreed that the format largely depends on the type of product they need to purchase.
Conclusion 2.4: Participants tend to purchase tech products, electronics, clothing, and cosmetics online, whereas they would rather purchase items such as groceries in physical stores.
Recommendations: Secondary objective 2
Recommendation 2.1: As Generation Y prefers shopping online, it is recommended that companies ensure that they provide these consumers with this feature. Companies need to ensure that they have a site where products can be bought online. These sites need to be functional, practical, and easy to use.
Recommendation 2.2: Companies selling tech products, electronics, clothing, and cosmetics need to ensure that they have an online presence as well as a functional site where consumers can purchase their products online.

6.3.1.3 Secondary objective 3

Secondary objective 3 aimed to determine the preferred social commerce platforms of Generation Y. Table 6-5 presents the literature findings, conclusions, and recommendations pertaining to this objective.

Table 6-5: Conclusions and recommendations: Secondary objective 3

Literature findings: Secondary objective 3
According to the literature findings, the members of Generation Y tend to spend a lot of time on social media and they are inclined to engage with brands via social commerce (see section 2.7.2). As a generation known for being 'digital natives', the members of Generation Y are significant users of social media and social commerce, as they have been quick to adopt and use social commerce (Barnes & Correia, 2016:1). Herosmyth (2017) mentions that 83% of the generation makes use of Facebook, Instagram, Twitter, and Pinterest, 41% of them check their Facebook feeds every day, and five out of six Generation Y members connect with companies via social media.
According to the literature findings, it seems as if Instagram, Twitter, Facebook, and Pinterest are the preferred social commerce platforms of Generation Y, and the type of platform used is linked to the user's age category (see section 2.7.5). According to Barnes and Correia (2016:11), older Generation Y members (aged 29 to 35 years) are most likely to engage with businesses via Pinterest and Facebook, whereas those aged 19 to 25 years are likely to prefer engagement via Twitter and Instagram.

Table 6-5: Conclusions and recommendations: Secondary objective 3 (continues)

Literature findings: Secondary objective 3
<p>According to the literature findings, most Generation Y members prefer to purchase products via Facebook (see section 2.7.4). According to Clement (2019), Generation Y's preferences in terms social commerce platforms includes the following (see Figure 2-11):</p> <ul style="list-style-type: none"> • 78% of Generation Y prefer Facebook • 59% of Generation Y prefer Pinterest • 59% of Generation Y prefer Instagram • 34% of Generation Y prefer Twitter • 22% of Generation Y prefer Snapchat <p>Data pertaining to Generation Y's preferred social commerce platforms was obtained by conducting three focus group sessions. Objective 3 was addressed in main finding 5.2. Conclusions and recommendations pertaining to Generation Y's preferred social commerce platforms are provided below.</p>
Conclusions: Secondary objective 3
<p>Conclusion 3.1: The participants agreed that they spend a lot of time on social media. They spend more than 5 hours a day on their phones most of which time is spent on social media. Participants agreed that social media enables them to keep in touch with their friends and they are therefore able to see what is happening in their friends' lives.</p> <p>Conclusion 3.2: The majority of the participants agreed that they preferred to shop for products via Instagram, as they enjoy supporting local South African businesses selling their products via Instagram.</p> <p>Conclusion 3.3: The participants agreed that Instagram is their social media site of choice whether or not they were using it to purchase a product. Most of their time spent on social media was spent on Instagram. They found the site to be more aesthetically pleasing and more convenient than other sites.</p>
Recommendations: Secondary objective 3
<p>Recommendation 3.1: As the members of Generation Y spend a lot of time browsing through social media sites on their phones, it is recommended that businesses ensure that they have a social media presence. They need to ensure that they have a social media page on various social media sites. These pages need to provide adequate information of their product and service offerings. Businesses need to ensure that they stay active on these pages by means of posting on a regular basis.</p> <p>Recommendation 3.2: According to the findings, Generation Y members prefer to purchase products via Instagram and Facebook. Companies need to ensure that they have Instagram and Facebook pages. They need to ensure that consumers will be able to purchase their products directly from those pages in a quick and convenient manner.</p> <p>Recommendation 3.3: Companies need to ensure that they have an informative and attractive Instagram and Facebook page. These pages need to provide consumers with adequate information regarding the company's offerings and discounts.</p>

6.3.1.4 Secondary objective 4

Secondary objective 4 was to identify the product categories mostly purchased by Generation Y on social commerce platforms. Table 6-6 presents the literature findings, conclusions, and recommendations pertaining to this objective.

