

Impact of Financial Risk on U.S. Apparel Buyers' Need for  
Information Sources and Information on Product  
Characteristics and Vendor Reputation

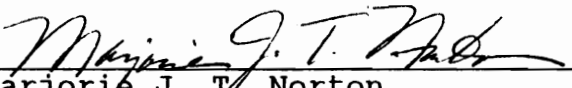
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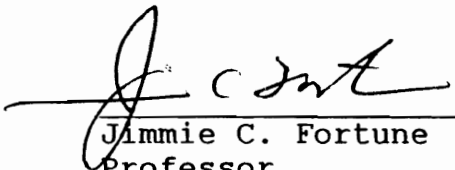
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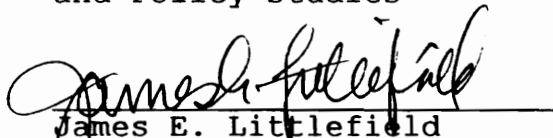
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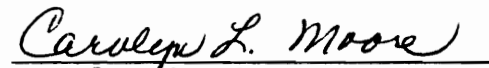
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(ABSTRACT)

Having pertinent information is a key to successful and profitable apparel purchasing. Fashion apparel buyers use information sources to obtain information on product characteristics and on vendor reputation. The perceived financial risk of the purchasing activity has been shown to affect ratings of importance of the need for information. Few studies have addressed how fashion apparel buyers evaluate and react to perceived financial risk in their purchasing task. The purpose of this study is to examine the impact of high and low perceived risk on U.S. apparel buyers' need for information sources and for information on product characteristics and vendor reputation variables during the apparel purchasing decision making process. Data (N=110) were obtained from a random sampling of apparel buyers listed in the Million Dollar Directory (1995). The questionnaire, administered through a mail survey, contained two scenarios and demographic questions about the

buyers and their firms. Based on the scenarios, respondents rated the importance of the need for information sources and for information types.

Data were analyzed using matched pair t-tests, analysis of variance with post-hoc tests, multiple regression, and Pearson product moment correlations. Matched pair t-tests showed that the respondents' importance ratings for the information sources, product characteristics, and vendor reputation variables varied in the two risk scenarios. Analysis of variance results showed that the need for the upper management and another buyer/peer information sources and for information on consumer demand, ability to meet specifications, and delivery reliability were significantly more important than the other listed information sources or types. Multiple regression analysis showed that the ratings of a chance of a financial gain or loss were negatively related to the firms' store type in both scenarios and positively related to the buyers' experience in buying imported apparel in the high perceived risk scenario. In the low risk scenario, the buyers' frequency of being confronted with such a scenario was positively related to their rated chance of a financial loss or gain. Pearson correlations revealed mostly positive correlations between information sources and types of information.

The results of this study show that perceived financial risk is an important variable in the apparel purchasing decision making process. Overall, the importance ratings of information sources and types of information are consistent with the findings of related previous studies.

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This thesis is dedicated to my mother, Mrs. Ida Mae Guyton who began the journey with me but did not make it to the end. The spirit of your memory sustains me and it was your love, faith, and support that enabled me to finish the journey alone.

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## CHAPTER I

### INTRODUCTION

A fashion apparel buyer is a type of industrial buyer who purchases fashion apparel from vendors to sell at retail to the firm's target customer. Fashion apparel is a semi-durable good affected by a volatile and fleeting product life cycle. The apparel product life cycle is called the fashion cycle. Change and obsolescence are inherent to the fashion cycle. The volatility of fashion and the nature of the fashion apparel buyer's purchasing task distinguish fashion apparel buyers from other industrial buyers. Differences were found in transaction costs and in the sizes and channels of distribution of rival firms. The authors hypothesized that uncertainty, caused by fashion, forced the firms to adopt a flexible business stance that allowed them to adjust to constantly changing apparel needs.

Mueller and Smiley (1995) list five factors that collectively distinguish fashion from other goods: 1) fashion requires imitation, 2) fashion is innovative, 3)

fashion is art, 4) fashion has dimensions of time and space, meaning that the "in look" at any given time is a product of a specific time and place, and 5) fashion is big business. These factors are not all exclusive to fashion apparel; however, when the entire list of factors is considered, these factors do make fashion apparel unique. In addition, Wagner, Ettenson, and Parrish (1989) stated that, whereas most industrial buyers tend to purchase components to be used in manufacturing, fashion apparel buyers purchase "end-products." Fashion apparel buyers are expected to not only control purchasing cost, but also to generate the firm's profit through sales of the product.

When the aforementioned factors are combined with the uncertainty of global apparel purchasing, fashion apparel purchasing can be a risk prone venture. Buyers attempt to control risk by evaluating the perceived financial risk involved in a purchase. The current study asserts that perceived financial risk is a mediating factor for the locus of the purchase and that information sources and certain types of information are utilized in evaluating risk. Many

studies have been completed on how "traditional" industrial buyers evaluate risky choice; yet, few studies have addressed how fashion apparel buyers evaluate and react to perceived financial risk in their purchasing task.

Having pertinent information to counter perceived financial risk helps to control potential purchasing perils. Studies have shown that fashion apparel buyers use certain information sources and information on vendor characteristics and product characteristics to lower the perceived risk in an apparel purchasing situation (Packard, Winters, & Axelrod, 1983; Wagner, Parrish, & Ettenson, 1989). Anthony and Jolly (1991) found that, for retail apparel buyers, the importance of information varied according to the level of product uncertainty.

Both the Sheth (1973) and Webster and Wind (1972) models provide frameworks for how industrial purchase decisions are made, and they are widely cited in the literature. However, apparel buying does not lend itself to either model and attempts to use Sheth's and Webster and Wind's models in apparel related studies have yielded mixed

results. Fashion apparel buying may be different from industrial purchasing due to two factors: the nature of the fashion industry (Caves and Rosen, 1982), and the nature of the product. Francis and Brown's (1985-86) study revealed differences between apparel buyers and appliance buyers. Apparel buyers were involved in new-task purchasing and more concerned with styling, steady source of supply, delivery, quality and price in their purchasing decision. Fashion was implied as a mediating variable that affected the apparel buyer's purchasing, yet had little if any effect on appliance buyers.

Research has shown that perceived risk affects the purchasing behavior of industrial buyers. The literature suggests that much of how a decision is made hinges on the apparent or perceived risks of the transaction. Little published research has pertained to how fashion apparel buyers address perceived risk during apparel purchasing decisions. The work that does exist in this area has not adequately controlled for the variances in perceived risk

levels and seems to assume that the variable's effect is consistent, regardless of magnitude.

The Fashion Apparel Buyer Purchasing Model (FABPM), developed as the framework in the present research, outlines the steps that an apparel buyer completes during the apparel purchase decision making process. Apparel purchasing is defined as the sequence of procedures to obtain fashion apparel from sources external to the firm. The model bridges the gap, for apparel buyers, between the Sheth (1981) and Cravens and Finn (1983) models of retail buyer purchasing behavior; those models are general and do not adequately address the buying practices of fashion apparel buyers. Another strength of the FABPM is that it treats perceived financial risk as a dynamic variable and incorporates the use of information sources and information to reduce risk in decision making. The FABPM provides a framework that educators can use to train future professionals in the fashion apparel buying field and expands the knowledge base of fashion merchandising.



Fashion apparel buying is a dynamic process that must be understood and explained if theory is to advance in this area. Perceived financial risk is an important construct in fashion apparel retail buying. Fashion apparel buying is a choice making process. Every choice has risks associated with it. Better decisions can be made when the risks involved can be explained and understood. The fashion apparel retail field would benefit from research that explains how buyers assess financial risk, then use information sources and information to reduce risk. Scholars could use the results of this study to construct more meaningful models that explain the dynamic nature of fashion apparel buyer behavior. Finally, fashion apparel retail firms and educators could use the results of this study as a guide for the development of training materials that could help apparel buyers to be more productive in their apparel purchase acquisitions.

The uniqueness of fashion apparel purchasing in comparison to other industrial buying, the lack of research on the effect of financial risk on fashion apparel

retailing, and the lack of research on fashion apparel buyers' purchasing behavior point to a research need being addressed in this study. The purpose of this study is to examine the impact of high and low perceived risk on U.S. apparel buyers' financial risk assessment and on the relationship for the need for information sources, product characteristics and vendor reputation information during the apparel purchasing decision making process.

## CHAPTER II

### REVIEW OF LITERATURE

The purpose of this study is to examine the impact of high and low perceived risk on U.S. apparel buyers' financial risk assessment and on the relationship for the need for information sources, product characteristics and vendor reputation information during the apparel purchasing decision making process. The literature pertinent to this study is presented as follows: (1) fashion apparel buyers, (2) fashion apparel firm organizational structure and behavior, (3) organizational buyer behavior, (4) industrial decision making and information sources, (5) conceptual issues in buying behavior research as related to the fashion industry, (6) perceived risk, (7) conceptual issues of perceived risk as applied to fashion apparel buyers, and (8) relationship between perceived risk and industrial buyer behavior.

### **Fashion Apparel Buyers**

In the vast body of industrial purchasing literature, few studies have examined the fashion apparel buyer's apparel purchasing behavior. Therefore, little empirical information is available about this dynamic business activity.

A fashion apparel buyer is a type of industrial buyer who purchases fashion apparel from vendors to sell at retail to the firm's target customer. Barry (1988) stated, "The objectives of any fashion merchandiser are to fulfill the 'five rights', i.e., to sell the right merchandise, at the right price, in the right quantity, at the right time, and in the right way" (p. 101). Wagner, Ettenson, and Parrish (1989) stated two differences that distinguish fashion apparel buyers from other industrial purchasers. Whereas most industrial buyers tend to purchase component parts to be used in manufacturing a future product, fashion apparel buyers purchase "end-products." Additionally, most industrial buyers are expected to only control cost in their purchasing. Fashion apparel buyers are expected to not only

control purchasing cost, but also to generate the firm's profit.

### **Fashion Apparel**

Fashion apparel is a semi-durable good impacted by a volatile and fleeting product life cycle. The apparel product life cycle is called the fashion cycle. Change and obsolescence are inherent to the fashion cycle. Apparel change is seasonal and dependent upon the current fashion or mode of dress. Though stylistic changes normally occur on a seasonal basis, tastes may shift abruptly. Taste changes have the potential to make a garment obsolete in a very short time span. Mueller and Smiley (1995) list five factors that distinguish fashion from other goods:

1) fashion requires imitation, 2) fashion is innovative, 3) fashion is art, 4) fashion has dimensions of time and space, meaning that the "in look" at any given time is a product of a specific time and place, and 5) fashion is big business. These factors are not all exclusive to fashion apparel;

however, when the entire list of factors is considered, these factors do make fashion apparel unique.

### **Fashion Apparel Firm Organizational Structure and Behavior**

Organizational structure has a direct effect on the type of buying a firm completes. Organizational structures are usually operationalized by an organizational chart of the different positions and chain of command in an organizational unit. Many retail organizational structures are developed according to a plan suggested to the National Retail Federation in 1927 by Paul Mazur. This format has come to be known as the Mazur Plan. Mazur divided the functions of a retail organization into four units or divisions: 1) merchandising, 2) store management, 3) publicity, and 4) control. Each function has its unique set of duties and responsibilities. The merchandising function is of interest to this study because the merchandising function encompasses the buying component of a retail firm (Clodfelter, 1993).

It is important to note that a retail organizational structure is the product of the store's size and orientation. Clodfelter (1993) uses the concept of departmentalization as a moderating variable that determines the retail store organizational structure.

Departmentalization is the dividing of the store's activities into functional units. Clodfelter (1993) suggested three categories of departmentalization, functional, geographic and product line, as plausible units for planning an organization's structure.

Clodfelter's (1993) conceptualization is similar to Mazur's plan; however, Clodfelter's groups have been developed to address the concerns of the apparel buyer. Both Clodfelter's and Mazur's organizational structures are useful for identifying at what level the buying function takes place in the apparel retail firm. Both plans graphically depict the chain of command in the buying function, and expanded models of either plan can be developed to encompass all of the job titles involved in the buying function.

In a study that examined uncertainty and effective scale economies in the women's outerwear industry, Caves and Rosen (1982) found that the industry was not oriented like others. Differences were found in effective scale economies, location patterns and the size distribution of rival firms. The authors postulated that uncertainty, caused by fashion, forced the firms to adopt a flexible business stance that allowed adjustments to changing apparel needs.

In developing a theoretical foundation for her model of fashion apparel firm behavior, Kunz (1995) described the fashion apparel firm's behavior as evolving from economic and behavioral theories. The profit objective of the fashion apparel firm developed from economic theory. The necessity to satisfy the target customer's fashion apparel needs provided behavioral motives. Kunz (1995) further relates Theory X and Theory Y management style influences on the fashion apparel firm. Kunz uses this information to develop an apparel firm behavioral model that explains the interactions and interdependencies of the fashion apparel firm.



## **Fashion Apparel Store Types**

According to Clodfelter (1993), fashion apparel retailers are classified by a number of factors which include the physical store size, number of employees and the types of merchandise sold. Stores are grouped mainly according to the following organizational types: specialty stores, chain stores, department stores, off-price stores, discount stores, mail-order stores, and electronic shopping networks. Retailers may or may not have establishments where goods are displayed and consumers visit to shop and purchase. Several large fashion apparel retailers encompass several or all of these retailing venues, and the general categories are not mutually exclusive as the distinction between store types has blurred.

### **Specialty Stores**

A specialty store sells a highly focused selection of apparel to a targeted group of customers. The target customer group is usually derived from demographic variables such as age, sex, and income and/or psychographic variables such as lifestyles or attitudes. Most specialty stores are

small; however, they can be large. Two well-known specialty stores in the U.S. are Ann Taylor that caters to upwardly mobile professional women and Saks Fifth Avenue that caters to the affluent.

### **Chain Stores**

A chain store sells apparel items to consumers distributed across a large geographic area. Chain store apparel is usually designed for mass consumption so the apparel items tend not to be fashion forward. Two well-known chain stores are Sears and Montgomery Ward.

### **Department Stores**

A department store sells apparel items predominantly targeted toward middle class consumers. Department stores divide their merchandise into the two major categories of hard and soft goods, and the merchandise is presented in departments. A department store often employs at least 25 people. Department stores distinguish themselves from other apparel retailers by focusing not only on apparel, but also on the store's shopping environment and customer service. Two well-known department stores are Macy's and J.C. Penney.

### **Off-Price Stores**

An off-price store sells apparel items targeted to customers who are "bargain conscious." Off-price retailers sell merchandise that has been discarded by other retailers because the merchandise is second quality, old, or an overrun. The apparel carried in off-price stores tends to be composed of odd-lots. Two well-known off-price retailers are T.J. Maxx and Marshalls.

### **Discount Stores**

A discount store carries a wide range of goods and sells discounted goods to "cost conscious" consumers. Discount stores sacrifice store ambience and customer service in exchange for lower priced apparel. Discount store apparel usually is less fashionable than in other types of stores. Two well-known discount stores are Wal-Mart and K-Mart.

### **Mail-Order Stores**

A mail-order store sells apparel to customers through a catalog for the customer to order apparel. Most mail-order

stores do not operate other types of apparel retail stores. Two well known mail-order stores are Spiegel and L.L. Bean.

### **Outlet Stores**

Outlet stores are "retail clearing houses ." They began as a mechanism for apparel manufacturers and retailers to sell overproduced, dated, and second quality merchandise at reduced cost to consumers. However, as the popularity of outlets has risen, apparel manufacturers and retailers have increasingly offered first quality merchandise that has been specifically manufactured for the outlet. Some well known outlets include Vanity Fair, Liz Claiborne, Ralph Lauren, and Nordstrom's Rack.

### **Electronic Shopping Networks**

Electronic shopping networks sell apparel to consumers via televised broadcasts or some other electronic platform, and they generally do not operate apparel retail establishments. Electronic shopping is in its infancy and few firms compete in this arena. QVC, America On Line, CompuServe, and Prodigy are pioneer firms in this category.

## **Organizational Buying Behavior**

Organizational buying is an umbrella term that covers the gamut of purchasing activities of all organizations. What distinguishes organizational buying behavior from general consumer buying behavior is that organizational buying is done to satisfy the needs, goals, and objectives of the firm, and not to satisfy the personal or individual goals of the buyer (Hill & Hillier, 1977). van de Most (1976) classified organizational buying behavior under four conceptual streams that included multi-phased decision procedures, decision-making units or buying centers, different purchasing decisions, and risk. Selected areas of decision-making units or buying centers, different purchasing decisions, and risk will be reviewed with special emphasis given to studies directly related to apparel purchasing.

### **Buying Centers and Decision Making Units**

Buying centers and decision making units can be defined as the choice making entities within a firm that make purchasing decisions for the firm. Because research has

shown that organizational buying is completed by both groups and individuals within firms, both types of buying behavior will be reviewed.

### **Individual Buyer Behavior**

There is a broad literature pertaining to organizational buyer behavior. Cadozo and Cagley (1971) divided the literature into three major groupings: characteristics of the individual buyer; type and amount of risk in the purchase environment; and characteristics of suppliers. Although few studies have addressed purchasing behavior in fashion apparel firms, several studies provide information that could be extended to fashion apparel purchasing.

The majority of the research on fashion apparel buyers' behavior involves the analysis of retail buyers' comparisons of several attributional factors between domestic and imported goods. It also must be noted that the paucity of research on fashion apparel buying requires assumptions that may not always be tenable, such as that the sourcing/purchasing function is the same process no matter

if it is completed by an industrial buyer or a fashion apparel buyer. Ideally, each buyer acts to maximize utility from the purchasing function.

Atkins and Jenkins (1988) surveyed apparel retail buyers to ascertain the buyers' attitudes about imported versus domestically produced ladies' sportswear. The subjects noted price, then quality as the dominant factors in choosing imported apparel over domestic offerings. The subjects also felt that they had greater control over "getting a certain look" from importers than from domestic sources. Over two-thirds of the sample sourced their garments from the "Big Three": Hong Kong, Taiwan, and Korea. Approximately 92% of the buyers in the study believed that imports were more profitable or equivalent in profitability to domestic apparel. Sternquist, Tolbert, and Davis (1989) studied department, specialty, and discount store buyers to determine why buyers used foreign procurement for textile and apparel items. The results from 69 completed surveys showed that all the buyers believed strongly that imported

apparel items were better in quality for the price than was domestic apparel.

Anthony and Jolly (1991) found that, when a retail buyer has doubts about the product as is common with imported textile and apparel products, the buyer is more dependent on the knowledge of others in the organization. In their study involving 212 department store buyers, the authors noted that when the buyer was unsure of the product's characteristics, expected sales, anticipated margins, and consumer demand, the buyer was more likely to obtain the opinions of upper management when making purchase decisions. Conversely, other peers and buyers were consulted when a purchase decision involved quality or aesthetic concerns. The buyer is often in the position of having to make short-term decisions which, depending on the buyer's agenda, may not benefit the firm in the long run. The buying position usually is not a terminal assignment in a given firm but rather a springboard into divisional or corporate assignments. Buyers are motivated to make good



purchasing decisions both to cater to the firm's needs and to impress those superiors who decide on job promotions.

As the literature illustrates, the buying function in some types of firms has become too complicated to be completed by single individuals. Though traditional industrial buys tend to consist of homogeneous goods and services, these goods and services can be complicated and require the input of several experts within the firm (Crow & Lindquist, 1985). Many firms have adopted internal dedicated groups whose sole purpose is to make purchasing decisions for the firm. This type of group is typically called a Decision Making Unit (DMU). DMU's are seen as an avenue to enhance the firm's procurement of resources while removing most of the limitations of individual, single person purchasing within the firm.

### **Buying Centers**

Webster and Wind (1972) listed five formal roles of the buying center (DMU). The roles consist of buying, influencing, using, deciding, and gatekeeping activities. It is important to note that other members or units within

the firm may perform activities associated with the buying center or DMU. These individuals can influence the function of the DMU and have both positive and negative effects on the DMU (Upah, 1979).

Based on my personal consultation with fashion apparel buyers from several large U.S. retailers, DMU's have not gained widespread acceptance in the apparel industry.

Sternquist, Tolbert, and Davis (1989) stated:

General decision-making in industrial buying is of a group nature and highly repetitive. Retail buyers, in contrast, generally operate autonomously, and few of their purchases are repetitive (pg. 35).

Apparel buying is typically completed by a single buyer in charge of one or more merchandise categories. A large southeastern U.S. firm, one of the stores that I consulted, has begun to use buying groups to accomplish the firm's apparel needs. A buying group consists of a group of individual buyers who source apparel together. Although the buying group roughly resembles a DMU, the buying group is

often informal and each buyer has his or her own agenda and resource base that may not be shared with the other members.

### **Decision Making Procedures**

The literature is rich with research on industrial buyer behavior and the industrial buyer's decision making process. However, most of the published literature makes little distinction between the two concepts. A distinction between the two concepts would help clarify industrial buying behavior. Industrial buyer behavior can be defined as the process that shapes and determines the purchasing protocol. Industrial buying decision making can be defined as the selection of a given alternative in any phase of the purchasing protocol. Many industrial decision making studies have examined only the evaluation of suppliers and have neglected to describe or explain the stream of choices that occur during the entire purchasing protocol.

Simon (1982) provides a convenient framework for the study of industrial decision making behavior. The framework was developed for the DMU, but has broader implications. Simon states that a decision must be broken into three

functions: intelligence activities, design activities, and choice activities. The intelligence activities involve recognizing that a problem exists, then mobilizing the DMU in solving the problem. The intelligence activity requires collecting necessary information to make the most informed decision. Information is gathered from both external and internal sources and may even involve the temporary deletion or addition of members to the DMU (Simon, 1982).

The next step is the design activity. This is the stage where the DMU determines the level of risks involved in obtaining a desired outcome (Simon, 1982). A transaction has some level of risk. Risks cannot be eliminated, but their effects can be reduced with pertinent information. The level of risk that a firm faces in a decision making situation has been said to affect the composition of the DMU. As the perceived risk of a purchase increases, decision responsibilities are usually shifted to individuals or units within the firm with higher levels of expertise. These individuals or units may not be formal members of the firm's established DMU. The design activity

in the framework illustrates how DMU's are manipulated to address various buying situations (Simon, 1982).

The choice function is the last step and has been heavily researched. The choice should represent the best course of action given the set of alternatives to solve a given problem (Simon, 1982). However, there may be times when the "best choice" is not taken by the firm. Even when the DMU has obtained as much information as it could about a given problem, the information is often still not adequate to grasp the problem at hand. When time constraints and other barriers prevent adequate data gathering and analysis, the DMU often resorts to decision modes that limit the effectiveness of the decision.

Research has suggested that, due to the nature of industrial firms and their DMU's, it is difficult to arrive at a decision that satisfies all parties. So, most DMU's adopt a satisficing or compromising approach to decision making (Hill & Hiller 1977; Smith & Taylor 1985).

Satisficing involves searching to find the first vendor that meets all or most of the desired characteristics of the

choice set. Compromise involves the selection of a choice set that all concerned parties (DMU and other influencers) can agree upon.

### **Industrial Decision Making and Information Sources**

Information can be defined as coded and synthesized data that can be used as a resource to evaluate alternatives. Anthony and Jolly (1991) found in their study of retail apparel buyers that the importance of information varied according to the uncertainty of product characteristics.

Kline and Wagner (1994) studied, with a convenience sample of 117 retail buyers, the effects of product-specific buying conditions and the use of information sources. They found that the buyers' own knowledge was the most important information source and the level of importance for information sources differed according to the specific buying experience.

Moriarty and Speckman (1984) extensively studied information available to industrial firms. The authors

categorized information along two dimensions:

personal/impersonal and commercial/noncommercial sources of information. Personal and impersonal sources are easily differentiated; personal information is usually transmitted via a face-to-face or a "real-time" interaction, whereas impersonal information is delivered through other channels. It is not always easy to distinguish commercial and noncommercial sources. Moriarty and Speckman (1984) suggested that, if the information source financially benefitted from its knowledge transfer, then that information source could be considered commercial in nature. The authors' study of 319 randomly chosen firms revealed that, in purchasing behavior involving both performance and economic risk, the decision maker relied more heavily on personal, non-commercial sources.

Arbuthnot, Slama, and Sisler (1993) examined selection criteria and information source usage by small retailing firms, and found personal, noncommercial sources of information to be preferred. Their study of 313 small retailers ranked personal judgment, customer comments, and

store personnel/salespeople as the three most important information sources.

Although Moriarty and Speckman's (1984) categorization of information sources provides clear conceptual guidance, their categorization does not easily extend to the fashion apparel industry. Fashion apparel researchers normally categorize information as internal or external (Bohlinger, 1990).

### **Internal Information**

Internal information consists of data bases which a firm has "in house" and can use to evaluate a given alternative. Internal information represents a wealth of knowledge for an apparel buyer, and its effective use often precludes the use of other, more costly information sources. The most common types of internal information sources include store records, management/peers, and sales associates (Clodfelter, 1993).

### **External Information**

External information consists of data bases that a firm must obtain on the outside market to evaluate a given



alternative. Sources of external information are more sophisticated than internal sources as there exist many firms whose sole purpose is to collect and sell information. Moriarty and Speckman (1984) refer to these as commercial sources of information. Some common external information sources are magazine and trade publications, trade associations, vendors, and forecasting services. Forecasting services are a popular commercial information source for the apparel industry. However, these services can be exorbitantly priced and thereby available only to large fashion apparel firms.

External information may not be as accurate or as focused as internal information and may require that the firm make adjustments to the external information to suit the firm's specific business situation. External information can be said to provide a "macro picture" of the business environment.

Information has been shown to be a key resource in the decision making process, and the information's source and importance have been studied by many researchers. Though

some new studies have begun to define the dimensions of external and internal information, most researchers agree that information, internal and external, is a sphere of potential knowledge that surrounds the decision making process and that both forms, internal and external, can be readily obtained (Moriarty & Speckman, 1984).

The value, accuracy, and relevance of the information source have become paramount in the decision making process. Information source literature has collapsed information sources into three broad categories: vendor, product, and trade.

### **Vendor Information**

Vendor information has been shown to be the dominant area of information needed by retail buyers (Packard, Winters, & Axelrod, 1983; Sheth, 1973; Wagner, Parrish, & Ettenson, 1989). A vendor is a source of manufactured fashion apparel. Because fashion apparel buyers purchase finished goods instead of component parts used for assembly, one should not be surprised as to the importance of vendor information in the buying process. Vendor information

provides background for the evaluation of a vendor's ability to supply fashion apparel.

### **Product Information**

Product information provides knowledge about the characteristics and expectations of a given item (Dempsey, 1978). Some studies have shown that product information becomes extremely important when the fashion apparel buyer is purchasing a new product or purchasing an existing product from a new vendor (Anthony & Jolly, 1991; Arbuthnot, 1990; Arbuthnot, Slama, & Sisler, 1993). Product information search has been described as one method to reduce performance risks.

### **Trade Information**

Trade information provides knowledge about the effects of micro and macro environmental factors on firms in a specific industry. Trade information is usually freely disseminated. Most trade information is produced to foster the health and prosperity of the entire industry by providing benchmarks that competing firms can use to assess

their achievement according to industry averages (Bohlinger, 1990).

### **Conceptual Issues in Industrial Buying Behavior**

#### **Research as Related to the Fashion Industry**

Research on industrial buying behavior has been approached from many avenues. Wind and Thomas (1980) stated that the diversity of approaches to such research has left the discipline fragmented and without substantive generalizations established across the discipline. The authors attribute this dilemma to relatively small and non-representative samples, lack of replication to support findings, and lack of direction to guide most studies (Wind & Thomas, 1980). Several researchers have echoed these themes and have additionally stated that industrial buying behavior research is difficult because the buying process is complex, different by product and industry, and difficult to model (Cadozo & Cagley, 1971; Ozane & Churchill, 1971; Robinson & Wind, 1968; Upah & Young & Rubicam, Inc., 1983).

When the literature on industrial buying behavior is applied to explain the buying behavior of fashion apparel buyers, several conceptual problems become apparent. Arbuthnot, Slama, and Sisler (1993), Anthony and Jolly (1991), Darden and Lush (1983), and Kotsiopoulos and Shim (1991) have all stated that retail buying behavior may not be adequately explained by the traditional industrial buyer behavior models of Sheth (1973) and Webster and Wind (1972). Darden and Lush (1983) identified conceptual development, evaluative criteria, and information sources as three areas that confront retail buyer behavior researchers. The next three sections explain the relevance of the three issues Darden and Lush's listed early for fashion apparel buying behavior research.

### **Conceptual Development**

Few conceptual models of industrial buyer behavior since those of Webster and Wind(1972) and Sheth(1973) have emerged to model the retail apparel buyer behavior. Sheth (1981) and Cravens and Finn (1983) developed models to explain retail buying behavior. Both models have been

customized to address the specificities of the retail sector. The Cravens and Finn (1983) model is more applicable to individual buyer behavior whereas the Sheth (1981) model better suits the firm's buying perspective. Conceptual models are needed that relate variables in the retail apparel buying behavior process and that combine both the firm and the individual buyer's perspectives. Guidance is needed to suggest how the nature of the purchase (straight rebuy, modified rebuy, and new buy) relates to perceived risk and the use of information. Additional work is needed to explain how the nature of the product affects supplier selection.

### **Evaluative Criteria**

According to Wagner, Parrish, and Ettenson (1989), the evaluative criteria used in the choice process for most industrial purchases include such criteria as delivery, service, quality, and price. However, Francis and Brown (1985-86) reported that evaluative criteria used by traditional industrial buyers differed from the criteria used by apparel buyers. Cravens and Finn (1983) argued

that evaluative criteria used by some retail buyers are shaped by the demands of the ultimate consumer. Wagner et al. (1989) suggest that selling history and fashionability are two criteria that might be important to retail buyers. More research is needed to identify the evaluative criteria that are most pertinent to fashion apparel buyers.

### **Information Sources**

Anthony and Jolly (1991) discovered that apparel buyers seek different sources of information depending upon the type of uncertainty the apparel buyer faces. The authors divided the information sources into two categories: sources of information for intrinsic characteristics (quality or aesthetics); and sources of information for extrinsic characteristics (expected sales or anticipated margins). Darden and Lush (1983) stated that some retail purchases themselves may serve as information sources for buyers, as the buyer would use a purchase to collect concrete information on the capabilities of a specific vendor. In a study on apparel buyers of small retail firms, Arbuthnot, Slama, and Sisler (1993) found that the retail

buying position provided the most pertinent information. Fashion apparel retail buyers have many sources of information at their disposal. Exactly how and when these information sources are called into play remains to be addressed in research.

### **Perceived Risk**

Since 1960 much research has been devoted to perceived risk. Many researchers have credited Bauer's (1961) seminal work as the "father" of this area of behavioral research. Although perceived risk has been empirically shown as one way to explain purchasing behavior, it has fallen "out of favor" with researchers largely due to the ambiguous nature of the perceived risk construct. Perceived risks can be studied on many dimensions, and an extensive body of literature exists. However, since the focus of this study is the perceived risks relative to industrial purchasing, this review will discuss only research pertinent to that end. Oglethorpe (1988) and Dowling (1986) provide in depth discussions of the perceived risk construct.



Basically, it is agreed that perceived risk is two-fold in nature and involves an individual's subjective level of uncertainty and the consequences involved with the adoption of a given alternative. Perceived risk also heavily focuses on the assessment of the probability of negative outcomes. Most studies have examined the effects of high and low levels of perceived risks on selected research variables. However, few studies have controlled for risk perception; i.e., do the subjects really perceive the treatment as being risky? The level of risk acceptance varies among individuals. What may be considered a high perceived risk for one industrial buyer may not be applicable for another buyer.

Appendix A presents definitions for perceived risk that have been used in industrial purchasing literature. The various definitions of perceived risk do not clearly distinguish perceived risk from ambiguity. In many studies which involve perceived risk, it is difficult to determine if the construct being measured is risk or ambiguity. Ambiguity can be defined as the inability to assign

probabilities and consequences to uncertain outcomes (Kahn & Sarin, 1988). Oglethorpe (1988) defined perceived risk as "an individual's subjective assessment of the probability, other than zero or 1.0, that an undesired outcome will result from choosing a behavioral option" (p. 81).

Studies on apparel buying behavior have, for the most part, neglected to adopt a conceptualization of perceived risk. These studies have used uncertainty as a proxy for perceived risk. Too few published studies have addressed the attributional dimensions that comprise perceived risk for fashion apparel buyers. The literature reveals that much of how a decision is made hinges on the apparent or perceived risks of the transaction. Apparel purchasing involves many uncertainties, especially when one includes international purchasing. Dickerson (1991) noted that, although international apparel purchasing can be quite profitable, it may also prove to be a Pandora's box if caution is not taken. Factors of concern noted by Dickerson include: 1) poor or unpredictable quality, 2) longer lead times, 3) slow or unpredictable deliveries, 4) uncertainties

related to trade regulations, 5) uncertainties of cost, 6) lack of recourse to poor service, 6) buying and shipping expenses, and 7) negative customer reaction.

**Conceptual Issues of Perceived Risk as Applied to  
Fashion Apparel Buyers**

The paucity of research on the effects of perceived risk on industrial buyer behavior severely limits rigorous evaluation of the use of the construct in the industrial context. Oglethorpe (1988) listed numerous conceptual problems with the perceived risk construct. A complete discussion of all of Oglethorpe's assertions is beyond the scope of this study as her concerns cover areas not pertinent to this study. The discussion here will highlight the two major concerns raised by Oglethorpe (1988) that have major implications for industrial buying behavior studies: 1) reference points and framing, and 2) positive consequences.

## **Reference Points and Framing**

Oglethorpe (1988) stated that one of the conceptual problems with perceived risk was the following:

The way in which consumers' choices are framed relative to benefits or losses has not been considered (p. 63).

Although Oglethorpe cited this concern from the consumer's perspective, the concept is readily extended to industrial and fashion apparel buyer behavior. Francis and Brown (1985-86) stated that department store buyers may frame their purchasing situation differently from other industrial buyers. A buyer who sees a buying situation as a "win-win" opportunity will probably perceive the buying situation differently than a buyer who sees the same buying situation as a "loss-loss" situation. Reference points and framing are important in how a buyer perceives risk in a buying transaction, yet few perceived risk studies on industrial buying behavior have addressed this issue.

Several researchers have studied reference points and framing (Fischhoff, 1983; Helson, 1964; Johnson & Puto, 1987;

Patton, Puto & King, 1985; Puto, 1987; Qualls & Puto, 1989). In general, the researchers stated that the concept of a reference point has its roots in the basic principles of perception and judgment. The human perceptual apparatus adjusts to particular stimulus levels and evaluates changes or differences rather than magnitudes. According to Helson (1964), in psychological perception the past and present context of experience defines adaptation level, or initial reference point, relative to which incoming stimuli are perceived and compared. The same principle is applicable for judgments involving wealth, such as in buying decisions.

Empirical support for "prospect theory" in the decision making literature generally relies on choice problems in which it is reasonable to assume either that the original formulation of the prospects (i.e., the problem presentation) leaves no room for further framing or that the edited prospects can be specified without ambiguity. It is important to note that prospect theory is not the same as perceived risk theory. However, the two concepts are highly related and both involve decisions under risky choice.

Patton, Puto and King (1985), in one of the earliest marketing applications of prospect theory, explored the industrial buyer's choice as a function of the way such buyers framed the buying decision problem. Their results demonstrated a relationship between the buyer's reported reference point and choice. Puto (1987) stated that reference point formulation was an iterative process shaped by the decision maker's objectives in the purchasing decision and by his knowledge of conditions surrounding the purchase. An initial reference point is formed by these factors. This initial point or anchor may be adjusted or modified by decision-specific information needed to form a final reference point for the evaluation of a purchase decision.

### **Positive Consequences**

Another conceptual issue identified by Oglethorpe (1988) with regard to perceived risk studies on industrial buying behavior was that:

Research in marketing has failed to consider positive consequences (Ingene and Hughes 1985) (p. 62).

Utility theory has been used to examine the effects of positive consequences on industrial decision making. Peter and Ryan (1976) described three states of nature of the risk-return typology:

1. Perceived risk - the minimizing of expected negative utility
2. Perceived return - the maximizing of expected positive return
3. Net perceived return - the maximizing of expected net utility

The authors developed a model for each of the above utilities to test which utility explained more of the variance in brand preference. The results indicated that how consequences are stated, either positively or negatively, affected how consumer buyers evaluated risky choice. These findings were supported by Tversky and Kahneman (1981).

Though prospect theory and utility theory extend beyond the sphere of the perceived risk concept, they both have methodological implications for industrial buying behavior research. Future studies should control for the decision

maker's buying situation framing and utility from the purchase.

### **Relationship between Perceived Risk and Industrial Buyer Behavior**

In research applicable to industrial purchasing, perceived risk has been studied with respect to four broad topics: (1) the severity of a negative outcome, (2) decision maker's job orientation, (3) decision maker's job experience, and (4) nature of purchase decision.

#### **Severity of a Negative Outcome**

Research has shown that, as the total dollar amount invested in product purchase increases and the propensity for negative or uncertain outcomes also increases, the composition of the buying center changes (Choffray & Johnston, 1979; Dempsey, 1978; Doyle, Woodside & Michell, 1979; Upah, 1979). The authors identify five common groups of individuals in the buying center: buyers, influencers, users, deciders, and gatekeepers. As the potential for loss increases, the individual in the firm with the most



expertise in the buying situation, even if not a member of the buying center, usually gains more power in the buying decision. In the most risk prone buying situations, vice-presidents and the president may take control of the buying decision. This makes intuitive sense as one would expect top management and other key individuals in a firm to be concerned about the potential of loss in a buying acquisition. It also makes intuitive sense for the purchasing agent to seek the expertise of top management and relevant others when a potential purchase could have significant negative ramifications for the firm. Furthermore, the involvement of other units in the purchase decision process provides the purchasing agent with cross references of expertise to draw upon during risky buying situations.