Table 6-6: Conclusions and recommendations: Secondary objective 4

Literature findings: Secondary objective 4
<p>Based on the literature, apparel seems to be the product of choice using social commerce (see section 3.7.1). Apparel seems to be the most popular selling product type on social commerce platforms as the apparel segment holds the largest market share of 21.96% of the overall social commerce revenue. This makes the number of vendors selling apparel the largest in the market (Grand View Research, 2021).</p> <p>Data pertaining to the product types that Generation Y prefers to purchase was collected by means of three focus group sessions. Objective 4 was addressed in main finding 5.2. Conclusions as well as recommendations pertaining to the product type that Generation Y prefers to purchase via social commerce platforms is provided below.</p>
Conclusions: Secondary objective 4
<p>Conclusion 4.1: Participants agreed that they mostly purchase electronics and clothing via social media sites.</p>
Recommendations: Secondary objective 4
<p>Recommendation 4.1: It is recommended that companies selling electronics as well as clothing brands need to ensure that they have a functional and convenient social media page. This page needs to allow consumers to purchase these products easily via the page, as they are the types of products that Generation Y consumers prefer to purchase on social media sites.</p>

6.3.1.5 Secondary objective 5

Secondary objective 5 was to identify the activities engaged in on social commerce platforms by Generation Y consumers. Table 6-7 presents the literature findings, conclusions, and recommendations pertaining to this objective.

Table 6-7: Conclusions and recommendations: Secondary objective 5

Literature findings: Secondary objective 5
<p>Generation Y consumers use social media to stay updated with what their friends are doing, the latest trends, and to connect with brands via social media pages (see section 2.7.3.1). This generation is considered to be most active users of social media and their purchase decisions are also largely affected their friends' opinions in the virtual world and on social media, as this generation cares about being perceived as knowledgeable about the newest trends (Ordun, 2015:44). Generation Y is known for connectedness with their friends, families and acquaintances due to their ability to interact with them at anytime from anywhere through means of technology and social media (Smith, 2011:497).</p> <p>Generation Y consumers like to stay updated on offerings via social media sites (see section 2.7.3.1). Herosmyth (2017) notes that five out of six Generation Y members connect with companies via social media platforms and 63% stay updated on product offerings using social media. Herosmyth (2017) mentions further that 66% of Generation Y consumers follow a brand on social media to score a discount or coupon. They are a discount loving, price conscious generation, despite their tendencies to spend according to their life philosophy of 'living in the moment'. Nearly 80% of Generation Y consumers are influenced by price when shopping, especially in the form of a discount or a coupon.</p> <p>Data pertaining to the activities engaged in by Generation Y members on social commerce sites was collected by means of three focus group sessions. Objective 5 was addressed in main finding 5.2. Conclusions and recommendations pertaining to the activities engaged in by members of this generation on social commerce platforms are provided below.</p>

Table 6-7: Conclusions and recommendations: Secondary objective 5 (continues)

Conclusions: Secondary objective 5
<p>Conclusion 5.1: Activities that the participants tended to engage in on social commerce sites included searching for product information, reading reviews, and browsing evaluation alternative options.</p>
<p>Conclusion 5.2: The participants agreed that, although they tended to read reviews, they were less keen on writing reviews about a brand.</p>
Recommendations: Secondary objective 5
<p>Recommendation 5.1: As Generation Y tends to search for product information via social commerce sites, it is recommended that brands ensure that they provide adequate information about their offerings on their social media pages. Companies also need to ensure that consumers are able to write comments and reviews about the brand on their social media pages, as this generation enjoys reading reviews before purchasing products. Brands need to ensure that they have a competitive advantage in order to maximise the chances of this generation choosing their products over alternative substitutes. Brands can make use of discounts and lower prices to cater for this discount-loving, price sensitive segment.</p>
<p>Recommendation 5.2: As this generation enjoys reading reviews, brands need to ensure that consumers are able to write reviews on their social media pages. Brands can also engage with their consumers and encourage them to provide their opinions on their offerings, which could aid in motivating this generation to write reviews themselves.</p>

6.3.1.6 Secondary objective 6

Secondary objective 6 was to identify the reference groups of Generation Y. Table 6-8 presents the literature findings, conclusions, and recommendations pertaining to this objective.

Table 6-8: Conclusions and recommendations: Secondary objective 6

Literature findings: Secondary objective 6
<p>According to the literature findings, Millennial consumers prefer to use their friends as a reference when purchasing products and services (see section 2.5.6). Ordun (2015:47) mentions that it seems as if buying decisions of the Millennial generation are commonly affected by their friends' opinions, especially on social media and in the virtual world. Herosmyth (2017) mentions that 95% of the Millennial generation believe that their friends are the most credible source of brand and product information.</p>
<p>Generation Y consumers use their family members and experts as references when making purchase decisions. They would rather trust a recommendation from one of these reference groups than an actual advertisement (see section 2.5.6). It is believed that Generation Y consumers base their purchase decisions more on recommendations (by friends, families, strangers, and experts) than on advertisements. Generation Y consumers consider the views of their peers as a reliable source, so they frequently consult their peers to determine the merit of a product or brand (Moreno <i>et al.</i>, 2017:142).</p>
<p>Data pertaining to the Generation Y reference groups of choice was collected by means of three focus group sessions. Objective 6 was addressed in main finding 5.3. Conclusions and recommendations pertaining to Generation Y's reference groups of choice are provided below.</p>
Conclusions: Secondary objective 6
<p>Conclusion 6.1: Participants agreed that their family and friends are the reference groups that they use when making purchase decisions. The close relationship they have with these members provide them with a sense of trust, making them more likely to buy products recommended by these reference groups.</p>