Upah (1979) presented a typology of how industrial firms utilized expertise within the firm to handle uncertainty. This expertise is called into play whenever the firm has uncertainties about the supplier, the product, the need for the product, ability to purchase the product,

demand for the product in the consumer market, financial aspects of purchase, legal/regulatory issues surrounding the purchase, social/ecological factors surrounding purchase, or the magnitude of the loss in low and high risk situations. The typology identifies what unit of management is responsible for coping with a given type and level of uncertainty. Within all frameworks, the purchasing agent is a key member in the purchase decision process.

An inherent component of perceived risk is the perception of the risk situation by an individual. Several studies have shown that one's type of job, level of education, and level of importance in a firm affect the perception of perceived risk (Choffray et al., 1979; Dempsey, 1978; Sheth, 1973; Upah, 1979). Upah (1979) suggested that the level of power wielded in an organization directly related to the amount of uncertainty the individual faced, the ability to cope with this uncertainty, and the centrality of that unit or individual within the firm.

### **Decision Maker's Job Orientation**

Job orientation has been shown to affect the weighting of attributes by different units of the firm. According to Sheth (1973), prompt delivery, efficient serviceability and proper use were most favored by product users (social risk orientation). Engineers focused on standardization and quality of the product (performance risk orientation). The purchasing agents' primary objective was to maximize return on investment from the purchase (financial risk orientation). It is easy to see with various product attribute concerns that, when a product choice involves the assistance of several units in the firm, the evaluation of product risk can become complicated and may adversely affect the quality of the decision.

### **Decision Maker's Job Experience**

The length of time the purchasing agent has been involved in the purchasing process in an organization has been empirically shown to affect the level of perceived risk and the level of assistance required of other units within the firm. In a buying game study with industrial buyers,

Cadozo and Cagley (1971) hypothesized that well known firms would be preferred to lesser known firms in industrial purchasing. The authors further posited that the preference for well-known firms would increase as the level of risk increased. These hypotheses were supported as the buyers in the study tended to secure purchases from sources in which the firm had previous, established contacts.

### **Nature of the Purchase Decision**

The nature of the purchase, new, modified or straight rebuy, has a bearing on industrial buyer purchasing behavior. Studies have shown that the purchase of new products caused the highest level of risk in a firm and often required the expertise of others outside of the buying center *per se* (Choffray & Johnston, 1979; Dempsey, 1978; Doyle, Woodside & Michell, 1979). Straight rebuy has been shown to be the most routinized and riskless process in industrial purchasing. Depending on the nature of the purchase modification, a modified purchase can prove to be as effortless as a straight rebuy or as encumbering as a new purchase (Doyle et al., 1979).

Severity of a negative outcome, decision maker's job orientation and experience, and the nature of the purchase decision are interdependent variables which determine the composition of the buying center. Studies have treated these variables as independent of each other. The confounding nature of the variables jeopardizes the results of any study that does not plan and control for the variables' effects. Nevertheless, without a definitive delineation between the variables, one must be cognizant of the threats to validity and the resulting lack of generalizability of such studies to other buying situations. The severity of a negative outcome, the decision maker's job orientation and experience, and the nature of the purchase decision are interrelated variables which determine the level of perceived risk in an industrial purchase setting. Perceived risk mediates the relationship between the independent variables and the locus of the purchase.

## Summary

The evaluation of perceived risk is one method that industrial buyers use to assess risky decision making. The current study hypothesizes that perceived risk is a mediating factor for the locus of the purchase and that information sources and certain types of information are utilized in the process. Much work has been published on how "traditional" industrial buyers evaluate risky choice, but little has addressed how fashion apparel buyers adapt to the perceived risk in their purchasing task.

Francis and Brown's (1985-86) study revealed differences between apparel buyers and appliance buyers. Apparel buyers were said to be more concerned with new task purchasing and to emphasize styling, source of supply, delivery, quality and price in their purchasing decisions. Appliance buyers' purchases were more routine in nature and emphasized brand, source of supply, quality, and prices. Fashion was implied as a mediating variable which affected the apparel buyers' purchasing, yet had little if any effect on appliance buyers. Francis and Brown stated that apparel

buyers' purchasing, although accommodated by Sheth's (1973) industrial purchasing model, may not be best fitted by Sheth's model and that a separate model may need to be developed to explain apparel buyers' purchasing behavior. Francis and Brown's research seems to suggest that the reference point and decision framing of a purchase establish the criteria for evaluation of a purchase decision and that apparel buyers' purchasing behavior reacts to stimuli that are unique when compared to those affecting other industrial buyers.

Anthony and Jolly's (1991) work provided insight on how retail apparel buyers use information to counteract uncertainties during apparel purchasing. Research has shown that the level of uncertainty (risk) affects the importance of certain types of information.

Uncertainty is affected by need, market and transaction uncertainties. Many firms predict the level of uncertainty by predicting the possible magnitude of financial loss from a given purchasing transaction. Often, a buying transaction that represents a relatively insignificant financial risk is

labeled low perceived risk. The nature of the purchase has been shown to affect uncertainty ratings. Purchases can be classified into three groups, new buy, modified rebuy and rebuy. New buys produce the highest levels of perceived risks, and rebuys produce the lowest levels. Having the pertinent information to solve problems at a given decision state has been shown to be crucial in industrial buying.



## **CHAPTER III**

### **STATEMENT OF THE PROBLEM**

#### **Conceptual Framework**

Successful apparel purchase decision making requires the firm to have accurate and timely information to chart a course of action. Apparel purchasing is defined in this research as the sequence of procedures taken to obtain fashion apparel from sources external to the firm. Because apparel purchasing is accomplished on the global market, firms must be able to anticipate and control for competition at this market level. Reducing risk is a major concern of all purchasing firms. Information is a vital tool in helping a firm to understand the ramifications of global market conditions and to ascertain the risk of a given apparel purchase. The more accurate the information, the better the fashion apparel firm is able to handle the situational risk it faces. Figure 1 schematically outlines how the current study describes the fashion apparel purchasing process.

The Fashion Apparel Buyer Purchasing Model (FABPM) describes the steps that an apparel buyer completes during the apparel purchase decision making process. This model

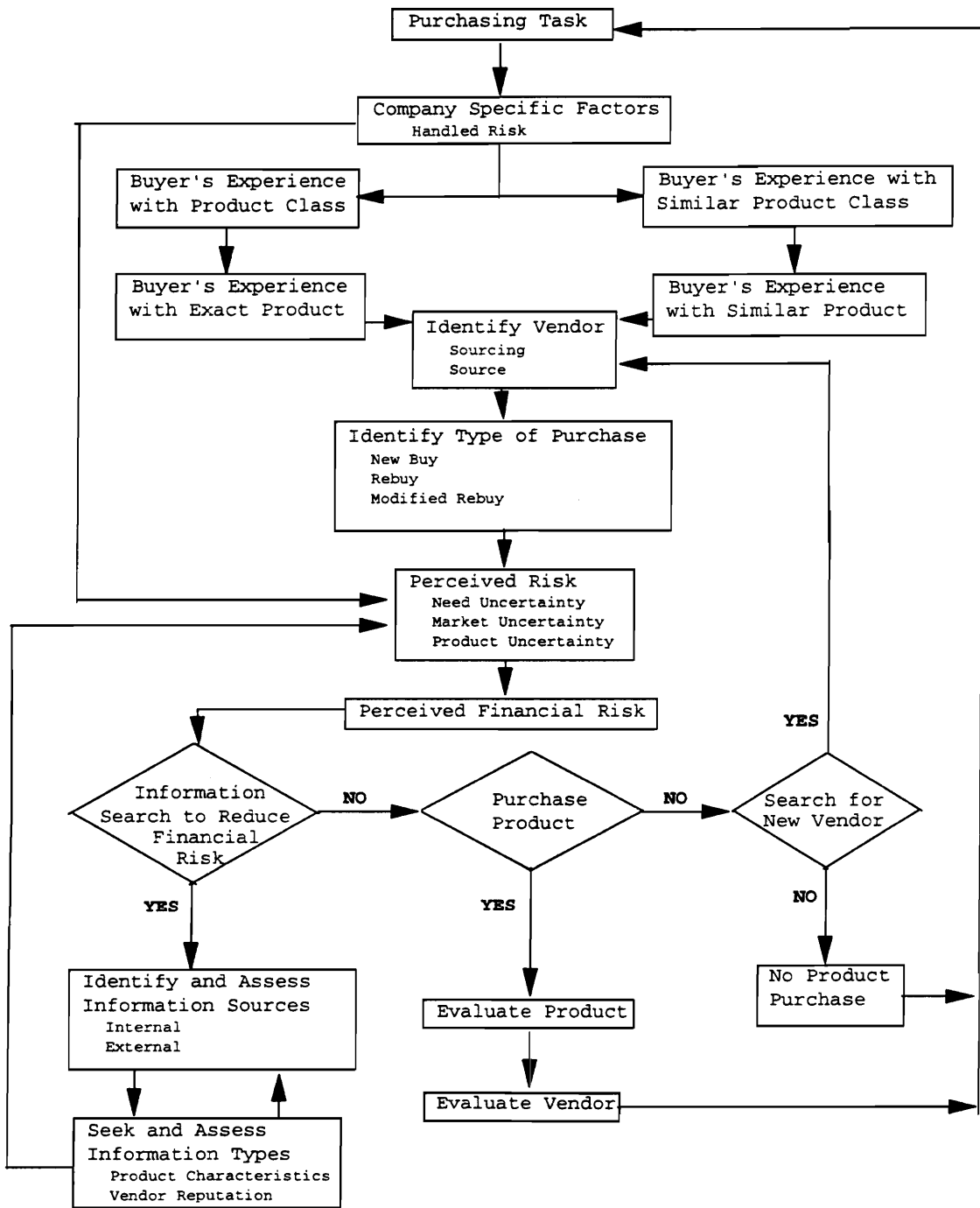


Figure 1  
**FASHION APPAREL BUYER PURCHASING MODEL**

attempts to address several conceptual problems, noted in the apparel purchasing literature, that are issues with the three most commonly cited models: the Sheth (1973) industrial buyer behavior model; the Sheth (1981) merchandise buying behavior model; and the Cravens and Finn (1983) patronage decision in retail buying model. None of the three was designed to specifically address fashion apparel buying. Fashion apparel studies (Francis & Brown, 1986-86 and Kline & Wagner, 1994) have revealed that several of the variables that shape industrial purchasing decisions and that are analyzed in the three previously listed models are not relevant or applicable to fashion apparel firms. Furthermore, the Sheth models are heavily slanted toward the firm's purchasing perspective and the Cravens and Finn model is too focused on retail buyers' behavior.

The first stage of the FABPM, as shown in Figure 1, is the purchasing task. In the purchasing task phase, a fashion apparel buyer is identifying a current or future need of the firm's targeted customers. Once the need has been identified, the buyer can begin to formulate how to galvanize organizational resources in meeting customer needs. The purchasing task is arguably one of the most difficult jobs for the fashion apparel buyer because this is

the phase where the buyer must consider the ramifications of fashion on subsequent purchases. Anticipating fashion requirements can be risky. The purchasing task can flow from customer needs or from organizational needs to alter the fashion apparel firm's product position.

Once the purchasing task has been formulated, its execution must occur according to the expectations and capability of the firm. The firm's collective input has been coined as company specific factors. Company specific factors relate to the firm's goals and objectives as well as the protocol for conducting the firm's business. Additionally, company specific factors determine the firm's handled risk. Handled risk refers to the level of risk that the firm is willing to accept. A firm's handled risk is shown in the FABPM as a moderating factor on perceived risk and on the apparel buyer's experience with apparel purchasing.

The purchasing task and company specific factors set the criteria for the fashion apparel buyer's activities. Arbuthnot, Slama, and Sisler (1993), Anthony and Jolly (1991), and Francis and Brown (1985) have shown that most fashion apparel purchasing is conducted by autonomously or semi-autonomously acting individuals. Autonomous buying by

fashion apparel buyers points to a contrast between apparel buyers and other industrial buyers. Many industrial organizations perform their purchasing functions by means of a buying center or another group-based activity. Group decision making can lead to conflict and subsequent compromise that can lessen the effectiveness of a given purchasing decision. Apparel purchasing is so specialized that the apparel industry has found autonomous decision making to be most effective for quick and accurate fashion apparel purchasing decisions (Anthony & Jolly, 1991).

Once the purchase criteria have been established, the responsibility for making the actual purchase decision is delegated to one or more of the firm's buyers. Buyers in fashion apparel firms tend to be responsible for procuring fashion apparel in only one or in related apparel classifications (Bollinger, 1990). The Fashion Apparel Buyer Purchasing Model denotes apparel classifications as product classes. Product classifications group apparel merchandise into assortments based on garment features and/or price points for a specific customer segment. For example, a fashion apparel buyer may be in charge of better misses sportswear in a firm, and may only purchase that

sportswear within a given price range (Packard, Winters, & Axelrod, 1983).

Some fashion apparel firms have found it prudent to further limit the buying function. These firms define the buying function by assigning a buyer to a specific product of fashion apparel (Packard, Winters, & Axelrod, 1983). For example, the buyer in the previously mentioned scenario may have his duties redefined from purchasing misses sportswear to only buying misses slacks, a subset of the misses sportswear product class.

In other fashion apparel firms, the purchasing charge is delegated to a buyer who purchases fashion apparel across similar product classes or across similar products. A buyer in this scenario would purchase merchandise with similar characteristics and prices for diverse customers or diverse customer needs (Packard, Winters, & Axelrod, 1983). For example, a buyer may be responsible for purchasing sportswear for juniors or petites. Although the buyer may lack experience with purchasing sportswear for misses, the buyer has related experience with a similar product class, juniors sportswear. The same scenario would hold for a similar product. A buyer responsible for purchasing men's pants would not have exact experience with purchasing

women's, but would have related experience with a similar product.

The aforementioned scenarios demonstrate how fashion apparel buyers gain expertise with apparel purchasing. The new fashion apparel buyer often begins the buying career purchasing an exact product and advances to purchasing apparel for entire product classes as the buyer gains experience with the purchasing function. Implicit in the FABPM is that the buyer combines his purchasing experience, the purchasing task, and company specific factors to determine the fashion apparel needs of the firm's target market in regards to the firm's goals and objectives.

After the buyer has assessed the fashion apparel needs of the firm's targeted customers, the buyer begins the search process to identify vendors that can produce the required fashion apparel. The search process is known as sourcing. When the buyer identifies a vendor that can provide the needed apparel and establishes a purchasing relationship, the vendor becomes a source. Vendor selection is important as the success or failure of a purchase often hinges on the vendor's ability to deliver the fashion apparel on time and according to the negotiated apparel specifications.

Once the buyer has identified a source for the fashion apparel, the type of purchase has been determined. The type of purchase here refers to the relative novelty of the buying activity according to the buyer's experience with the product and with the identified vendor. In this context, there are three types of purchases: 1) new buy, 2) rebuy, and 3) modified rebuy. A new buy involves the purchase of a new product from a new vendor; the buyer lacks experience with both the product and the vendor. A rebuy would be the purchase of an existing product from an existing vendor. Finally, a modified rebuy can take one of two slants, either the purchase of a new product from an existing source or the purchase of an existing product from a new source. The type of purchase and company specific factors have moderating effects on the perceived risk.

Perceived risk, in this study, is the buyer's estimated probability of obtaining a given outcome in a given apparel purchasing environment. The FABPM model adopts Tullous and Munson's (1991) conceptualization of perceived risk factors which are need uncertainty, market uncertainty, and transaction uncertainty. Need uncertainty is defined as the relative difficulty of determining a product's use and characteristics. Market uncertainty refers to the



"...stability of the marketplace and the degree of difficulty encountered in comparing characteristics of the potential suppliers" (Tullous & Munson, 1991, p. 25).

Transaction uncertainty describes the ease or difficulty of getting the product from the vendor to the purchaser (Tullous & Munson, 1991).

The combination of perceived risk and company specific factors determines the perceived financial risk a fashion apparel firm faces when purchasing apparel. Perceived financial risk is defined in this study as the estimated probability between 0% and 100% of a financial loss or gain as the result of an apparel purchase decision. If the fashion apparel buyer decides that the level of perceived financial risk of the purchase is within the firm's level of handled risk, the fashion apparel buyer would complete the transaction by purchasing the items from an identified vendor. The purchased product and the vendor would be evaluated later to see if they satisfied the purchasing task.

When a buyer wishes to seek additional information during decision making or when the perceived financial risk of an apparel purchase is too great, the fashion apparel buyer seeks information to reduce risks. Product and vendor

characteristics are two types of information that are gathered from internal and external information sources. An information source is an individual or an associational group that has pertinent expertise in a relevant apparel related situation. Information sources can be apparel firm executives, peers, and other industry professionals. The fashion apparel buyer collects product and vendor information from a host of sources to reduce risk. The literature on apparel buying and product characteristics and vendor reputation have shown that industrial buying in general to be effective antidotes for purchase risks (Henthorne, LaTour, & Williams, 1990). Information search can help the fashion apparel buyer to better understand the fashion product or need of the target market and to identify a vendor that can produce and deliver the desired fashion apparel product. In any case, the FABPM identifies this process as a loop in the apparel purchasing process; the steps are repeated until an acceptable level of handled risk is obtained.

In purchasing situations where the risks exceed the firm's handled risk, where time constraints prevent the gathering and evaluation of a desired amount of information, or where information is not available, the apparel buyer has

three choices. The apparel buyer can 1) purchase the product, 2) conduct another search to identify a new vendor, or 3) not purchase the product.

The FABPM is a model of the fashion apparel retail purchase process that represents a dynamic explanation of this industrial organizational purchasing function. With each purchasing sequence undertaken, the firm and its buyers gain valuable experience. The evaluation of a completed purchase helps to refine company specific factors and expands the fashion apparel firm's ability to succeed in its competitive environment.

### **Conceptual Definitions**

1. **Purchasing** - the overall process of buying fashion apparel products from a vendor.
2. **Fashion apparel retail buyer** - a type of industrial buyer who sources and purchases apparel for an apparel retailer.
3. **Purchasing task** - the process that describes the fashion apparel buyer's delineation of products or service to satisfy a current or future demand of the firm's customers.

4. **Company specific factors** - a firm's goals, objectives, and protocols for business transactions.
5. **Product class** - a selection of apparel merchandise grouped into assortments based on garment features and/or price.
6. **Product** - a selection of apparel items designed to satisfy one specific fashion demand of a targeted audience.
7. **Source** - a vendor that provides apparel to fashion apparel retailers.
8. **Sourcing** - the process of scanning the market to identify fashion apparel vendors.
9. **Vendor** - a potential source of purchased apparel for fashion apparel retailers.
10. **New buy** - the purchase of a new apparel product from a new apparel vendor (Choffray & Johnston, 1979).
11. **Rebuy** - the purchase of a current apparel product from a current apparel vendor (Choffray & Johnston, 1979).
12. **Modified rebuy** - the purchase of a new apparel product from a current vendor or the purchase of a current apparel product from a new vendor (Choffray & Johnston, 1979).

13. **Perceived risk** - the buyer's estimated probability of obtaining a given outcome in a given apparel purchasing environment.
14. **Need uncertainty** - "...the ease or difficulty encountered in specifying and measuring product use and characteristics" (Tullous & Munson, 1991, p. 25).
15. **Market uncertainty** - "...the stability of the marketplace and the degree of difficulty encountered in comparing characteristics of the potential suppliers" (Tullous & Munson, 1991, p. 25).
16. **Transaction uncertainty** - "...the ease or difficulty of getting the product from the vendor to the purchaser" (Tullous & Munson, 1991, p. 25).
17. **Perceived financial risk** - the buyer's estimated probability between 0% and 100% of a financial loss or gain as the result of an apparel purchase decision.
18. **Information search** - the process of collecting data from knowledgeable textile and apparel sources to solve a specific problem.
19. **Information source** - an individual or associational group having pertinent expertise in a relevant apparel related situation.

20. **Product characteristics** - a type of information that describes the subjective and objective qualities of textile and apparel products.
21. **Vendor reputation** - a type of information that describes the subjective and objective capacities of textile and apparel suppliers.

### **Research Problem**

The purpose of this study is to examine the impact of a high and low perceived financial risk scenario on U.S. fashion apparel buyers' financial risk assessment and on the relationship to the need for information sources, product characteristics and vendor reputation information during the apparel purchasing decision making process.

### **Objectives**

1. To examine the effect of financial risk on a sample of U.S. fashion apparel retail buyers' need for information sources and for information on product characteristics and vendor reputation during the apparel purchasing decision making process. (Hypotheses 1 and 2)

2. To examine the relationship between selected demographic variables of the apparel firms and their buyers and financial risk during the apparel purchasing decision making process. (Hypothesis 3)
3. To examine the relationship between the buyers' need for information sources and for information on product characteristics and vendor reputation during the apparel purchasing decision making process. (Hypothesis 4)

#### **Research Hypotheses and Rationale for Hypotheses**

Hypothesis 1A. The average importance rating for each information source will be higher in the high financial risk scenario than in the low financial risk scenario.

Hypothesis 1B. The average importance rating for each product characteristic will be higher in the high financial risk scenario than in the low financial risk scenario.

Hypothesis 1C. The average importance rating for each vendor reputation will be higher in the high financial risk scenario than in the low financial risk scenario.

Rationale - Studies have shown that, as perceived risk increases, buyers rely increasingly on pertinent information to reduce the levels of risk. Buyers often consult information sources and seek information about vendor reputations and product characteristics to reduce or better understand the perceived risk in a given purchasing situation.

Hypothesis 2A. In the high financial risk scenario, there will be no significant difference in the importance ratings across all respondents among:

- A) all six information sources
- B) all five product characteristics
- C) all seven vendor reputation variables

Hypothesis 2B. In the low financial risk scenario, there will be no significant difference in the importance ratings across all respondents among:

- A) all six information sources
- B) all five product characteristics
- C) all seven vendor reputation variables



Rationale - Buyers rely on pertinent information to reduce the levels of perceived risk. Since buyers often consult information sources and collect information about vendor reputations and product characteristics to evaluate a given purchasing situation, each information source and each type of information provides needed knowledge in the buyer's formulation of perceived risk in a given purchasing situation. Hence, each source and type of information should be seen as equally important.

Hypothesis 3A & 3B. There is a relationship between perceived financial risk ratings in the high and low risk scenarios and the firms' importing activities, buyers' experience with a described purchasing scenario, firms' store type, buyers' apparel purchasing categories, buyers' tenure in apparel buying, and buyers' tenure with buying imported apparel.

Rationale - Fashion apparel buyers' perceived financial risk has been shown to be affected by company specific factors and the buyers' experience. The FABPM model conceptualizes the combination of perceived risk (need, market, and transaction uncertainty) and company specific factors, including handled risk, as determining the

financial risk a fashion apparel buyer perceives when purchasing apparel. A fashion apparel buyer's experience in buying and importing within a firm are guided by the firm's company specific factors. Experience is often the best source of information, and fashion apparel buyers tend to act autonomously in their purchasing decision making. The buyer's cumulative experience may serve as the reference point for initial estimations of perceived financial risk.

Hypothesis 4A. There will be a significant correlation between the importance ratings of the need for information sources and for information on product characteristics and vendor reputation in the high financial risk purchasing scenario.

Hypothesis 4B. There will be a significant correlation between the importance ratings of the need for information sources and for information on product characteristics and vendor reputation in the low financial risk purchasing scenario.

Rationale - Information is key to reducing the level of perceived risk in a purchase situation. Studies have shown that buyers' consultation of information sources about

product characteristics and vendor reputation is common as a way to understand the financial risk of a purchasing situation. Therefore, one could expect to see a positive relationship between the ratings of importance for the need of information sources and for information on product characteristics and vendor reputation.

### **Assumptions**

1. The respondents of this study will answer the questions accurately.
2. The scenarios used in this study represent plausible high and low perceived financial risk situations for a fashion apparel buyer.
3. The respondents of this study can distinguish between the high and low perceived financial risk situations presented to them.
4. The choices of information sources, vendor reputation, and product characteristics included in this research represent variables used in the fashion apparel buyer's search activities in regards to apparel purchasing.

### **Limitations**

1. The findings of this study only express the fashion apparel purchasing behavior of buyers from apparel retail firms with annual sales greater than \$25,000,000, 250 or more employees, or a tangible net worth greater than \$500,000 in 1993.
2. Because the focus of this study is on the use of information sources and information on product characteristics and vendor reputation, the entire Fashion Apparel Retailer Purchasing Model will not be addressed empirically.
3. Because there is no uniform measure of perceived financial risk for industrial firms, the findings of this study may be generalizable only to fashion apparel retail firms.

## **CHAPTER IV**

### **RESEARCH METHOD**

The purpose of this study is to examine the impact of high and low perceived risk on U.S. apparel buyers' financial risk assessment and on the relationship for the need for information sources, product characteristics and vendor reputation information during the apparel purchasing decision making process. This chapter explains the procedures that were undertaken to achieve the research objectives and test the hypotheses. A repeated measures technique was adopted as the research design for this study. A power analysis was conducted to determine the necessary sample size and enhance the reliability of the study. A minimum of 105 fashion apparel retail buyers was required for the sample. Subjects were randomly chosen and randomly assigned to two treatments. Survey data were collected by mail from the sample. The survey instrument contains two scenarios designed to represent high and low perceived financial risk apparel purchasing behavior. Data were analyzed using descriptive statistics, Pearson product-moment correlation, analysis of variance (ANOVA), matched-sample t-test, and multiple regression.

### **Sampling**

The population of interest is U.S. fashion apparel retail buyers. A comprehensive list of U.S. apparel retail firms without location limitations was obtained from the 1995 Dun & Bradstreet Million Dollar Directory. This is an annual published directory that lists every publicly- and privately-owned firm in the U.S. that meets at least one of the following three requirements: "1. 250 or more employees at that location. 2. \$25,000,000 or more in sales volume. 3. Tangible net worth greater than \$500,000" (Million Dollar Directory, 1995, p.VII). Firms are listed by SIC code. Apparel retail firms that met one of the aforementioned requirements in 1995 were included in the sample pool. Cross referencing these firms to prevent duplication revealed 2,241 possible firms from which to draw subjects.

A power analysis was conducted as a design step to increase the reliability of the study. A power analysis helps to reduce the effects of beta errors, commonly called Type II errors, and increases the level of confidence in the findings. A beta error occurs when the results of an analysis fail to reject a false null hypothesis (Howell, 1992). The power analysis was conducted according to procedures suggested by Kraemer and Thiemann (1987).

For a given degree of power, the required sample size is a product of the significance level, the desired power, and the critical effect size (Kraemer & Thiemann, 1987).

This study was exploratory, and the literature provided little guidance about how power has been manipulated in research of this nature. However, the study's design is a balanced repeated measure technique. A balanced design allows a researcher to assume that all groups have equal within-group variation, and this statistic can be used to derive the critical effect size. The critical effect size is a measure of how strong the effect size must be for the effect to be tenable (Kraemer & Thiemann, 1987). From the assumption of equal within-group variation, one can let  $q = 0.5$  ( $q$  is a statistic that represents a sample from a population). Using Kraemer and Thiemann's (1987) critical effect size table, the critical effect size for this study is 0.24.

When the literature provides no guidance as to the appropriate power level for a given field, researchers often have adopted benchmarks that have been established for a related field. A power of 0.8 is a common benchmark for social science studies when no other guidelines can be found

(Cohen, 1977). Thus, 0.8 level of power was adopted for this study.

A repeated measure design assumes that there will be no differences among the given treatments of the study. This is a one tailed approach because the researcher has only to decide the level of confidence required for the study. In this research, a one tailed test set at a 95% confidence interval was adopted.

Therefore, with a critical effect size of 0.24, a power level of 0.8, and a one tailed test set at a 95% confidence interval, Kraemer and Thiemann's (1987) master table of power levels indicates that 105 subjects would be needed for the treatments. Due to the population's response rate history, a random sampling with replacement technique was used to obtain the 105 subjects.

### **Instrumentation**

The development of the questionnaire was guided by the studies of Anthony and Jolly (1991), Shim and Kotsiopulos (1991), and Tullous & Munson (1991). The studies provided useful subscales (Anthony & Jolly, 1991; Shim & Kotsiopulos, 1991) and methodologies (Tullous and Munson, 1991) for developing an instrument for this research.



Anthony and Jolly (1991) and Shim and Kotsiopulos (1991) identified information and product characteristic categories pertinent to apparel purchasing. Both studies examined the importance of information and of the information source on various apparel purchase decisions. Shim and Kotsiopulos (1991) did not discuss the reliability or validity of their instrument though, from their review of literature, their methodology appears in keeping with previous studies. Anthony and Jolly (1991) did report the reliability of their instrument by providing the coefficient alphas for each of the five scales of their research. The alphas ranged from .66 to .78. Tullous and Munson (1991) did not report on the reliability or validity in their instrument; however, they utilized statistical procedures to control for the effects of extraneous variables. Tullous and Munson's (1991) methodology provided the framework for the development of scenarios employed in the present study to manipulate the interactions of the variables.

A major theme flowing from the review of literature and incorporated in the Fashion Apparel Buyer Purchasing Model (FABPM) is that the potential for financial gain or loss is the driving force in the fashion apparel buyer's purchasing decision. Further, March and Shapira (1987) and Shapira

(1993) stated that industrial buyers were more concerned with the potential for dollar loss than with the probability of loss. Shapira (1993) reasoned that risk is a probability and therefore an abstract concept. Dollars are a linear concept that is easier to comprehend and use in comparisons or judgments. For instance, some may understand the significance of "a 40% probability of failure"; however, many more would understand the significance of the situation if the probability were restated in dollar terms, i.e., "a chance of losing five million dollars."

Perceived financial risk can be estimated from a combination of various factors, such as perceived risk, type of purchase, and vendor and product characteristics. Fashion apparel buyers develop strategies to compensate for the given level of financial risk inherent in a given purchase. Hence, by the development of scenarios that represent various financial risk states, one may observe how the apparel retail buyers rate the perceived financial risk of the scenario and how they would utilize information sources and types of information to control for the perceived level of financial risk.

Perceived financial risk (PFR) is operationalized in this study based on work completed by Tullous and Munson

(1991). Perceived financial risk is conceptualized as a product of vendor type(V) times the type of purchase (P) times the perceived risk (PR). Thus,  $PFR = V \times P \times PR$ . Perceived risk is composed of three subsets: market uncertainty (MU), need uncertainty (NU), and transaction uncertainty (TU). The research variables in this study are manipulated to obtain two levels of vendor types: 1) current source (CS) and 2) new source (NS); three levels of purchase types: 1) new buy (N), 2) rebuy (R), and 3) modified rebuy (MB); and two levels of perceived risk: 1) high market uncertainty (HMU), high need uncertainty (HNU), and high transaction uncertainty (HTU) and 2) low market uncertainty (LMU), low need uncertainty (LMU), and low transaction uncertainty (LTU).

The above variables were manipulated into twelve possible scenarios for this study. The twelve scenarios were divided into three groupings, which represent four scenarios designed to reflect high levels of perceived financial risk, four scenarios designed to reflect medium levels of perceived risk, and four scenarios designed to reflect low levels of perceived risk. The twelve possible scenarios were as follows:

High perceived financial risk

**NS x N x (HMU + HNU + HTU)**

NS x MB x (HMU + HNU + HTU)

NS x R x (HMU + HNU + HTU)

NS x N x (LMU + LNU + LTU)

Medium perceived financial risk

CS x N x (HMU + HNU + HTU)

CS x MB x (HMU + HNU + HTU)

NS x R x (LMU + LNU + LTU)

NS x MB x (LMU + LNU + LTU)

Low perceived financial risk

CS x R x (HMU + HNU + HTU)

CS x N x (LMU + LNU + LTU)

CS x MB x (LMU + LNU + LTU)

**CS x R x (LMU + LNU + LTU)**

Ideally, having each subject respond to questions on all twelve scenarios would afford an excellent statistical procedure. However, given fashion apparel buyers' typical response rate to questionnaires, such an approach would reduce the response rate. Fashion apparel buyers do not

have strong trade associations nor a broad base of partnerships with academically sponsored research. Fashion apparel buyers have not shown a willingness to cooperate in lengthy studies or studies that may divulge information which could negatively affect their competitive stance. Due to the above, brevity was a major concern for the study's questionnaire. Therefore, each subject was randomly assigned to only two buying situations: a high perceived risk buying situation and low perceived risk buying situation. The chosen formats for the two scenarios are bolded in the list of twelve possible scenarios above. These formats were chosen because they represent the two extremes of the apparel buyer's purchasing process. The low perceived financial risk scenario represents an ideal purchasing environment for a fashion apparel buyer because of little uncertainty in the purchasing and customer markets. The high perceived financial risk scenario represents a most challenging purchasing environment for a fashion apparel retail buyer because of high levels of uncertainty in both the purchasing and customer markets.

### **Pilot Testing**

The initial instrument (Appendix B) was subjected to a three-stage review. In the first stage, the instrument was analyzed for content by university research professionals versed in instrument design and analysis. A small focus group of fashion apparel buyers completed the second stage of the analysis to ensure that the instrument's scenarios represented realistic buying situations and were written in terminology used by fashion apparel buyers. The instrument and a cover letter were then mailed to a sample of 10 fashion apparel buyers in a large department store in the southeastern United States. These buyers analyzed the instrument for content and clarity, estimated the time to complete the instrument, and suggested stylistic changes for enhancing the instrument's response rate. The final instrument design represents a synthesis of the suggested changes of all concerned parties. As can be noted, the instrument remained essentially the same in content, but changed somewhat in wording and format. The format change was necessitated to make the instrument easier to read. Two additions were made to the instrument. A question asking the frequency that a buyer faced a given purchasing scenario was added after each scenario, and an item was added so that

the respondents could indicate whether they wanted to receive a complimentary copy of the research results. Finally, to prevent question-order bias, the order of the scenarios was varied, and the information source, product characteristic, and vendor reputation variables were randomized to obtain four ordinals on these variables.

### **Instrument**

The final instrument (Appendix C) has eight versions, which have identical content but different ordering of the buying scenarios, information sources, product characteristics, and vendor reputation variables. Each instrument has three sections that include scenario A, scenario B, and general information. The two scenarios were designed to represent high and low perceived financial risk apparel purchasing behavior. To enhance the external and internal validity of the study, the subjects were randomly assigned to one of the eight versions of the instrument. Random selection and assignment reduce threats to external and internal validity by reducing the effects of extraneous variances that may color the results of a study. In data collection, subjects were asked to read and evaluate each presented scenario. The subjects then assessed the level of

financial risk and rated the importance of the need for the information sources and for information on the product characteristics and vendor reputation variables during the apparel purchasing decision making process. The remainder of the questionnaire consists of demographic information for describing the respondents and their firms. The instrument was designed to be as brief as possible to promote completion and return of the questionnaire.

One scenario is designed to represent a high financial risk situation by incorporating the following elements: 1) a new buy, 2) a high level of need uncertainty, 3) a high level of market uncertainty, 4) and a high level of transaction uncertainty. This scenario is shown as Scenario A in version #1 of the instrument (Appendix C). The other scenario was designed to represent a low financial risk situation by incorporating the following elements: 1) a rebuy, 2) a low level of need uncertainty, 3) a low level of market uncertainty, and 4) a low level of transaction uncertainty. This scenario is shown as Scenario B in version #1 of the instrument (Appendix C).

The information sources, product characteristics, and vendor reputation variables that follow in question #1 after each scenario represent aspects of an informational search



process that one might use to reduce financial risk. The information sources, product characteristics, and vendor reputation variables in the questionnaire were modified from subscales used in studies by Anthony and Jolly (1991) and Shim and Kotsiopulos (1991). The information sources include upper management, buying office, another buyer/peer, sales representative, trade associations, and competitors. Anticipated margins, consumer demand, product styling, product workmanship, and expected sales comprise the product characteristic variables. The vendor reputation variables include production flexibility for long or short runs, length of delivery lead time, delivery reliability, after-sales service, transportation costs, import experience, and ability to meet specifications. The subjects were asked to rate the importance of the information sources, product characteristics, and vendor reputation aspects on a five-point Likert-type scale. A rating of very low importance received a score of one, and a rating of very high importance received a score of five.

Question #2 after each scenario measures the perceived financial risk on a bipolar, Likert-type scale for rating the chance, on a scale from -10 to +10, of a 100% financial loss to a 100% financial gain. This scale departs from most

risk scales and presents the possibility of either a loss or a gain. Research has shown that the framing, positive or negative, of a potential situation has a bearing on how risk is perceived (Francis & Brown, 1985-86; Oglethorpe, 1985; Qualls & Puto, 1989). By allowing the respondents to independently frame the financial risk associated with the scenario, this study does not introduce unnecessary bias that could sacrifice the validity of the results.

Question #3 after each scenario asks the frequency that the respondent confronts a purchasing situation like that scenario. The buyers had a choice of often, sometimes, seldom, or never. This question was used to gain information on the buyers' purchasing experience with each type of scenario.

The general information section of the questionnaire is divided into information about the firm and information about the buyer. For information about the firm, question A asks the firm's import purchasing activities; question B asks the major price line carried; question C the classification of the firm according to store type; and question D whether the firm's annual sales ranked in the largest or smallest 50% of apparel retailers. For information about the buyer, question A asks the category of

merchandise in which the buyer completes the majority of purchasing; and questions B and C ask the buyer's longevity as a buyer and as a buyer of apparel imports, respectively.