Table 6-8: Conclusions and recommendations: Secondary objective 6 (continues)

Conclusions: Secondary objective 6
<p>Conclusion 6.2: Participants agreed that the referent of choice largely depended on what they needed to purchase as well as where they would be making their purchase. As they found that certain referents had more knowledge in terms of certain product types, they would use the referent that had the most knowledge of the product or services they needed to purchase.</p>
Recommendations: Secondary objective 6
<p>Recommendation 6.1: Companies can encourage consumers to recommend their offerings to friends and family by means of recommendation discounts. Brands can utilise social media sites in creative ways in order to build brand relationships with Generation Y consumers, such as strategies that lead previous consumers to post-product experiences and rewarding them with loyalty points, as opinions posted by these groups play an important role in influencing Generation Y consumers due their reliance on the opinions of friends and family members when making purchase decisions (Fedder <i>et al.</i>, 2018:10).</p>
<p>Recommendation 6.2: Companies can make use of influencers who are known for their knowledge of the product or service being sold. Companies can endorse these referents, as Generation Y will trust these influencers' opinions as they are seen as being knowledgeable in the field.</p>

6.3.1.7 Secondary objective 7

Secondary objective 7 was to determine the influence of reference groups on the approach and avoidance behaviour of Generation Y with regard to social commerce platforms. Table 6-9 presents the literature findings, conclusions, and recommendations pertaining to this objective.

Table 6-9: Conclusions and recommendations: Secondary objective 7

Literature finding: Secondary objective 7
<p>As Generation Y consumers trust their reference groups, they tend to approach and avoid the same brands or products based on their recommendations (see section 2.5.6). Many Generation Y consumers are interested in owning the same clothes, cars, and technological gadgets as their friends. They regard their friends as the most credible sources of product information. Generation Y consumers trust the ideas of their friends, especially on social media sites, and therefore often request their peers to determine the merit of a product or brand (Moreno <i>et al.</i>, 2017:142).</p>
<p>Generation Y consumers respect their referents' opinions in terms of products and services, especially when they do not themselves have much knowledge of a certain product or brand (see section 2.5.7). Using social networks, social media, Google, and asking people has become a habit when purchasing products or services. Thus, Generation Y consumers tend to first 'check with their friends' before making a final purchase decision (Lukina, 2016:62). Generation Y consumers' perceived value of the opinions of the people surrounding them become evident when their shopping habits are considered, especially when dealing with a product or service of which they have minimal knowledge, as they tend to ask the opinions of these reference groups (i.e., their friends and family) when they have to make these types purchase decisions (Cimperman <i>et al.</i>, 2018:5).</p>
<p>Data pertaining to whether reference groups have an influence on the avoidance and approach behaviour of Generation Y consumers on social commerce platforms was collected by means of conducting three focus group sessions. Secondary objective 7 was addressed with main finding 5.4. Conclusions and recommendations pertaining to whether reference groups exert an influence on the approach and/or avoidance behaviours of Generation Y consumers on social commerce platforms are provided below.</p>

Table 6-9: Conclusions and recommendations: Secondary objective 7 (continues)

Conclusions: Secondary objective 7
<p>Conclusion 7.1: Participants agreed that their reference groups have convinced them to take notice of a certain brand or product on a social commerce platform. They have also purchased various products due the influence of a referent.</p>
<p>Conclusion 7.2: Participants agreed that they have avoided various retailers due to the influence of a referent or particular reference group. Participants feel that they trust the judgement of their reference groups and are extremely likely to avoid a certain product, service, or brand based on the judgement of their referents.</p>
Recommendations: Secondary objective 7
<p>Recommendation 7.1: Companies need to ensure that they provide excellent service and they need to exceed the expectations of their consumers via their offerings. This will lead to positive word of mouth. The reference groups that influence the Generation Y consumers will most likely recommend the product or brand, which will maximise the chances of gaining loyal Generation Y consumers. Loyalty programmes and rewards for recommendations will also aid in this instance, as it will encourage referents to recommend a brand to others. Generation Y are also likely to promote products and brands to their friends and acquaintances if the offering is in conjunction with their values and if it exceeds their expectations (Smith, 2010:448).</p>
<p>Recommendation 7.2: Brands need to ensure quality in their product or service offerings. They need to ensure a pleasant experience for consumers when purchasing products via their social media pages. A dissatisfied consumer will spread the word, which will steer Generation Y consumers away from the brand or product.</p>

6.3.1.8 Secondary objective 8

Secondary objective 8 was to determine the influence on Generation Y of reference groups on the credibility of product information, reviews, and advertisements on social commerce platforms. Table 6-10 presents the literature findings, conclusions, and recommendations for this objective.