### **Data Collection**

Prior to mailing, the instrument was evaluated and approved for use in this study by the Virginia Polytechnic and State University's Human Subjects Committee. The cover letter (Appendix D), instrument and a self-addressed stamped return envelope were mailed on March 21, 1995 to 315 randomly selected prospective subjects requesting that they complete and return the instrument by April 7, 1995. On April 4, 1995 reminder cards (Appendix D) were mailed to the 315 subjects thanking those who had returned their instruments and asking those who had not to do so. In the initial mailing, additional subjects were randomly selected to replace subjects who were chosen from closed apparel retail firms (14), answered the instrument incorrectly (18), had wrong or incomplete address (37). Hence, a grand total of 384 questionnaires was initially mailed. Since the desired sample size of 105 was not obtained from the first mailing, a revised cover letter (Appendix D) and instrument were sent to the 315 prospective subjects on April 10, 1995.

The subjects were offered a complimentary copy of the study's findings for their participation.

A total of 699 questionnaires were mailed to the prospective sample. Seventy-five usable questionnaires were obtained in the first mailing and thirty-five in the second. The final sample size consisted of 110 subjects.

### **Analysis of Data**

Each subject in this study was assigned to a high and low perceived risk purchasing manipulation. Since a repeated measure design was used, statistical control for extraneous variables and testing effects was used in the testing of pertinent hypotheses. Several statistical approaches were used to test the hypotheses. Significance levels of .05 or less are reported, unless noted otherwise. Descriptive statistics were completed on the general information questions to describe the sample's demographics.

Hypothesis 1A. The average importance rating for each information source will be higher in the high financial risk scenario than in the low financial risk scenario.

Hypothesis 1B. The average importance rating for each

product characteristic will be higher in the high financial risk scenario than in the low financial risk scenario.

Hypothesis 1C. The average importance rating for each vendor reputation variable will be higher in the high financial risk scenario than in the low financial risk scenario.

Matched pair t-tests were used to test hypotheses 1A, 1B, and 1C. Each of the six matched pair t-tests for 1A compared the means in the high and low risk scenarios of all the respondents' ratings of the importance of the need for one of the information sources. Each of the five matched pair t-tests for 1b compared the means in the high and low risk scenarios of all the respondents' ratings of the importance of the need for one of the product characteristics. Each of the seven matched pair t-tests for 1C compared the means in the high and low risk scenarios of all the respondents' ratings of the importance of the need for one of the vendor reputation variables.

Hypothesis 2A & 2B. In the high and low financial risk scenarios, there will be no difference in the importance ratings across all respondents among:

- i) all six information sources
- ii) all five product characteristics

*iii*) all seven vendor reputation variables

One-way analyses of variance were used to test hypotheses 2A and 2B. The analyses for each scenario tested whether the variance of the importance ratings was greater between the information sources than within the information sources (*I*), greater between the product characteristics than within the product characteristics (*ii*), and greater between the vendor reputation variables than within the vendor reputation variables (*iii*) in the high and low risk scenarios.

Hypothesis 3A & 3B. There is a relationship between perceived financial risk ratings in the high and low risk scenarios and the firms' importing activities, buyers' experience with the described purchasing scenario, firms' store type, buyers' apparel purchasing categories, buyers' tenure in apparel buying, and buyers' tenure with buying imported apparel.

One multiple regression analysis was used to test hypothesis 3A, the high risk scenario, and another multiple regression analysis was used to test hypothesis 3B, the low risk scenario. In both risk scenarios, the firms' purchasing activities, buyers' store type, apparel purchasing categories, tenure as a buyer, and tenure at buying imported

apparel were the independent variables and the ratings from the 100% chance of a financial loss or gain scales in the high and low risk scenarios were each dependent variables. All rejection levels for the null hypotheses of no relationship were set at the .05 level of significance. Significance levels of .05 and .01 were reported.

Hypothesis 4A. There will be a positive correlation between the importance ratings of the need for information sources and for information on product characteristics and vendor reputation in the high financial risk purchasing scenario.

Hypothesis 4B. There will be a positive correlation between the importance ratings of the need for information sources and for information on product characteristics and vendor reputation in the low financial risk purchasing scenario.

A Pearson product moment correlation was used to test hypotheses 4A & 4B. The variables in the correlation analysis pertaining to each of the two risk scenarios were the means over all the respondents ratings of the importance of the need for the six information sources, five product characteristics, and seven vendor reputation variables. All rejection levels for the null hypotheses of no association were set at the .05 level of significance. Significance levels of .05 and .01 were reported.

## CHAPTER V

### RESULTS

The purpose of this study is to examine the impact of high and low perceived risk on U.S. apparel buyers' financial risk assessment and on the relationship for the need for information sources, product characteristics and vendor reputation information during the apparel purchasing decision making process. This chapter presents the description of the sample and the results of the statistical analyses and their implications in relation to the hypotheses. The findings of this research are compared with similar studies.

#### Description of Sample

The final sample comprised 110 fashion apparel buyers, somewhat more than the required 105 subjects according to the power analysis. The sample was randomly chosen from the 1995 Dunn & Bradstreet Million Dollar Directory. Since two mailings of the study's instrument was completed to obtain the desired sample size for the study, Bonferroni's Multiple Comparison Test was computed to determine if significant differences existed between the two. Results



showed that the respondents' ratings were not significantly different between the first and second mailing except for two differences noted between the mean rating for one information source in the high risk scenario, and for one product characteristic in the low risk scenario. In the high risk scenario, the respondents mean rating of the need for information from another buyer (3.34) in the first mailing was significantly ( $p < .05$ ) larger than the respondents mean rating (3.12) of this variable in the second mailing. In the low risk scenario, the respondents mean rating of the need for product styling information (4.56) in the second mailing was significantly ( $p < .05$ ) larger than the respondents mean rating for this variable (4.21) in the first mailing. Though these differences are statistically significant, the differences represent magnitude variances within the same rating category. For instance, both ratings of importance for the information source were within the medium importance range of 3.0 - 3.9, and both ratings of importance for the product characteristic were within the high importance range of 4.0 - 4.9.

The 110 subjects represent a cross section of apparel buyers across the continental United States plus Hawaii. Demographics of the respondents' firms and the respondents

as buyers are presented in Tables 1 and 2. Sixty-four percent of the firms purchased imported apparel. Approximately 58% of the fashion apparel buyers worked for apparel firms that sold mainly moderate-priced apparel, while approximately 29% worked for apparel firms that sold mostly prestige priced apparel. The remaining 11% of the fashion apparel buyers worked for apparel firms that sold budget-priced apparel. The majority of the fashion apparel buyers were from specialty stores (70%). Approximately 58% of the fashion apparel buyers identified their firms as within the bottom 50% in retail sales according to their store type. Approximately 56% of the fashion apparel buyers purchased misses' apparel, while 41% purchased men's, 25% purchased juniors, 20% purchased young men's, and 15% purchased children's or infants' apparel. The fashion apparel buyers averaged 17 years of apparel buying experience and 13 years of imported apparel buying experience.

### **Results of Measured Variables**

Table 3 reports the mean values and standard deviations of the scores for the importance of the need for information sources and information on product characteristics and vendor reputation in high and low financial risk scenarios.

Table 1

Description of the Respondents' Firms

	Respondents	
	Frequency	Percentage
<u>Importing Activities</u>		
No imports	35	31.8%
Evolving	22	20.0%
Growing	12	11.0%
Mature	25	22.7%
Declining	9	8.2%
No response	7	6.4%
<u>Price Line</u>		
Budget	13	11.8%
Moderate	64	58.2%
Prestige	32	29.0%
No response	1	1.0%
<u>Store Type</u>		
Specialty	77	70.0%
Other*	10	9.1%
Off-Price	9	8.2%
Department	7	6.4%
Discount	5	4.5%
Mail-Order	2	1.8%
<u>Retail Sales Rank According to Store Type</u>		
Top 50%	43	39.1%
Bottom 50%	64	58.2%
No response	3	2.7%

N = 110

\*(formal wear, destination, farm, ranch & home, new and recycled, sportswear, shoes, & casual wear, team apparel, sporting goods, boutique, and factory outlet)

Table 2

## Description of Respondents as Buyers

	Respondents	
	Frequency	Percentage
<u>Major Category of Purchased Apparel</u>		
Misses	62	56.4%
Men's	45	40.9%
Juniors	27	24.5%
Young Men's	22	20.0%
Children's	10	9.1%
Infants'	6	5.5%
<u>Years Buying Apparel</u>		
0-4	13	11.9%
5-10	19	17.4%
11-15	14	12.8%
16-20	17	15.6%
21-25	12	11.0%
26-30	13	11.9%
31-35	11	10.1%
36 or more	10	9.1%
No response	1	1.0%
<u>Years Buying Imported Apparel</u>		
0-10	30	27.3%
5-10	13	11.8%
11-15	13	11.8%
16-20	17	15.5%
21-25	12	10.9%
26-30	9	8.2%
31-35	7	6.4%
36 or more	3	2.7%
No response	7	6.4%

N = 110

Table 3

Means and standard deviations (SD) of the importance ratings of the need for information sources, product characteristics, and vendor reputation variables in the high and low financial risk scenarios

Variables	High Risk		Low Risk	
	Mean	SD	Mean	SD
<u>Information Sources</u>				
Upper management	3.40	1.14	3.12	1.21
Buying office	2.84	1.29	2.61	1.33
Another buyer/peer	3.59	1.10	3.17	1.20
Sales representative	3.09	1.25	3.04	1.18
Trade associations	2.55	1.25	2.54	1.27
Competitors	3.01	1.24	3.27	1.22
<u>Product Characteristics</u>				
Anticipated margins	4.41	0.65	4.49	0.61
Consumer demand	4.65	0.59	4.71	0.67
Product styling	4.55	0.58	4.41	0.77
Product workmanship	4.54	0.58	4.41	0.79
Expected sales	4.61	0.71	4.71	0.64
<u>Vendor Reputation</u>				
Production flexibility for long or short runs	3.75	0.91	3.84	0.80
Delivery lead time	4.17	0.79	3.99	0.88
Delivery reliability	4.67	0.63	4.57	0.65
After-sales service	4.03	1.15	3.94	1.12
Transportation costs	3.12	1.19	3.13	1.21
Import experience	3.41	1.18	3.27	1.16
Ability to meet specifications	4.55	0.61	4.39	0.75

Generally, the mean importance ratings of the need for information sources are higher in the high risk scenario than in the low financial risk scenario. However, competitors in the low financial risk scenario were rated higher in importance. The two highest rated information sources in the high financial risk scenario were another buyer/peer and upper management, while competitors and upper management were the highest rated sources in the low financial risk scenario. Though the ratings for the importance of the need for information on product characteristics and vendor reputation variables varied in the high and low financial risk scenarios, consumer demand and expected sales were the highest rated product characteristics, and delivery reliability and ability to meet specifications were the highest rated vendor reputation variables in both the high and low financial risk scenarios.

All of the mean ratings for information sources, product characteristics and vendor reputation exceeded the low importance rating of 2, and most exceeded the medium importance of 3; all the mean ratings for product characteristics exceeded the high importance rating of 4 in both the high and low risk scenarios. The findings suggest

that all the rated information sources, product characteristics, and vendor reputation variables may provide needed information that can aid the fashion apparel buyer in high and low financial risk apparel purchasing. The standard deviations of the rated information sources, product characteristics, and vendor information show that fashion apparel buyers were the most uniform in their ratings for the importance of the need for product characteristic information in both the high and low risk scenarios. This finding suggests that fashion apparel buyers have a common understanding of the contributions of product characteristic information during apparel purchase decision making.

Means and standard deviations of the respondents' indication of the chance of financial gain or loss in the high and low financial risk scenarios are reported in Table 4. The respondents' mean ratings suggest they expected a greater chance of financial success in the low risk scenario. Buyers overall did not view either scenario as yielding a potential loss. These findings suggest that the fashion apparel buyers had positive opinions of their ability to be financially successful in their apparel purchasing activities regardless of the risk scenario.

Table 4

Means, standard deviations, and matched pair t-test on ratings of the chance of financial loss or gain in the high and low financial risk scenarios

	High Risk		Low Risk		t-value
	Mean	SD	Mean	SD	
Chance of Financial Loss or Gain	3.26	3.83	6.90	2.35	8.90*

\*p <.001



In order to determine if the mean responses for the two scenarios were significantly different, a matched pair t-test was computed. The results of the t-test (Table 4) show a significant difference between the buyers' perception of their chance of a financial gain in the high and low risk scenarios.

Table 5 presents a bar chart of the ratings of the chance of a financial loss or gain in the high and low risk scenarios. As can be noted from the bar chart, the respondents' ratings are mostly positive. The ratings indicated that most respondents frame the presented scenarios as offering expected gains, though the ratings were more volatile in the high risk scenario. Table 5 provides further detail concerning the significant difference which was found between the two scenarios. That there was this difference in the ratings for financial loss or gain is some indication of the success of the risk manipulation with the scenarios of this research.

### **Results of Hypothesis Testing**

Hypothesis 1A. A set of match paired t-tests was used to test whether the average importance rating for each information source was higher in the high risk scenario than

Table 5

Bar Chart of the Ratings of the Chance of Financial Loss or Gain in the High and Low Risk Scenarios

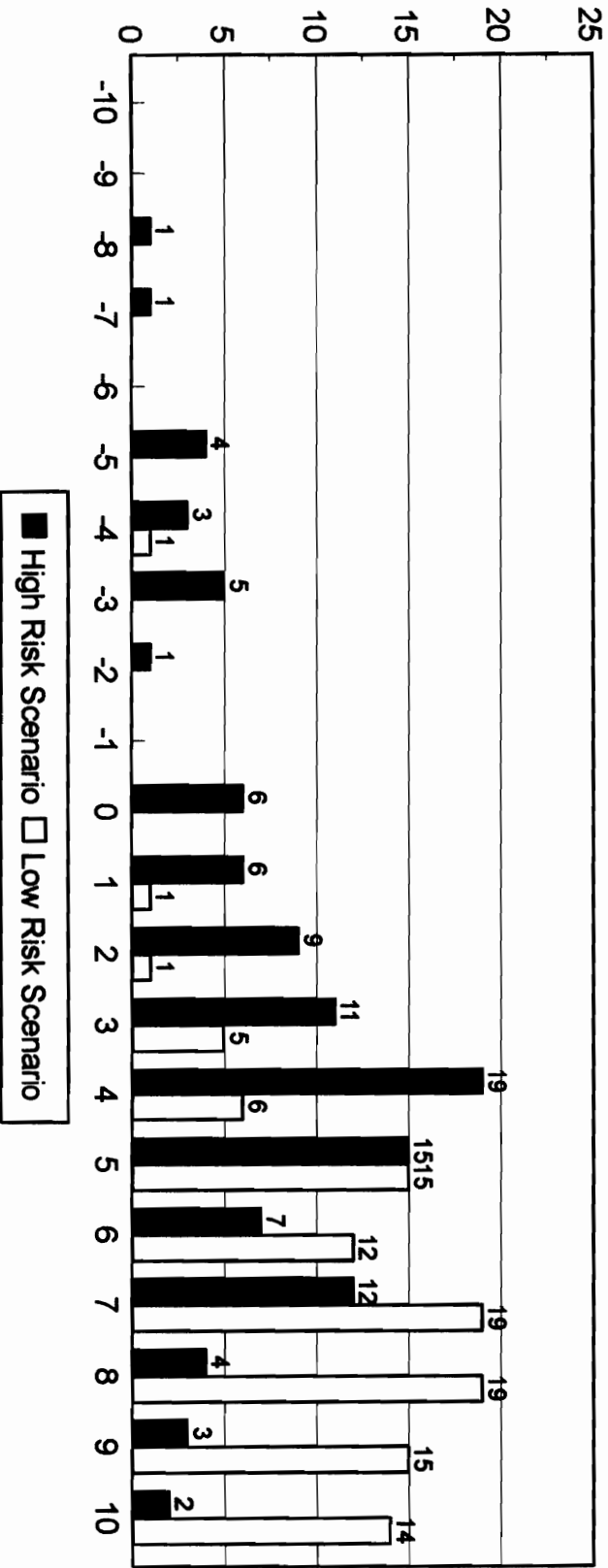


Table 6

Means, standard deviations, and matched pair t-tests on the importance ratings for information sources, product characteristics, and vendor reputation variables in the high and low financial risk scenarios

	High Risk		Low Risk		t-value
	Mean	SD	Mean	SD	
<b>Information Sources</b>					
Upper management	3.40	1.14	3.12	1.21	2.36*
Buying office	2.84	1.29	2.61	1.33	3.04**
Another buyer/peer Sales representative	3.59	1.10	3.17	1.20	4.25**
Trade association	3.09	1.25	3.04	1.18	.18
Competitors	2.55	1.25	2.54	1.27	1.47
	3.01	1.24	3.27	1.22	2.19*
<b>Product Characteristics</b>					
Anticipated margins	4.41	0.65	4.49	0.61	1.10
Consumer demand	4.65	0.59	4.71	0.67	.69
Product styling	4.55	0.58	4.41	0.77	2.52*
Product workmanship	4.54	0.58	4.41	0.79	2.01*
Expected sales	4.61	0.71	4.71	0.64	1.78
<b>Vendor Reputation</b>					
Production flexibility for long or short runs	3.75	0.91	3.84	0.80	1.77
Delivery lead time	4.17	0.79	3.99	0.88	1.39
Delivery reliability	4.67	0.63	4.57	0.65	1.44
After-sales service	4.03	1.15	3.94	1.12	1.04
Transportation costs	3.12	1.19	3.13	1.21	.95
Import experience	3.41	1.18	3.27	1.16	.91
Ability to meet specifications	4.55	0.61	4.39	0.75	2.89**

\*p<.05

\*\*p<.01

test whether the average importance rating for each vendor reputation was higher in the high risk scenario than in the low risk. Results from Table 6 show that information on ability to meet specifications was significantly more important in the high risk scenario than in the low risk scenario. There were no other significant differences in the other vendor reputation variables. Therefore, hypothesis 1C was not entirely supported because the importance of information on the vendor reputation variables seems to be equivalent except for one variable.

Hypotheses 2A & 2B. One hypothesis was that, in the high financial risk scenario, the mean importance ratings across all respondents would not significantly differ among: *i*) all six information sources; *ii*) all five product characteristics; and *iii*) all seven vendor reputations. Three one-way analyses of variance were used to test these hypotheses. Newman Keul's post-hoc tests were performed when any of the ANOVAs indicated significant differences in the importance ratings for the information sources, product characteristics, or vendor reputation variables.

Results for the high financial risk scenario are presented in Tables 7A and 7B. They show significant

Table 7A

One-way ANOVA on the ratings for information sources, product characteristics, and vendor reputation variables in the high financial risk scenario

Source	df	SS	MS	F
Between information sources	5	49.73	9.95	7.05**
Within-information sources	604	851.85	1.41	
Total	609	901.58		
Between product characteristics	4	5.26	1.32	2.71*
Within-product characteristics	543	263.35	.48	
Total	547	268.59		
Between Vendor Reputation	6	196.72	32.79	34.68**
Within-Vendor Reputation	748	707.13	.95	
Total	754	903.85		

\*p< .05  
 \*\*p< .001

Table 7B

Newman Keul's post-hoc tests of differences between the mean ratings for information sources, product characteristics and vendor reputation variables in the high financial risk scenario

Variables	Mean Ratings	*Significant Difference
<b>Information Sources</b>		
Another buyer/peer (A)	3.62	(CDEF)
Upper management (B)	3.37	
Sales representative (C)	3.20	(F)
Competitors (D)	3.16	(F)
Buying office (E)	3.03	(F)
Trade associations (F)	2.67	
<b>Product Characteristics</b>		
Consumer demand (A)	4.58	(E)
Expected sales (B)	4.52	
Product styling (C)	4.51	
Product workmanship (D)	4.45	
Anticipated margins (E)	4.49	
<b>Vendor Reputation</b>		
Delivery reliability (A)	4.61	(CDEFG)
Ability to meet specifications (B)	4.50	(CDEFG)
Length of delivery lead time (C)	4.15	(DEFG)
After-sales service (D)	3.95	(FG)
Production flexibility for long or short runs (E)	3.70	(FG)
Import experience (F)	3.41	
Transportation costs (G)	3.11	

\*Letters in () indicate significant difference ( $p < .05$ ) from the rating scale item listed opposite in column 1.

differences between the importance ratings for information sources. The post-hoc analysis revealed that the mean importance rating for trade associations as an information source was significantly less than for the other five information sources. Buying office, competitors, and sales representative were significantly less important information sources than was another buyer/peer. Information from another buyer/peer also was significantly more important than from upper management. Overall, the need for information from another buyer/peer was more important than from most other sources. Hence, contrary to the hypothesis, research hypothesis 2A<sub>i</sub> was not supported.

Tables 7A and 7B also show a significant difference between the ratings of importance for product characteristics in the high financial risk scenario. The post-hoc analysis revealed that the only difference in the mean importance ratings for the five product characteristics occurred between anticipated margins and consumer demand. The need for information on anticipated margins was significantly less important than for information on consumer demand. Otherwise, there were no significant differences between the mean ratings of importance for the other five product characteristic variables. Hence,

research hypothesis 2Aii on product characteristics was largely, though not entirely supported.

Finally, the results concerning the vendor reputation variables, in Tables 7A and 7B, show significant differences in the mean importance ratings in the high financial risk scenario. The post-hoc analysis revealed that information on transportation costs was significantly less important than that on all other vendor reputation variables. Information on import experience was significantly less important than that on all other vendor reputation aspects, except transportation costs. The mean rating of importance of the need for information on production for long or short runs was not significantly different from that for after-sales service information, but significantly less important than the for others. There was no significant difference in the mean ratings of importance for after-sales service and for length of delivery lead time, but both were significantly less important than information on the ability to meet specifications and on delivery reliability. Overall, every variable was significantly different from multiple others. Hence, the research hypothesis concerning vendor reputation in the high financial risk scenario was not supported.



As to results for the low financial risk scenario, Tables 8A and 8B show there was a significant difference between the mean ratings of importance of the need for information sources. The post-hoc analysis revealed that though their ratings were not significantly different, the mean importance rating for trade associations and buying office as information sources were significantly less than for the other four information sources. There was no significant difference between the importance of the need for information on competitors, sales representative, upper management, or another buyer/peer. Hence, the research hypothesis concerning information sources in the low financial risk scenario was largely supported.

Tables 8A and 8B indicate significant difference between the ratings of importance for product characteristics in the low financial risk scenario. The post-hoc analysis revealed that though their ratings were not significantly different, the mean importance rating for anticipated margins, product workmanship, and product styling as information sources were significantly less than for consumer demand and expected sales. There was no significant difference between the importance of the need for information on expected sales or consumer demand.

Table 8A

One-way ANOVA on the ratings for information sources, product characteristics, and vendor reputation variables in the low financial risk scenario

Source	df	SS	MS	F
Between information sources	5	58.81	11.76	8.13*
Within-iInformation sources	616	890.96	1.45	
Total	621	949.77		
Between product characteristics	4	13.40	3.35	5.47*
Within-product characteristics	538	329.79	.61	
Total	542	343.19		
Between vendor reputation	6	163.28	27.21	26.37*
Within-vendor reputation	737	760.55	1.03	
Total	743	923.84		

\*p< .001

Table 8B

Newman Keul's post-hoc tests of differences between the mean ratings for information sources, product characteristics and vendor reputation variables in the low financial risk scenario

Variables	Mean Ratings	*Significant Difference
<b>Information Sources</b>		
Competitors (A)	3.38	(EF)
Sales representative (B)	3.15	(EF)
Upper management (C)	3.10	(EF)
Another buyer/peer (D)	3.10	(EF)
Buying office (E)	2.65	
Trade associations (F)	2.50	
<b>Product Characteristics</b>		
Expected sales (A)	4.68	(CDE)
Consumer demand (B)	4.64	(CDE)
Anticipated margins (C)	4.37	
Product workmanship (D)	4.33	
Product styling (E)	4.32	
<b>Vendor Reputation</b>		
Delivery reliability (A)	4.50	(BCDEFG)
Ability to meet specifications (B)	4.30	(CDEFG)
Length of delivery lead time (C)	4.03	(FG)
After-sales service (D)	3.84	(FG)
Production flexibility for long or short runs (E)	3.82	(FG)
Import experience (F)	3.34	(G)
Transportation costs (G)	3.07	

\*Letters in () indicate significant difference ( $p < .05$ ) from the rating scale item listed opposite in column 1.

Hence, the research hypothesis concerning product characteristics in the low financial risk scenario was partially supported.

Finally, the results concerning the vendor reputation variables, in Tables 8A and 8B, show significant differences in the mean importance ratings in the low financial risk scenario. The post-hoc analysis revealed that information on transportation costs was significantly less important than that on all other vendor reputation variables. Information on import experience, production flexibility for long or short runs, and length of delivery lead time was significantly less important than that on ability to meet specifications and delivery reliability, except transportation costs. The mean rating of importance of the need for information on delivery reliability was significantly more important than any other vendor reputation variable. Overall, nearly every variable was significantly different from multiple others. Hence, the research hypothesis concerning vendor reputation in the low financial risk scenario was not supported.

Findings from hypotheses 2A and 2B showed that there were significant differences among the ratings of importance for the need of information sources and information on

product characteristic and vendor reputation in both scenarios. The importance ratings of the need for the most important information sources (another buyer/peer, upper management) and vendor reputations (ability to meet specifications, delivery reliability) have been cited as important by several studies. The ratings of importance for the need of each information source, product characteristic, and vendor reputation, overall, tended to show more equality in the low financial risk scenario than the high risk scenario. This may suggest that apparel buyers do not aggressively seek several types of different information to be use in low financial risk apparel decisions. Perhaps due to the minimum risks involved in the low risk scenario, apparel buyers may have felt they were able to make sound apparel decisions with few pieces of additional information. However, in the high risk scenario, there was more volatility in the ratings of importance for the need for information. This general finding could mean that apparel buyers rely on specific, key sources of information when making apparel purchasing decisions in high risk conditions.

Hypotheses 3A & 3B. The general hypothesis was that perceived financial risk ratings in the high and low risk scenarios are influenced by the firm's importing activities, buyers' experience with described purchasing scenario, firms' store type, buyers' apparel purchasing categories, buyers' tenure in apparel buying, and buyers' tenure with buying imported apparel. One multiple regression analysis was used to test hypothesis 3A, the high financial risk scenario and another was used to test hypothesis 3B, the low financial risk scenario. The firm's importing activities, buyers' experience with the described scenario, firm's store type, buyers' apparel categories, buyers' experience as an apparel buyer, and buyer's experience with buying imported apparel were the independent variables in both, and the ratings of the chance of financial loss or gain in the high and low risk scenarios were the respective dependent variables. In the regressions, buyers' experience with the described scenario, firm's importing activities, and firm's store type categories were dummy coded with the never, declining, and other variables omitted by regression. It should be noted that the sample size of 110 did not meet the necessary requirements for a robust regression analysis. Hence, any findings from the two regressions must be used

with caution. Results of the multiple regression are presented in Tables 9 and 10.

According to Table 9, the rated chance of financial loss or gain in the high financial risk scenario was significantly and negatively influenced by discount stores. This finding means that fashion apparel buyers from discount stores did not share the same ratings of financial gain as buyers from other firm types in the high risk scenario. In fact, every firm type except department stores negatively impacted the ratings of the chance of a financial gain in the high risk scenario. Further, findings suggested buyers' experience in apparel importing had a positive and significant influence on the buyers ratings of a chance of a financial gain in the high risk scenario. Thus, research hypothesis 3A is partially supported. The results from Table 10 show that in the low risk scenario, the ratings of the chance of financial loss or gain was significantly influenced by the frequency confronted with the scenario. Fashion apparel buyers who indicated that they often or sometimes purchased apparel in conditions similar to the low risk scenario of apparel purchases were more positive about their chance of a financial gain in the low financial risk scenario. Findings further suggest that in the low

Table 9

Estimated Regression coefficients and t-values for the relationship between ratings of chance of financial gain or loss and selected demographic variables for the buyers and their firms, in the high financial risk scenario

Ratings of chance of financial gain or loss		Coefficients	t-value
Constant		2.14	1.00
Frequency buyer is confronted with situation like scenario	Often	-1.68	-1.08
	Sometimes	1.57	1.41
	Seldom	1.69	1.52
	Never (Constant)		
Firm's importing activities	No Imports	.75	.61
	Evolving	.05	.05
	Growing	-1.43	-.92
	Mature	-1.42	1.09
	Declining (Constant)		
Firm's store type	Department	.12	.06
	Specialty	-1.44	-1.09
	Off-Price	-1.83	-.98
	Discount	-4.36	-1.96*
	Other (Constant)		
Buyer's major category of apparel purchasing	Misses	-1.57	1.78
	Men's	.14	.16
	Juniors	-.73	-.80
	Young men's	.28	.26
	Children's	2.45	1.45
	Infants'	-.51	-.24
Buyer's experience	As apparel buyer	.03	.77
	In apparel importing	2.39	2.18*
R <sup>2</sup>	.23		

Note. \*p<.05



Table 10

Estimated Regression coefficients and t-values for the relationship between ratings of chance of financial gain or loss and selected demographic variables for the buyers and their firms, in the low financial risk scenario

Ratings of chance of financial gain or loss		Coefficients	t-value
Constant		5.08	3.03**
Frequency buyer is confronted with situation like scenario	Often	3.75	2.99**
	Sometimes	3.23	2.49**
	Seldom	1.93	1.37
	Never (Constant)		
Firm's importing activities	No Imports	-.87	-1.19
	Evolving	-1.26	-1.67
	Growing	-1.51	-1.57
	Mature	-.12	-.16
	Declining (Constant)		
Firm's store type	Department	-2.00	-1.82
	Specialty	-2.16	-3.00**
	Off-Price	-1.07	-1.02
	Discount	-2.54	-2.05*
	Other (Constant)		
Buyer's major category of apparel purchasing	Misses	.67	1.31
	Men's	-.88	-1.78
	Juniors	-.64	-1.16
	Young men's	.67	1.08
	Children's	-.23	-.22
	Infants'	2.19	1.73
Buyer's experience	As apparel buyer	.02	1.13
	In apparel importing	.90	1.40
R <sup>2</sup>	.29*		

Note. \*\*p<.01 and \*p<.05

financial risk scenario, the ratings for a chance of a financial gain was significantly and negatively influenced by specialty store and discount stores. This finding means that fashion apparel buyers from specialty and discount stores showed significantly lower ratings of a chance of financial gain as buyers from other firm store types in the low risk scenario. In fact, every firm type negatively impacted the ratings of the chance of a financial gain in the low risk scenario. Hence, hypothesis 3B was partially supported.

Hypothesis 4A. The hypothesis was that there will be a positive correlation between the importance ratings of the need for information sources and for information on product characteristics and vendor reputation in the high financial risk scenario. The variables in the correlation analysis were the ratings over all respondents of the importance ratings for the need for the six information sources, the five product characteristics, and the seven vendor reputation variables in the high financial risk scenario.

Table 11 indicates a significant correlation among nearly all information sources, product characteristics, and vendor reputation variables. Further, the correlations were

Table 11

Significant Pearson product moment coefficients\* between the ratings of importance for the need for information sources and ratings of importance for product characteristics and vendor reputation information in the high financial risk scenario

	Product Characteristics					Vendor Reputation						
	AM	CD	PS	PW	ES	PF	LD	DR	AS	TC	IE	MS
Upper Management	.10	.15	.03	.05	.12	---	.22	.12	-.01	---	.11	.23
Buying Office	.21	.02	.05	.06	.09	.07	-.10	.14	.09	.15	.18	-.15
Another Buyer/Peer	.09	.09	.09	.07	.05	.12	-.13	.05	-.05	.06	.37	-.01
Sales Representative	-.04	-.08	.11	.03	.03	.15	.08	-.13	.14	.22	.08	.06
Trade Association	.01	-.03	.09	-.08	.01	-.02	.02	.19	.12	.34	-.07	---
Competitors	-.09	-.02	.08	.04	.04	.03	-.08	-.09	.05	.24	.38	-.04
Anticipated Margins						.13	.25	.35	.37	.32	.03	.22
Consumer Demand						.03	.19	.12	.12	.16	.24	.14
Product Styling						.09	.17	.30	.24	.19	.03	.16
Product Workmanship						.19	.29	.30	.43	.25	.03	.32
Expected Sales						.01	.03	.02	.06	.20	.11	.10

\*Note.  $p < .05$

AM: Anticipated margins  
 PW: Product workmanship  
 LD: Length of delivery lead time  
 AS: After-sales service  
 MS: Ability to meet specifications  
 CD: Consumer demand  
 ES: Expected sales  
 DR: Delivery reliability  
 TC: Transportation costs  
 PS: Product Styling  
 PF: Production flexibility  
 IE: for long or short runs  
 TC: Import experience

both positive and negative. In the high risk scenario, the largest positive correlations were between product workmanship\after-sales service (.43) and competitors\after-sales service (.38). The largest negative correlations in the high risk scenario were between buying office\ability to meet specifications(-.15) and another buyer/peer\length of delivery lead time (-.13). Thus, Hypothesis 4A is largely supported by the findings.

Hypothesis 4B. The hypothesis was that there will be a positive correlation between the importance ratings of the need for information sources and for information on product characteristics and for vendor reputation in the low financial risk scenario. The variables in the correlation analysis were the ratings over all respondents of the importance ratings for the need for the six information sources, the five product characteristics, and the seven vendor reputation variables in the low financial risk scenario.

Table 12 indicates a significant correlation among nearly all information sources, product characteristics, and vendor reputation variables. Further, the correlations were both positive and negative. In the high risk scenario, the largest positive correlations were between anticipated

Table 12

Significant Pearson product moment coefficients\* between the ratings of importance for the need for information sources and ratings of importance for product characteristics and vendor reputation information in the low financial risk scenario

	Product Characteristics					Vendor Reputation						
	AM	CD	PS	PW	ES	PF	LD	DR	AS	TC	IE	MS
Upper Management	.22	.33	.30	.34	.28	.19	.33	.16	.24	.18	.43	.08
Buying Office	.25	.27	.30	.26	.27	.09	.28	.16	.30	.28	.17	.13
Another Buyer/Peer	.17	.31	.30	.24	.23	.01	.16	.09	.36	.22	.41	.06
Sales Representative	.05	-.03	.17	.26	.03	-1.05	.01	.06	.34	.15	.26	.15
Trade Association	.15	-.07	.24	.16	-.05	-.05	-.03	---	.35	.25	.32	.04
Competitors	.17	.28	.15	.13	.16	.22	.23	.10	.11	.28	.34	.28
Anticipated Margins						.22	.39	.60	.28	.22	.14	.38
Consumer Demand						.58	.53	.51	.13	.32	.32	.38
Product Styling						.16	.28	.43	.44	.36	.37	.40
Product Workmanship						.22	.27	.49	.41	.37	.47	.44
Expected Sales						.46	.55	.48	.18	.23	.22	.34

\*Note. p < .05

AM: Anticipated margins  
 PW: Product workmanship  
 LD: Length of delivery lead time  
 AS: After-sales service  
 MS: Ability to meet specifications  
 CD: Consumer demand  
 ES: Expected sales  
 DR: Delivery reliability  
 TC: Transportation costs  
 PS: Product Styling  
 PF: Production flexibility for long or short runs  
 IE: Import experience

margins\delivery reliability (.60) and consumer demand\production flexibility for long or short runs (.58). The largest negative correlation was between trade associations\consumer demand (-.07). Thus, hypothesis 4B was largely supported.

**Chapter VI**

**Discussion, Summary and Conclusions**

**IMPACT OF FINANCIAL RISK ON U.S. APPAREL BUYERS' Need FOR  
INFORMATION SOURCES AND INFORMATION ON PRODUCT  
CHARACTERISTICS AND VENDOR REPUTATION**

Manuscript

## Abstract

This exploratory study used the new approach of presenting a high and a low perceived financial risk buying scenarios examine the impact of financial risk on U.S. apparel buyers' need for information sources and information on product characteristics and vendor reputation during the apparel purchasing. A conceptual model that explains the fashion apparel buyer's decision making process was developed as a framework to guide the study. Responses to a mailed questionnaire (n=110) indicated that the importance of the need of information from several sources and from several information types differed in both scenarios. The buyers rated higher their chance of a financial gain in the low risk scenario. Overall, results show that financial risk is an important variable in the apparel purchasing decision making process.

Key words:           perceived risk, perceived financial risk,  
                          decision making



Many studies have been completed by researchers in the industrial sector on industrial buyer behavior. However, only a handful of the completed work has addressed perceived financial risk in purchasing. Nevertheless, even fewer studies have examined the buying behavior of fashion apparel buyers, much less how fashion apparel buyers evaluate and react to perceived financial risk during the apparel purchasing task. Perceived financial risk is defined in this research as the buyer's estimated probability between 0% and 100% of a financial loss or gain as the result of an apparel purchase decision.

Fashion apparel buying is inherently risk prone because of the nature of the product, fashion. Fashion apparel is a semi-durable good affected by a volatile and fleeting product life cycle. Caves and Rosen (1982) suggest that uncertainty caused by fashion forced the firm (apparel) to adopt flexible business stances that allow them to adopt to change (in fashion styles). Further, Wagner, Ettenson, and Parrish (1989) stated that, whereas most industrial buyers tend to purchase components to be used in manufacturing, fashion apparel buyers purchase "end-products". Fashion apparel buyers must be able to arcuately "read" the apparel needs of the firm's target customer and provide the

customers with timely and acceptable apparel. For those customers that demand fashion apparel, there are no substitutes. Fashion is shaped by dynamic forces and always reflects the cultural norms of a given point in time. Therefore, the buyer must make accurate apparel purchasing decisions.