Table 6-10: Conclusions and recommendations: Secondary objective 8

Literature findings: Secondary objective 8
<p>Generation Y consumers trust the information provided by their reference groups more than advertisements from companies (see section 2.5.6). It is believed that Generation Y consumers base their purchase decisions more on recommendations, such as those by friends, families, strangers, and experts, than on actual advertising (Shrimpton & Clemence, 2017:114). This generation values the approval, opinions, and reassurance of their friends and others (Dalziel & De Klerk, 2021:112).</p>
<p>Generation Y consumers see their reference groups as trustworthy sources of information, as a result of which these groups automatically influence the credibility of product information, reviews and advertisements on social commerce platforms (see section 2.5.6). Ordun (2015:47) mentions that it seems as if the buying decisions of Generation Y are commonly affected by their friends' opinions especially on social media and in the virtual world. Herosmyth (2017) mentions that 95% of Generation Y consumers believe that their friends are the most credible source of brand and product information.</p>
<p>Data pertaining to whether reference groups influence the credibility of product information, reviews, and advertisements on social commerce platforms for Generation Y, was collected by means of conducting three focus groups. Secondary objective 8 was addressed in main finding 5.4. Conclusions and recommendations pertaining to whether reference groups influence the credibility of product information, reviews, and advertisements on social commerce platforms for Generation Y, are provided below.</p>

Table 6-10: Conclusions and recommendations: Secondary objective 8 (continues)

Conclusions: Secondary objective 8
<p>Conclusion 8.1: Participants agreed that they trusted their family and friends due to their close relationship with these members. These members would have an influence on the credibility of product information, reviews, and advertisements. As reviews left by these members would affect the perception of the Generation Y consumer towards a certain brand, products and brands supported by these reference groups would automatically be more credible as their referents would have recommended this brand or product.</p>
<p>Conclusion 8.2: Participants agreed that they tended to trust experts in the field as well as influencers who were knowledgeable of the product or services being sold. These referents would influence the credibility of product information, reviews, and advertisements on social commerce platforms.</p>
Recommendations: Secondary objective 8
<p>Recommendation 8.1: Companies need to ensure that they are transparent on their social media pages. Transparency will maximise the credibility of their advertisements. Companies need to keep their promises in relation to product information and advertisements. They need to exceed expectations, as this will lead to positive reviews and positive word of mouth referrals.</p>
<p>Recommendation 8.2: Endorsing experts and knowledgeable influencers, especially within the particular product category, will increase the credibility of product information and advertisements.</p>

6.3.1.9 Secondary objective 9

Secondary objective 9 was to determine the influence of reference groups on the purchase decisions of Generation Y consumers on social commerce platforms. Table 6-11 presents the literature findings, conclusions, and recommendations pertaining to this objective.

Table 6-11: Conclusions and recommendations: Secondary objective 9

Literature findings: Secondary objective 9
<p>Reference groups have a profound impact on the consumer behaviour of Generation Y consumers, whether it be on social commerce platforms, on e-commerce sites or in brick-and-mortar stores (see section 2.5.6). Reference groups, friends, and colleagues influence the purchase behaviour of Generation Y consumers, especially when purchasing fashion items (Pereira, 2017:15).</p>
<p>Generation Y consumers value the opinions of their reference groups when making purchase decisions (see section 2.5.6). Using social networks, social media, Google and asking people has become a habit when purchasing, thus Generation Y consumers tend to first 'check with their friends' before making a final purchase decision (Lukina, 2016:62). Generation Y consumers' perceived value of the opinions of the people surrounding them becomes evident when their shopping habits are considered, especially when dealing with a product or service of which they lack knowledge, as they tend to ask their friends and family when they have to make these types of purchase decisions (Cimperman <i>et al.</i>, 2018:5).</p>
<p>This generation also seems to trust the opinions of the reference groups in the virtual world (see section 2.7.3). Ordun (2015:47) mentions that it seems as if the buying decisions of Generation Y are commonly affected by their friends' opinions, especially on social media and in the virtual world. This generation is considered to be active users of social media and their purchase decisions are also largely affected by their friends' opinions in the virtual world and on social media, as this generation cares about being perceived as knowledgeable about the newest trends (Ordun, 2015:44).</p>

Table 6-11: Conclusions and recommendations: Secondary objective 9 (continues)**Literature findings: Secondary objective 9**

Data pertaining to whether reference groups influence Generation Y consumers' purchase behaviour on social commerce platforms was obtained by means of conducting three focus group sessions. Secondary objective 9 was addressed in main finding 5.4. Conclusions and recommendations pertaining to the influence of reference groups on the purchase behaviour of Generation Y on social commerce platforms are provided below.

Conclusions: Secondary objective 9

Conclusion 9.1: The participants agreed that they did not necessarily ask their referents for approval before making purchase decisions nor did they consciously observe the purchase behaviour of these groups. This was due to their need for feeling like independent individuals. Their purchase decisions were solely based on their own opinions and perceptions.

Conclusion 9.2: Participants agreed that they did not identify with a reference group when purchasing the same items, nor did they want to identify with anyone when making purchase decisions. They saw themselves as independent individuals. The products and services that they purchased were purchased in order to fulfil their own individual needs and wants.

Conclusion 9.3: The participants preferred to gather information themselves via social commerce sites and via Google instead consulting their reference groups. They did, however, consult their reference groups when having to choose between various options.

Recommendations: Secondary objective 9

Recommendation 9.1: Reference groups affect the consumer behaviour of Generation Y consumers to an extent. Thus, businesses can benefit from using creative methods to incorporate reference groups in their marketing strategies. They can make use of creative programmes and activities that encourage consumers to recommend their offerings to their respective reference groups.

Recommendation 9.2: Businesses need to exceed the expectations of their consumers in terms of quality and service, as this will lead to consumers recommending their products to peers. In an instance where the consumer has to choose between alternatives, they will be more inclined to support a business that they are satisfied with. The key is to maintain long-term relationships with loyal consumers as these are the consumers that will spread a positive word of mouth message and support the business despite its competition.

6.4 LINKING ALL ASPECTS OF THE STUDY: RESEARCH OBJECTIVES, QUESTIONS IN THE FOCUS GROUP SESSIONS, MAIN FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

Table 6-12 provides a summary of the links between all aspects of the study, including the secondary research objectives, the questions asked in the focus group sessions, the main findings, conclusions, and recommendations.

Table 6-12: Links between secondary objectives, questions, main findings, conclusions, and recommendations

Questions	Main finding	Conclusions	Recommendations
Secondary objective 1: Provide an overview of the literature related to this study, namely consumer behaviour, reference groups, segmentation, and social commerce.			
Chapters 2 and 3			
Secondary objective 2: Identify the preferred retail format of Generation Y.			
Section B: Questions 1 – 4	5.1	2.1 – 2.2	2.1 – 2.2
Secondary objective 3: Determine the preferred social commerce platforms of Generation Y.			
Section B: Question 5	5.2	3.1 – 3.3	3.1 – 3.3
Secondary objective 4: Identify the product categories mostly purchased by Generation Y on social commerce platforms.			
Section B: Question 9	5.2	4.1	4.1
Secondary objective 5: Identify the activities engaged in on social commerce platforms by Generation Y.			
Section B: Questions 6 – 8	5.2	5.1 – 5.2	5.1 – 5.2
Secondary objective 6: Identify the reference groups of Generation Y.			
Section C: Questions 1 – 4 & 7	5.3	6.1 – 6.2	6.1 – 6.2
Secondary objective 7: Determine the influence of reference groups on the approach and avoidance behaviour of Generation Y with regard to social commerce platforms.			
Section C: Questions 5 – 6	5.4	7.1 – 7.2	7.1 – 7.1
Secondary objective 8: Determine the influence of reference groups on the credibility of product information, reviews, and advertisements on social commerce platforms in relation to Generation Y consumers.			
Section C: Questions 8 – 15	5.4	8.1 – 8.2	8.1 – 8.2
Secondary objective 9: Determine the influence of reference groups on the purchase decisions of Generation Y on social commerce platforms.			
Section C: Questions 8 – 15	5.4	9.1 – 9.3	9.1 – 9.2

6.5 LIMITATIONS OF THE STUDY

Although the study was planned cautiously and successfully conducted, a number of limitations were identified. This section highlights the limitations of the literature review and the empirical research.

The following limitations concerning the literature review were identified:

- Limited research was available on social commerce, especially concerning the social commerce consumer behaviour of South Africans. As a result, international literature was used pertaining to consumer behaviour on social commerce platforms in an international context.
- The initial goal of the study was to use Generation Z as a target segment on which to base the research, as this generation seemed to be more active on social media than any other. Due to the various conflicting definitions of Generation Z, however, this segment could not be studied as various studies showed that Generation Z fell under the age of sixteen years. This would have made the majority of this segment under-aged, which would have presented insuperable obstacles to the study.

The following limitations were identified in relation to the empirical study:

- Due to the COVID-19 pandemic, focus groups had to be held via Teams and Zoom, which made it difficult to properly read participants' body language during the sessions.
- Participants were mainly from Potchefstroom, which could inhibit the ability to extrapolate the findings to the greater population.
- Only three focus groups were conducted, with a total of 26 participants, instead of the planned 30 (10 participants per focus group). This could likewise inhibit the ability to extrapolate the findings to the greater population.