The uniqueness of fashion apparel purchasing in comparison to other industrial buying, the lack of research on the effect of perceived financial risk on fashion apparel retailing, and the lack of research on fashion apparel buyer behavior point to a research need addressed by this study. The purpose of this study is to examine the impact of high and low perceived risk on U.S. fashion apparel buyers' financial risk assessment and on the relationship to the need for information sources and for information on product characteristics and vendor reputation during the apparel purchasing decision making process.

A premise of the research is that perceived financial risk is a mediating factor for the locus of the purchase and that information sources and certain types of information are gathered and utilized according to the buyers' perception of risk in a given apparel purchasing situation.

## **Information Sources**

Pertinent information from information sources and from information types has been shown to help control the perceived financial risk associated with fashion apparel buying Anthony and Jolly (1991), Shim and Kotsiopulos(1991), and Kline and Wagner (1994). These studies have identified three categories of information: information sources, product characteristics, and vendor reputation as the pertinent types of information fashion apparel buyers seek during the apparel purchasing process.

An information source is an individual or associational group having pertinent expertise in relevant apparel related situations. Product characteristics are types of information that describes the subjective and objective qualities of textile and apparel products. Vendor reputation is a type of information that describes the subjective and objective capacities of textile and apparel suppliers.

Fashion apparel buyers use certain information sources and information on product characteristics and vendor reputation to lower the perceived risk in an apparel purchasing situation (Packard, Winters, & Axelrod, 1983; Wagner, Parrish, & Ettenson, 1989). Anthony and Jolly

(1991) found that, for retail apparel buyers, the importance of information varied according to the level of product uncertainty. Kline and Wagner (1994) found that the buyers' own knowledge was the most important information source and that the level of importance of information sources differed according to the specific buying situation.

Arbuthnot, Slama, and Sisler (1993) examined selection criteria and information source usage by small retailing firms, and found personal, noncommercial sources of information to be preferred. Personal judgment, customer comments, and store personnel/salespeople were rated as the three most important information sources.

Vendor information has been shown to be the dominant area of information needed by retail buyers (Packard, Winters, & Axelrod, 1983; Sheth, 1973; Wagner, Parrish, & Ettenson, 1989). Product information provides knowledge about the characteristics and expectations of a given item (Dempsey, 1978). Product information becomes extremely important when the fashion apparel buyer is purchasing a new product or purchasing an existing product from a new vendor (Anthony & Jolly, 1991; Arbuthnot, 1990; Arbuthnot, Slama, & Sisler, 1993). Trade information provides knowledge about the effects of micro and macro environmental factors on

firms in a specific industry. Most trade information is produced to foster the health and prosperity of the entire industry by providing benchmarks that competing firms can use to assess their achievement according to industry averages (Bohlinger, 1990).

Anthony and Jolly (1991) discovered that apparel buyers seek different sources of information depending upon the type of uncertainty the apparel buyer faces. The authors divided the information sources into those for intrinsic characteristics (quality or aesthetics), and those for extrinsic characteristics (expected sales or anticipated margins). Darden and Lush (1983) stated that some retail purchases themselves may serve as information sources for buyers. Arbuthnot, Slama, and Sisler (1993) found that the retail buying position provided the most useful information.

### **Fashion Apparel Buyer Behavior**

Though few studies have addressed the purchasing behavior of fashion apparel buyers, several studies provide information that could be extended to fashion apparel purchasing. Cadozo and Cagley (1971) divided the organizational purchasing literature into three major groupings: characteristics of the individual buyer; type

and amount of risk in the purchase environment; and characteristics of suppliers.

Research on fashion apparel buyers' behavior has focused on characteristics of the supplier and on the product. Fashion buyers have been shown to compare several attributional factors between domestic and imported goods. Atkins and Jenkins (1988) surveyed apparel retail buyers to ascertain the buyers' attitudes about imported versus domestically produced ladies' sportswear. The subjects noted price, then quality as the dominant factors in choosing imported apparel over domestic offerings. Sternquist, Tolbert, and Davis (1989) studied department, specialty, and discount store buyers to determine why buyers used foreign procurement for textile and apparel items. The results showed that all the buyers believed strongly that imported apparel items were better in quality for the price than was domestic apparel.

Anthony and Jolly (1991) found that, when a retail buyer has doubts about the product as is common with imported textile and apparel products, the buyer is more dependent on the knowledge of others in the organization. When the buyer was unsure of the product's characteristics, expected sales, anticipated margins, and consumer demand,

the buyer was more likely to obtain the opinions of upper management when making purchase decisions. Conversely, other peers and buyers were consulted when a purchase decision involved quality or aesthetic concerns. The buyer is often in the position of having to make short-term decisions which, depending on the buyer's agenda, may not benefit the firm in the long run. The buying position usually is not a terminal assignment in a given firm but rather a springboard into divisional or corporate assignments. Buyers are motivated to make good purchasing decisions both to cater to the firm's needs and to impress those superiors who decide on job promotions.

### **Perceived Risk**

Perceived risk is twofold in nature and involves an individual's subjective level of uncertainty and the consequences of the adoption of a given alternative. In many studies which concern perceived risk, it is difficult to determine if the construct being measured is risk or ambiguity. Ambiguity can be defined as the inability to assign probabilities and consequences to uncertain outcomes (Kahn & Sarin, 1988). Studies on apparel buying behavior have, for the most part, neglected to define or directly address perceived risk.

## **Conceptual Framework**

The Fashion Apparel Buyer Purchasing Model (FABPM) explains the purchasing protocol of fashion apparel buyers. The FABPM outlines the steps that an apparel buyer completes during the apparel purchase decision making process. Apparel purchasing is defined as the sequence of procedures to obtain fashion apparel from sources external to the firm. The framework was designed to bridge the gap between fashion apparel buying behavior and the Sheth (1973, 1981) and the Cravens and Finn (1983) models of retail buyer purchasing behavior. The Cravens and Finn (1983) model is slanted toward individual buyer behavior, whereas the Sheth (1973, 1981) models lean toward the firm's buying perspective.

The FABPM describes how fashion apparel purchases are framed according to the needs and objectives of both the firm and the firm's target customer. Those need and objectives help the buyer judge the level of handled risk, that is the level of risk the firm is willing to accept, e for a given purchasing protocol. Next, the model defines how buyers would use their own apparel buying expertise along with product-characteristic and vendor-reputation information to determine the perceived risk associated with a given apparel purchasing situation. Finally, the model



illustrates how information is used to reduce or understand the perceived financial risk in a given apparel purchasing situation. The FABPM served as a guide for the development of the conceptual definitions and the development of the high and the low perceived financial risk scenarios of this study.

Given that perceived financial risk is a mediating factor in fashion apparel buyers' importance ratings of the need for information sources and for information on product characteristics and on vendor reputation variables during apparel purchasing, the following hypotheses are proposed:

Hypothesis 1. The average importance rating for each information source, each product characteristic, and each vendor reputation variable will be higher in the high financial risk scenario than in the low financial risk scenario.

Hypothesis 2. In the high and low financial risk scenario, there will be no difference in the importance ratings across all respondents among: all six information sources, all five product characteristics, and all seven vendor reputation variables.

Hypothesis 3. There is a relationship between perceived financial risk ratings in the high and low risk scenarios

and the firms' importing activities, buyers' experience with the described purchasing scenario, firms' store type, buyers' apparel purchasing categories, buyers' tenure in apparel buying, and tenure at buying imported apparel.

Hypothesis 4. There will be a positive correlation between the importance ratings of the need for information sources and for information on product characteristics and vendor reputation in the high financial risk purchasing situation and in the low financial risk purchasing situation.

### **Procedure**

Perceived financial risk can be estimated from a combination of various factors, such as perceived risk, type of purchase, and vendor and product characteristics. Fashion apparel buyers develop strategies to compensate for the given level of financial risk inherent in a given purchase. Hence, by the development of scenarios that represent various financial risk states, one may observe how the apparel retail buyers rate the perceived financial risk of the scenario and how they would utilize information sources and types of information to control for the perceived level of financial risk. This type of manipulation has not been reported in the other fashion

apparel buying behavior studies that were reviewed for this research.

Perceived financial risk (PFR) is operationalized in this study based on work completed by Tullous and Munson (1991). Perceived financial risk is conceptualized as a product of vendor type (V) times the type of purchase (P) times the perceived risk (PR). Thus,  $PFR = V \times P \times PR$ . Perceived risk is composed of three subsets: market uncertainty (MU), need uncertainty (NU), and transaction uncertainty (TU). The research variables in this study are manipulated to obtain two levels of vendor types: 1) current source (CS) and 2) new source (NS); three levels of purchase types: 1) new buy (N), 2) rebuy (R), and 3) modified rebuy (MB); and two levels of perceived risk: 1) high market uncertainty (HMU), high need uncertainty (HNU), and high transaction uncertainty (HTU) and 2) low market uncertainty (LMU), low need uncertainty (LMU), and low transaction uncertainty (LTU). One scenario is designed to represent a high financial risk situation by incorporating the following elements: 1) a new buy, 2) a high level of need uncertainty, 3) a high level of market uncertainty, 4) and a high level of transaction uncertainty. The other scenario was designed to represent a low financial risk situation by incorporating

the following elements: 1) a rebuy, 2) a low level of need uncertainty, 3) a low level of market uncertainty, and 4) a low level of transaction uncertainty.

The information sources, product characteristics, and vendor reputation variables that follow after each scenario represent aspects of an informational search process that one might use to reduce financial risk. The information sources, product characteristics, and vendor reputation variables in the questionnaire were modified from subscales used in studies by Anthony and Jolly (1991) and Shim and Kotsiopulos (1991). The information sources include upper management, buying office, another buyer/peer, sales representative, trade associations, and competitors. Anticipated margins, consumer demand, product styling, product workmanship, and expected sales comprise the product characteristic variables. The vendor reputation variables include production flexibility for long or short runs, length of delivery lead time, delivery reliability, after-sales service, transportation costs, import experience, and ability to meet specifications. The subjects were asked to rate the importance of the information sources, product characteristics, and vendor reputation aspects on a five-point Likert-type scale. A rating of very low importance

received a score of one, and a rating of very high importance received a score of five.

After the information source and information type questions, was the chance of a financial loss or gain scale. This scale was a bipolar, Likert-type scale for rating the chance, on a scale from -10 to +10, of a 100% financial loss to a 100% financial gain. This scale departs from most risk scales and presents the possibility of either a loss or a gain. Research has shown that the framing, positive or negative, of a potential situation has a bearing on how risk is perceived (Francis & Brown, 1985-86; Oglethorpe, 1985; Qualls & Puto, 1989). By allowing the respondents to independently frame the financial risk associated with the scenario, this study does not introduce unnecessary bias that could sacrifice the validity of the results.

The general information section of the questionnaire was divided into information about the firm and information about the buyer. Each respondent received the questionnaire containing the two scenarios and questions concerning general information on the firms and the buyers. The instrument was designed to be as brief as possible to promote completion and return of the questionnaire.

The initial instrument was pilot tested for content and clarity by three groups: university researchers, a focus group of fashion apparel buyers, and 10 fashion apparel buyers in a large department store in the southeastern United States. Suggested changes were incorporated in the final version of the instrument.

### **Sampling**

A power analysis, needed to determine the sample size and to enhance the reliability of the study, was conducted according to procedures suggested by Kraemer and Thieman (1987). A minimum of 105 fashion apparel retail buyers was required for the sample. A comprehensive list of U.S. apparel retail firms without location limitations was obtained from the 1995 Dun & Bradstreet Million Dollar Directory. An over sampling technique was used to obtain the required number of subjects. A cover letter and questionnaire were mailed to the randomly selected subjects requesting that they complete and return the questionnaire within two weeks. After the two weeks had elapsed, reminder cards were sent. After another week, the questionnaire was sent again to the subjects. The final sample consisted of 110 fashion apparel buyers.

## **RESULTS**

The sample represented fashion apparel buyers from across the continental U.S.A. and Hawaii. The respondents averaged seventeen years of buying experience and thirteen years of import buying experience; nearly two-thirds of the buyers purchased imported apparel. Approximately 90% of the respondents bought moderate or prestige-priced apparel. Seventy percent of the buyers were from specialty stores, and approximately 60% percent were from the bottom half of retail sales in their firms' category. Approximately 56% purchased misses' apparel and 41% purchased men's apparel. The means of the importance ratings in the two scenarios reveal that the mean ratings of importance for all variables exceeded the low importance ratings of one in both scenarios, and most variables were rated from medium to high in importance. This finding suggests that the listed information sources and types of information on product characteristics and vendor reputation may be regarded as important to buyers in both high and low financial risk apparel purchasing.

### **Results of Hypothesis Testing**

Hypothesis 1A. Three sets of match paired t-tests were used to test whether the average importance rating for each

information source, each product characteristic, and each vendor reputation variable was higher in the high risk scenario than in the low risk. The results in Table 1 show significant differences in the mean importance ratings for the need for every information source accept sales representative and trade association. Upper management, buying office, and another buyer/peer were more important in the high risk scenario; however, competitors was more important in the low risk scenario. Table 1 also revealed significant differences only in the mean importance ratings for the need for information on product styling and product workmanship; each type of information was more important in the high risk scenario. There was no significant difference in the other product characteristics listed on the questionnaire. Finally, results from Table 1 show that information on ability to meet specifications was significantly more important in the high risk scenario than in the low risk scenario. There were no other significant differences in the other vendor reputation variables. Therefore, hypothesis 1 was not entirely supported. The ratings of importance for the need for product characteristic information were, on average, somewhat higher than the ratings for information sources and for vendor



**Table 1**

Means, standard deviations, and matched pair t-tests on the importance ratings for information sources, product characteristics, and vendor reputation variables in the high and low financial risk scenarios

	High Risk		Low Risk		t-value
	Mean	SD	Mean	SD	
<b>Information Sources</b>					
Upper management	3.40	1.14	3.12	1.21	2.36*
Buying office	2.84	1.29	2.61	1.33	3.04**
Another buyer/peer Sales representative	3.59	1.10	3.17	1.20	4.25**
Trade association	3.09	1.25	3.04	1.18	.18
Competitors	2.55	1.25	2.54	1.27	1.47
	3.01	1.24	3.27	1.22	2.19*
<b>Product Characteristics</b>					
Anticipated margins	4.41	0.65	4.49	0.61	1.10
Consumer demand	4.65	0.59	4.71	0.67	.69
Product styling	4.55	0.58	4.41	0.77	2.52*
Product workmanship	4.54	0.58	4.41	0.79	2.01*
Expected sales	4.61	0.71	4.71	0.64	1.78
<b>Vendor Reputation</b>					
Production flexibility for long or short runs	3.75	0.91	3.84	0.80	1.77
Delivery lead time	4.17	0.79	3.99	0.88	1.39
Delivery reliability	4.67	0.63	4.57	0.65	1.44
After-sales service	4.03	1.15	3.94	1.12	1.04
Transportation costs	3.12	1.19	3.13	1.21	.95
Import experience	3.41	1.18	3.27	1.16	.91
Ability to meet specifications	4.55	0.61	4.39	0.75	2.89**

\*p<.05

\*\*p<.01

reputation variables. Arbuthnot, Slama, and Sisler (1993) stated product characteristic information, on average was more important to apparel buyers than vendor (reputation) information. Wagner, Ettenson, and Parrish (1989) identified two product characteristics (selling history and markup) and one vendor reputation (delivery) as the most important information for apparel buyers.

Hypothesis 2. Separate one-way Anovas were computed to compare the mean ratings of importance between the six information sources, between the five product characteristics, and between the seven vendor reputation variables in each scenario for a total of six one-way ANOVAs. Newman Keul's post-hoc tests were performed when any of the ANOVAs yielded significant differences among the rated means.

Results show that significant differences did exist between the importance ratings for the information sources  $F$ value of 7.05 ( $p < .001$ ), product characteristics  $F$ value 2.71 ( $p < .05$ ), and vendor reputation variables  $F$ value 36.48 ( $p < .001$ ) in the high risk scenario and in the low risk scenario  $F$ value 8.13 ( $p < .001$ ),  $F$ value, 5.47 ( $p < .001$ ),  $F$ value, 26.37 ( $p < .001$ ), respectively. Subsequent Newman Keul's post-hoc tests revealed that, in the high risk

scenario, another buyer/peer was rated as significantly more important than the other information sources. Consumer demand was rated as significantly more important than anticipated margins, but no different from the other product characteristics. Delivery reliability and ability to meet specifications were rated as significantly more important than the other vendor reputation variables.

In the low financial risk scenario, buying office and trade association were rated as significantly less important than the other information sources. Expected sales and consumer demand were rated as significantly more important than the other product characteristics. Delivery reliability was rated as significantly more important than the other vendor reputation variables. Thus, hypothesis 2 was minimally supported. The ratings of importance for information sources, product characteristics, and vendor reputation variables, overall, tend to show fewer significant differences in the low financial risk scenario than in the high risk scenario. This may suggest that apparel buyers do not see the need for several different types of information to use in low financial risk apparel decisions. Perhaps due to the minimal risks involved in the presented low risk scenario, the respondent apparel buyers

may have thought they could make sound apparel decisions without additional information. However, in the high risk scenario, the importance ratings were more volatile. This general finding could mean that individual apparel buyers rely on specific, key sources of information when making apparel purchasing decisions in high risk conditions.

Hypothesis 3. One multiple regression analysis was used to test the high financial risk scenario and another was used to test the low financial risk scenario. The firm's importing activities, buyers' experience with the described scenario, firms' store type, buyers' apparel categories, buyers' experience as an apparel buyer, and buyer's experience with buying imported apparel were the independent variables in both, and the ratings of the chance of financial loss or gain in the high and low risk scenarios were the respective dependent variables. In the regressions, buyers' experience with the described scenario, firm's importing activities, and firm's store type categories were dummy coded with the never, declining, and other variables omitted by regression. It should be noted that the sample size of 110 did not meet the necessary requirements for a robust regression analysis. Hence, any findings from the two regressions must be used with caution.

Results show the rated chance of financial loss or gain was significantly and negatively influenced by discount stores ( $p < .05$ ) in the high financial risk scenario, and significantly and negatively influenced by specialty ( $p < .001$ ) and discount stores ( $p < .001$ ) in the low risk scenario. This finding means that, on average, firms' store type had a chilling effect on the buyers' ratings of a chance of a financial loss or gain. This finding is related to the firms' handled risk and shows that the firms handled risk has a moderating effect on perceived financial risk and seems to prevent the buyer from taking extreme financial risks during apparel purchase decision making.