6.6 RECOMMENDATIONS FOR FUTURE RESEARCH

The following recommendations are made for the future:

- The use of a probability sampling method might have rendered the research representative of the entire population and not only the participants included in this study, and this could be undertaken in the future.

- In order to obtain an accurate representation of the target population, a larger sample size could in future be used.
- Focusing on more than one generational cohort in the future would provide companies with additional insight into the behaviour of consumers on social commerce platforms.
- Future research could utilise a wider geographical area as most of the participants in this study were based in Potchefstroom. Other areas such as Cape Town, Johannesburg, and Pretoria could provide greater understanding and allow the researcher to generalise with more confidence.

6.7 CONCLUSION

This chapter provided an overview as well as the research objectives of an empirical and literature study. It provided conclusions and recommendations for each of the secondary objectives of the study. The results indicate that reference groups have an immense impact on the purchase behaviour of Generation Y on social commerce sites, thereby addressing the primary objective of the study. The chapter concluded with limitations of the study and contains recommendations for future research.

The results, the theoretical chapters, the conclusions, and the recommendations of the study have made an academic as well as a practical contribution towards retail industry knowledge in the field of the buying behaviour of consumers on social commerce platforms. It has also provided insight into the influence of reference groups on consumer behaviour. As the concept of social commerce is not yet well understood or used in South Africa, the theoretical chapters provide a clear understanding of how these markets are on the rise, how consumers are adapting to a digital world, and how reference groups influence purchase behaviour on these platforms, especially the Millennial generation – currently the largest generation known for their tech-savviness. An understanding of the abovementioned insights can be used by retailers and marketers to improve and enhance their marketing strategies.

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APPENDIX A

MODERATOR'S GUIDE

SECTION A: INTRODUCTION

Thank participants for their time and provide a short description of the topic under study: the main aim of this study is to investigate the influence of reference groups on the buying behaviour of Generation Y on social commerce platforms. In order to achieve this objective, I need to explore various related topics with regards to reference groups and social commerce platforms. We are firstly going to look at your preferred retail format when shopping and the reasons why. We will then continue to discuss your usage of social commerce platforms. I will then ask you a bit more about your reference groups and how they influence you on social commerce platforms.

SQ1: I would hereby just like to confirm that you are between the ages of 18 and 35.

SQ2: Please confirm that you have purchased a product on a social commerce platform in the past six months.

SQ3: Please confirm that you are a South African citizen.

SECTION B: USAGE OF SOCIAL COMMERCE

1. Where do you prefer to do your shopping, *online* or at a *brick-and-mortar* (physical) shop?
2. Does your decision on where to shop depend on what it is you need to buy?
3. Do you spend a lot of time on social media platforms?
4. In terms of shopping online, do you prefer to shop at larger online retailers (like Takealot and Amazon), auction sites (like Bid or Buy and eBay), classifieds (like JunkMail and Gumtree), or social commerce platforms (like Facebook Marketplace and Instagram)?
5. With regards to social commerce platforms, what is your preferred social commerce platform?
6. Why do you visit social commerce platforms?

7. When visiting a social commerce platform, what activities do you engage in? (i.e. search for information or reviews on products or brands, provide comments or reviews on products or brands, engage in discussions with peers regarding products or brands, etc.)
8. Do you mostly use social commerce platform to search for product information or browse for various product alternative, or to purchase products and service?
9. What type of products or services would you mostly buy on social commerce platforms?

SECTION C: INFLUENCE OF REFERENCE GROUPS

This section of the focus group concerns your reference groups and the influence they exert on your buying behaviour and decisions when engaging on social commerce platforms. A reference group or referent can be described as an individual or group of individuals whom you look to for advice, inspiration, and recommendations when buying certain brands, products, or services.

1. Who do you consider to be your reference groups or referents when shopping for products and services (i.e. family, friends, celebrities)?
2. Why have you selected these referents?
3. Does the choice of referent depend on the product or service you want to buy?
4. Does the choice of referent depend where you buy a product or service?
5. Have your reference groups or referents ever convinced you or lured you to engage on a social commerce platform?
6. Have your reference groups or referents ever convinced you not to engage on social commerce platforms, or to buy products and service on social commerce platforms? How so?
7. When shopping on social commerce platforms, which referents' recommendations or product information will you mostly believe and trust? (i.e. family and friends or celebrities and influencers). Why?
8. Have your reference groups or referents ever convinced you to buy a product or service on social commerce platforms?
9. Do you seek approval from your reference groups on social commerce platforms when buying a product, brand, or service?

10. Have you ever purchased a product or service on a social commerce platform in order to be more like the person who uses or recommends the product, brand, or service?
11. Do you feel like you identify more with your reference groups or referents on social commerce platforms when buying the same products, brands, or services that they use?
12. Do you first observe the buying behaviour and decisions of products, brands, and services purchased by your reference groups on social commerce platforms before deciding to buy the same?
13. When you have little experience with a brand or product, or if you are unsure how to use a product or service, do you ask your referents on social commerce platforms?
14. Do you ever consult your referents on social commerce platforms to help you choose the best alternative from a range of products?
15. Do you often gather information from your referents on social commerce platforms about a product, brand, or service before buying it?

SECTION D: CLOSURE

The participant will be thanked for his/her time and will be asked whether they would like to add any concluding remarks to the conversation.

APPENDIX B

FOCUS GROUP TRANSCRIPTS

Please refer to the CD-ROM included at the back of this dissertation.

APPENDIX C

LETTER OF INVITATION



NORTH-WEST UNIVERSITY
YUNIBESITHI YA BOKONE-BOPHIRIMA
NOORDWES-UNIVERSITEIT

Private Bag X6001, Potchefstroom
South Africa 2520

Tel: 018 299-1111/2222

Web: <http://www.nwu.ac.za>

1 August 2021

Dear (NAME OF PARTICIPANT)

REQUEST FOR PARTICIPATION IN A RESEARCH STUDY BASED ON THE INFLUENCE OF REFERENCE GROUPS ON THE BUYING BEHAVIOUR OF GENERATION Y ON SOCIAL COMMERCE PLATFORMS

I am currently conducting a research study in Marketing Management at the North-West University, with specific focus on *the influence of reference groups on the buying behaviour of Generation Y on social commerce platforms*. This is a friendly request to you for participation in my study by attending a focus group session that will not take more than 60 minutes of your time.

Research objective:

To determine the influence of reference groups on the buying decision of Generation Y when engaging on social commerce platforms. In essence, the information accumulated will be used to devise and implement effective marketing strategies when targeting Generation Y consumers on social commerce platforms. In addition, the insight gained from this study will assist marketers and organisations in optimal resource allocation, devising optimal product and brand differentiation strategies, and ultimately to increase sales turnover and profitability levels.

Sample and methodology:

The researcher aims to conduct focus groups with Generation Y consumers, aged 18 to 35, who have purchased a product on a social commerce platform in the past six months. The focus group session comprising ten participants will take approximately 60 minutes of your

time. Questions will be asked pertaining to your usage of and activities on social commerce platforms, as well as the reference groups you consider or consult when making purchases. The focus group session will be audio recorded in order to aid further analysis.

Confidentiality and anonymity:

Participants will be asked to sign a confidentiality agreement prior to the commencement of the focus group session. All research participants are welcome to request results upon completion of this study.

Participation:

The focus group session will commence on the ___ of ___ at _____. The focus group session will take place via Zoom in order to minimise the risk of contracting the COVID-19 virus. The link to the Zoom meeting will be provided to you upon confirming your willingness and availability to partake in the focus group session.

Kindly confirm whether you are willing to participate in the study by attending the focus group session, no later than five working days from receipt of this invitation. Failing to confirm or decline participation in writing within this timeframe will automatically exclude you from the study. Upon confirmation of participation in the study, a confidentiality agreement will be emailed to you which must be signed and returned prior to the date of the focus group session.

I thank you in advance for time and effort awarded me in completing this research study. Your input will be greatly appreciated.

Please feel free to contact me directly with any queries.

Yours faithfully,

Ms A Kotze
Student / Researcher
School of Management Sciences
Faculty of Economic and Management Sciences
Potchefstroom Campus
North-West University
T: 072 888 4911
E: angelakotze2@gmail.com



Dr. RH Goldberg
Supervisor
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Faculty of Economic and Management Sciences
Potchefstroom Campus
North-West University
T: 018 285 2207
E: Roland.Goldberg@nwu.ac.za

- I understand that under freedom of information legalisation, I am entitled to access the information I have provided at any time while it is in storage as specified above.
- I understand that I am free to contact any of the people involved in the research to seek further clarification and information.

Research participant

Date

I believe that the research participant is giving informed consent to participate in this study.

Angela Kotze
Researcher

Date

APPENDIX D

CONSENT FORM



NORTH-WEST UNIVERSITY
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Private Bag X6001, Potchefstroom
South Africa 2520

Tel: 018 299-1111/2222

Web: <http://www.nwu.ac.za>

CONSENT TO PARTAKE IN RESEARCH

Investigating the influence of reference groups on the buying behaviour of Generation Y on social commerce platforms

- I voluntarily agree to participate in this research study.
- I agree that the researcher can contact and remind me of the interview date.
- I understand that even if I agree to participate now, I can withdraw at any time or refuse to answer any question without any consequences of any kind.
- I understand that I can withdraw permission to use data from my interview within two weeks after the focus group, in which case the material will be deleted.
- I have had the purpose and nature of the study explained to me in writing and I have had the opportunity to ask questions about the study.
- I understand that participation involves providing general information pertaining to scent marketing.
- I understand that I will not benefit *directly* from participating in this research.
- I agree to my interview being audio-recorded.
- I understand that all information I provide for this study will be treated confidentially.
- I understand that in any report on the results of this research my identity will remain anonymous. This will be done by changing my name and disguising any details of my interview which may reveal my identity or the identity of people I speak about.

- I understand that disguised extracts from my interview may be quoted in dissertations, conference presentations, and published papers.
- I understand that a transcript of my interview in which all identifying information has been removed will be retained for two years.
- I understand that under freedom of information legalisation I am entitled to access the information I have provided at any time while it is in storage as specified above.
- I understand that I am free to contact any of the people involved in the research to seek further clarification and information.

Research participant

Date

I believe that the research participant is giving informed consent to participate in this study.

Angela Kotze
Researcher

Date

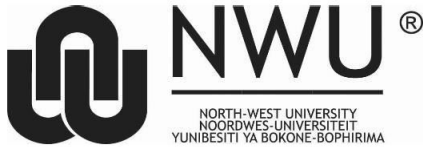
APPENDIX E

DATA ANALYSIS AND CODEBOOK

Please refer to the CD-ROM included at the back of this dissertation.

APPENDIX F

PEER CHECKING APPROVAL LETTERS



Me. A Kotze
Master's student
North-West University

Prof A. Henrico
Professor in Business Management
School for Management Sciences
North-West University
Potchefstroom
South Africa
Tel: 018 299-1421
Cell: 0767400660
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Web: <http://www.nwu.ac.za>
Email: alfred.henrico@nwu.ac.za

14 January 2022

QUALITATIVE THEMATIC VALIDATION: ME ANGELA KOTZE

This letter hereby serves to verify that I, Prof Alfred Henrico, have worked through the analysed data applicable to the above-mentioned student's dissertation, as it is presented in Atlas ti9. I have scrutinised the project file, codebook, as well as the thematic and categorical framework of the result.

To this end, I agree with the accuracy of the identified themes.

I wish Me Kotze all the best.

Regards



Prof A/ Henrico
Professor in Business Management

Mr. Johan Gouws
Junior Lecturer
North-West University
Potchefstroom
South Africa

Ms. Angela Kotze
Master's student in Marketing Management
North-West University
Potchefstroom
South Africa

01 October 2021

To Whom It May Concern:

PEER REVIEW OF ANGELA KOTZE'S QUALITATIVE DATA ANALYSIS

This letter verifies that I, Johan Gouws (Junior Lecturer in Entrepreneurship and Business Management at the North-West University; Staff No. 24970190) meticulously reviewed the qualitative analysis of the transcribed data of Ms. Kotze's dissertation entitled "*Investigating the influence of reference groups on Generation Y's social commerce buying behaviour*". Moreover, I reviewed Ms. Kotze's use of the Morse and Field approach towards analysing qualitative data. Conclusively, this letter confirms that Ms. Kotze rigorously analysed the data and verifies that the themes identified reflect both confirmability and dependability.

Yours faithfully



Mr. Johan Gouws
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018 285 2315
SJH.Gouws@gmail.com

APPENDIX G

LETTER FROM LANGUAGE EDITOR

T S EMSLIE SC

1511 Huguenot Chambers 40 Queen Victoria Street Cape Town 8001
Tel: (021) 423-5160 Fax: (021) 424-2537

24 January 2022

TO WHOM IT MAY CONCERN

Dear Sir / Madam

PROOFREADING THE MASTER'S DISSERTATION OF ANGELA KOTZE

The purpose of this letter, written at the request of Ms Angela Kotze, is to confirm that I proofread her dissertation on the subject of The Influence of Reference Groups on Generation Y's Social Commerce Buying Behaviour, to be submitted in satisfaction of the requirements for the award of a Master's Degree.

I confirm that, in doing so at Ms Kotze's request, I commented only on her use of the English language in the draft dissertation presented to me for this purpose.

Should the reader have any query in relation hereto, he or she is welcome to contact me on 082 294 1300.

Yours sincerely



Trevor Emslie

Emeritus Associate Professor of Law, University of Cape Town

APPENDIX H

LETTER FROM TECHNICAL EDITOR

Declaration

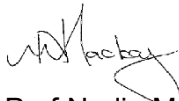
TECHNICAL EDITING

22 February 2022

To whom it may concern,

This is to declare that I, Nedia Mackay, have technically edited the dissertation of Ms A Kotze (student number 28445236), titled:

Investigating the influence of reference groups on Generation Y's social commerce buying behaviour



Prof Nedia Mackay

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071 602 3260