Further, findings suggested buyers' experience in apparel importing ( $p < .05$ ) had a positive and significant influence on the buyers ratings of a chance of a financial gain in the high risk scenario and that frequency buyer is confronted with a situation like scenario (often,  $p < .05$ ; sometimes  $p > .001$ ) had a positive and significant influence on the buyers' ratings of the chance of a financial loss or gain in the low risk scenario. Thus, research hypothesis 3A is partially supported. Findings from the regressions support findings by Cadozo and Cagley (1971), who found perceived risk to be related to job experience; and Kline

and Wagner (1994) whom found that buyers own knowledge was the most important information source during the apparel purchase decision making process.

Hypothesis 4. A Pearson product moment correlation was used to test hypothesis 4 in the high and in the low risk scenario. The variables in the correlation analysis pertaining to each of the two risk scenarios were the means over all the respondents' ratings of the importance of the need for the six information sources, five product characteristics, and seven vendor reputation variables.

Results showed significant correlation among nearly every information source, product characteristic, and vendor reputation variable in both risk scenarios. However, the correlations were both positive and negative. In the high risk scenario, the largest positive correlations were between product workmanship\after-sales service (.43) and competitors\after-sales service (.38). The largest negative correlations in the high risk scenario were between buying office\ability to meet specifications(-.15) and another buyer/peer\length of delivery lead time (-.13). In the high risk scenario, the largest positive correlations were between anticipated margins\delivery reliability (.60) and consumer demand\production flexibility for long or short

runs (.58). The largest negative correlation was between trade associations\consumer demand (-.07). Thus, hypothesis 4 was largely supported. Overall, the product characteristic and vendor reputation variables showed the strongest association in the high financial risk scenario. Generally, all information sources and information types showed higher association in the low risk scenario than in the high risk scenario. These findings imply that apparel buyers use a combination of information sources and information in the apparel purchase decision making process. Shim and Kotsiopolus (1991) found significant associations between information sources and product characteristics and vendor reputation variables.

### **Major Conclusions and Implications**

This exploratory study used the new approach of presenting buying scenarios to retail fashion apparel buyers and asking them to address the importance of several information sources and of several types of information during high and low financial risks purchasing situations. Other apparel-buyer studies have been completed on the use of and /or need for information. However, none was found that incorporated such purchasing scenarios in their designs.

The FABPM provided an excellent conceptual frame for the grounding of this study. This model expands theory on apparel buying by explaining the sequence of steps an apparel buyer would take in the apparel decision making process. The model indicates key constructs and the mediating and moderating variables in the apparel acquisition process. Though the model was not tested in this study, the concepts and propositions provide a wealth of information for further theory development and modifications of the model. Further the FABPM explains key concepts that all apparel buyers should possess and provides educators with a frame to design activities that will assist future apparel buyers to be more successful in their purchasing protocol.

Perceived financial risk had not been studied in any fashion related study reviewed for this research. As the study postulates, perceived financial risk does seem to be a product of the firm's handled risk and the perceived risk of a given purchase. The finding of this study showed on average, as the perceived financial risk of an apparel purchase increased or decreased, the importance of several information sources, product characteristics and vendor reputation variables changed. This finding suggests that



the state of nature, or level of perceived risk in an apparel purchase impacts the use of information and of information types. This is an important finding because many of the fashion apparel buying studies reviewed for this study did not address the dynamic nature of perceived risk. Practitioners and educators can use this finding to develop activities that help apparel buyers be flexible and effective in numerous risk-related apparel purchase situations.

Related to the above argument but slightly, the high and low risk scenarios provide an excellent vehicle for the manipulation of variables in the study of dynamic fashion apparel buying process. A scenario such as the ones used in this research allow for the control of several variables during data collection. Further, scenarios like the ones used in this research provided the respondents with an apparel purchasing situation that was more "real-world" in application than are the questions and situations in most studies. Often the apparel buyer must base the apparel purchase on the interaction of several simultaneously occurring events. In this study, the two scenarios employed a dynamic buying situation that approximates the complexity of a high and low risk purchasing situation. These

scenarios were obtained by manipulating the product or vendor type, the type of purchase, and the perceived risk. Many of the studies reviewed for this research did not address the fact that not all apparel purchases are the same and that the need for certain information and for information types could be dependant on the given purchasing situation.

Finally, the results of the multiple regression analysis suggest that the fashion apparel buyers' import buying experience or frequency confronted with a situation like the scenario seems to be an important and positive information source in the framing of the chance of a financial loss or gain. It is said that apparel buyers have a high "burn-out" rate due to the rigors of the buying position. The buyers in this study averaged 17 years of apparel buying experience and 13 years of imported apparel buying experience. This finding means that over the samples' tenure as apparel buyers, they have made many apparel purchase decisions and have probably developed an exceptional knowledge base in the discipline. Their longevity may also reflect their success at buying apparel. Retailers and educators should consider using "seasoned" buyers to train or teach new buyers and other decision

makers in the firm about the joys and perils of the buying position.

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## CHAPTER VII

### SUGGESTIONS FOR FUTURE RESEARCH

1. The sample had a large proportion (70%) of specialty-store fashion apparel buyers. Though specialty stores comprise the largest number of fashion apparel stores, their proportion in this study exaggerates their apparel market share (Mueller and Smiley, 1995). This study could be replicated using a sample stratified by store types that is proportional to their market shares to further the understanding of the relationship between the importance ratings of the need for information sources and types of information in high and low risk purchasing situations.
2. This analysis only developed and tested two of the twelve financial risk purchasing scenarios conceptualized for the study. The other ten could be developed into scenarios presented to respondents and tested in future studies. Research could compare and contrast all the combinations of risk variations so that a more complete picture of fashion apparel buyer purchasing behavior could be obtained.

3. Differences were found in the buyers' ratings of importance of the need for information sources, and for information on product characteristics and vendor reputation variables in the high and low financial risk purchasing scenarios. However, the variables used to represent these factors in this study may not have represented all of the choices possible in these categories. The addition of more information sources, product characteristics, and vendor reputation variables in future studies may provide more complete information as to how these variables influence the apparel purchasing decision making process.

4. The Fashion Apparel Buyers Purchasing Model developed for this study was used as a conceptual guide in this study. This model offers promise for research on retail fashion apparel buyers by providing a conceptual foundation for the development and explanation of apparel buyers' apparel purchasing process. However, the model is an early attempt to explain fashion apparel buyer purchasing behavior. Future studies could be completed with this model to further refine its application to apparel buying behavior.



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## APPENDIX A

### Some Definitions of Perceived Risk



## Some Definitions of Perceived Risk

<b>Definitions</b>	<b>Examples of Use</b>
Consequences	Spence, Engle and Blackwell 1970
Uncertainty x Consequences	Cunningham 1967 Copley and Callum 1971 Hisrich, Dornoff and Kernan 1972 Ross and Kraft 1979 Zikmund and Scott 1977
Uncertainty x Importance	Arndt 1967, 1968a Schiffman 1972 Bettman 1972, 1973
Uncertainty	Arndt 1968b Locander and Herman 1979
Uncertainty x Fairness	Evans 1982

Appendix A from An Examination of the Determinants of Perceived Risk and Acceptability of Hazardous Products and Activities by Janet Oglethorpe, 1988, Unpublished Dissertation, p.60, Virginia Polytechnic Institute and State University, Blacksburg.

## **APPENDIX B**

### **Pilot Study**

**FASHION APPAREL BUYER PURCHASING SURVEY**

Please read the following scenarios and questions carefully. Answer them to the best of your knowledge. All information will be kept confidential. Thank you.

Please read the following scenario before answering the questions below.

**Scenario A**

You have the opportunity to buy a popular apparel item from a current vendor. The popular apparel item was a best seller last season and your sales figures indicate that this item will still be demanded by your customers. You enjoy an excellent relationship with the current vendor and the vendor is noted for its quality production and timely delivery. The order of this apparel item represents 15% of your open to buy for this category.

1. Please circle the number below from 0 to 10 on the Chance of a Financial Gain or the Chance of a Financial Loss which best reflects the perceived financial risk you would face if you were confronted with the above scenario.

100% Chance of a Financial Loss 100% Chance of a Financial Gain

10 9 8 7 6 5 4 3 2 1 0 1 2 3 4 5 6 7 8 9 10

2. Please rate the importance of each of the following INFORMATION SOURCES, PRODUCT CHARACTERISTICS, and VENDOR CHARACTERISTICS in your decision making process if confronted with the above scenario.

very low importance 1	low importance 2	medium importance 3	high importance 4	very high importance 5
-----------------------------	------------------------	---------------------------	-------------------------	------------------------------

**HUMAN RESOURCES**

Upper management.....	1	2	3	4	5
Buying office.....	1	2	3	4	5
Another buyer/peer.....	1	2	3	4	5
Sales representative.....	1	2	3	4	5
Trade publications:.....	1	2	3	4	5
Competition .....	1	2	3	4	5

**PRODUCT CHARACTERISTICS**

Anticipated margins.....	1	2	3	4	5
Consumer demand.....	1	2	3	4	5
Product styling and workmanship.....	1	2	3	4	5
Expected sales.....	1	2	3	4	5

**VENDOR CHARACTERISTICS**

Product flexibility for long or short runs.....	1	2	3	4	5
Length of delivery lead time.....	1	2	3	4	5
Deliver reliability.....	1	2	3	4	5
Trade associations.....	1	2	3	4	5
After-sales service.....	1	2	3	4	5
Transportation costs.....	1	2	3	4	5
Export experience.....	1	2	3	4	5
Exchange rates.....	1	2	3	4	5
Quotas and tariffs.....	1	2	3	4	5
Any other information sources (Please specify and rate.)	1	2	3	4	5

**Scenario B**

You have been given the opportunity to buy a new apparel item from a new vendor. The new item represents a new apparel look for your customer. Your past sales figures indicate that your customer is ready for a new look; however, you are not completely sure of your customer's acceptance of this new apparel item from the new vendor. Your current pool of dependable, high quality apparel producing vendors lack the capacity to produce this new apparel item for you. Hence, you must obtain this new item from the new apparel vendor. The new vendor is a relatively new apparel manufacturing firm and claims it is capable of supplying the new apparel item. You have no information on the vendor's reputation as a quality apparel manufacturer or its ability to deliver apparel in a timely manner. The order of this item represents 40% of your open-to-buy for this apparel category.

3. Please circle the number below from 0 to 10 on the Chance of a Financial Gain or the Chance of a Financial Loss which best reflects the perceived financial risk you would face if you were confronted with the above scenario.

100% Chance of a Financial Loss		100% Chance of a Financial Gain
Gain		
10	9 8 7 6 5 4 3 2 1 0 1 2 3 4 5 6 7 8 9 10	

4. Please rate the importance of each of the following INFORMATION SOURCES, PRODUCT CHARACTERISTICS, and VENDOR CHARACTERISTICS in your decision making process if confronted with the above scenario.

very low importance 1	low importance 2	medium importance 3	high importance 4	very high importance 5
-----------------------------	------------------------	---------------------------	-------------------------	------------------------------

**HUMAN RESOURCES**

Upper management.....	1	2	3	4	5
Buying office.....	1	2	3	4	5
Another buyer/peer.....	1	2	3	4	5
Sales representative.....	1	2	3	4	5
Trade publications:.....	1	2	3	4	5
Competition .....	1	2	3	4	5

**PRODUCT CHARACTERISTICS**

Anticipated margins.....	1	2	3	4	5
Consumer demand.....	1	2	3	4	5
Product styling and workmanship.....	1	2	3	4	5
Expected sales.....	1	2	3	4	5

**VENDOR CHARACTERISTICS**

Product flexibility for long or short runs.....	1	2	3	4	5
Length of delivery lead time.....	1	2	3	4	5
Deliver reliability.....	1	2	3	4	5
Trade associations.....	1	2	3	4	5
After-sales service.....	1	2	3	4	5
Transportation costs.....	1	2	3	4	5
Export experience.....	1	2	3	4	5
Exchange rates.....	1	2	3	4	5
Quotas and tariffs.....	1	2	3	4	5
Any other information sources (Please specify and rate.)	1	2	3	4	5

**GENERAL INFORMATION**

5. Please circle the number below which best describes your firm's import activities.

- 1. Firm does not import apparel into the U.S.
- 2. Evolving, apparel importing is becoming more attractive to the firm.
- 3. Growing, my firm imports more and more apparel each year.
- 4. Mature, my firm has a well established apparel import business.
- 5. Declining, my firm is reducing its apparel import activity.

6. How is your firm best described? (Please check the one in which your firm does greatest dollar volume of business.)

- 1) Budget  2) Moderate  3) Prestige

7. How does your firm classify itself? (Please check the one that most resembles your firm's classification.)

- 1) Department Store  2) Specialty Store  3) Off-Price Store
- 4) Discount Store  5) Mail-order Store
- 6) Other, please specify \_\_\_\_\_

8. According to industry sales figures, how does your firm rank in size to all possible apparel firms? (Please check the one that best reflects your firm's sales.)

- 1) top 25% of apparel retailers  2) 2nd 25% of all apparel retailers
- 3) 3rd 25% of apparel retailers  4) bottom 25% of apparel retailers

9. What category of fashion apparel do you do the majority of your apparel purchasing? (Please check the one that most resembles your fashion apparel purchases.)

- 1) Misses  2) Men's  3) Juniors
- 4) Young Men's  5) Children's  6) Infants

10. How many years have you been an apparel buyer? \_\_\_\_\_

11. How many years have you bought imported apparel? \_\_\_\_\_

**Thank you for your time and consideration in completing this survey. Your response will help colleges and universities better prepare students for careers in the fashion apparel retail field. If you would like to receive a complimentary copy of the results of this study for your participation, please check the line below.**

Place the completed survey in the return envelop provided . If you have further questions or need additional clarification, please call me at (703) 831-5136.

APPENDIX C

Final Instrument Versions #1 - #8

**SURVEY #1**  
**FASHION APPAREL BUYER PURCHASING SURVEY**

Please carefully read scenarios A and B and answer the questions under each. Answer the questions to the best of your knowledge. Individual responses will be confidential and used exclusively for research purposes. Thank you.

**Scenario A**

You have the opportunity to buy a new apparel item from a new vendor. The new item represents a new apparel look for your customer. Your past sales figures indicate that your customer is ready for a new look; however, you are not completely sure of your customers' acceptance of this new apparel item from the new vendor. Your current pool of dependable, high quality apparel producing vendors lacks the capacity to produce this new apparel item for you. Hence, you must obtain this new item from the new apparel vendor. The new vendor is a relatively new apparel manufacturing firm and claims it is capable of supplying the new apparel item. You lack information on the vendor's reputation as a quality apparel manufacturer and on the vendor's ability to deliver apparel in a timely manner. The order of this item represents 40% of your open-to-buy for this apparel category.

1. Please rate the importance of the need for each of the following categories of **INFORMATION SOURCES**, **PRODUCT CHARACTERISTICS** and **VENDOR REPUTATION** in your decision making process, if confronted with the above scenario.

very low importance 1	low importance 2	medium importance 3	high importance 4	very high importance 5
<b>INFORMATION SOURCES</b>		<b>PRODUCT CHARACTERISTICS</b>		<b>VENDOR REPUTATION</b>
Upper management	1 2 3 4 5	Anticipated margins	1 2 3 4 5	Production flexibility for long or short runs
Buying office	1 2 3 4 5	Consumer demand	1 2 3 4 5	Length of delivery lead time
Another buyer/peer	1 2 3 4 5	Product styling	1 2 3 4 5	Delivery reliability
Sales representative	1 2 3 4 5	Product workmanship	1 2 3 4 5	After-sales service
Trade associations	1 2 3 4 5	Expected sales	1 2 3 4 5	Transportation costs
Competitors	1 2 3 4 5			Import experience
				Ability to meet specifications

2. Please circle the number on the following scale between -10 and +10 of either the Chance of a Financial Loss or the Chance of a Financial Gain, which best reflects the financial risk you would expect if confronted with the above scenario.

100% Chance of a Financial Loss	100% Chance of a Financial Gain
-10 -9 -8 -7 -6 -5 -4 -3 -2 -1 0 +1 +2 +3 +4 +5 +6 +7 +8 +9 +10	

3. How often are you confronted with a purchasing situation like the above scenario? (Please check one item below.)

Often     
  Sometimes     
  Seldom     
  Never

**Scenario B**

You have the opportunity to buy a popular apparel item from a current vendor. The popular apparel item was a best seller last season, and your sales figures indicate that this item will still be demanded by your customers. You enjoy an excellent relationship with the current vendor, and the vendor is noted for its quality supplies and timely delivery. The order of this apparel item represents 15% of your open-to-buy for this apparel category.

1. Please rate the importance of the need for each of the following categories of **INFORMATION SOURCES**, **PRODUCT CHARACTERISTICS** and **VENDOR REPUTATION** in your decision making process, if confronted with the above scenario.

very low importance	low importance	medium importance	high importance	very high importance	
1	2	3	4	5	
<b>INFORMATION SOURCES</b>		<b>PRODUCT CHARACTERISTICS</b>		<b>VENDOR REPUTATION</b>	
Upper management	1 2 3 4 5	Anticipated margins	1 2 3 4 5	Production flexibility for	
Buying office	1 2 3 4 5	Consumer demand	1 2 3 4 5	long or short runs	1 2 3 4 5
Another buyer/peer	1 2 3 4 5	Product styling	1 2 3 4 5	Length of delivery lead time	1 2 3 4 5
Sales representative	1 2 3 4 5	Product workmanship	1 2 3 4 5	Delivery reliability	1 2 3 4 5
Trade associations	1 2 3 4 5	Expected sales	1 2 3 4 5	After-sales service	1 2 3 4 5
Competitors	1 2 3 4 5			Transportation costs	1 2 3 4 5
				Import experience	1 2 3 4 5
				Ability to meet specifications	1 2 3 4 5

2. Please circle the number on the following scale between -10 and +10 of either the Chance of a Financial Loss or the Chance of a Financial Gain, which best reflects the financial risk you would expect if confronted with the above scenario.

100% Chance of a Financial Loss		100% Chance of a Financial Gain
-10	-9 -8 -7 -6 -5 -4 -3 -2 -1 0 +1 +2 +3 +4 +5 +6 +7 +8 +9 +10	

3. How often are you confronted with a purchasing situation like the above scenario? (Please check one item below.)

\_\_\_\_\_ Often                      \_\_\_\_\_ Sometimes                      \_\_\_\_\_ Seldom                      \_\_\_\_\_ Never

**INFORMATION ABOUT YOUR FIRM**

A. Please circle the number of the item below which best describes your firm's apparel importing activities.

1. Firm does not import apparel into the U.S.
2. Evolving, apparel importing is becoming more attractive to the firm.
3. Growing, my firm imports more and more apparel each year.
4. Mature, my firm has a well established apparel import business.
5. Declining, my firm is reducing its apparel import activity.



B. How is your firm's price line best described? (Please check the one in which your firm does its greatest dollar volume of business.)

Budget                       Moderate                       Prestige

C. How does your firm classify itself? (Please check the one that most resembles your firm's classification.)

Department Store                       Specialty Store                       Off-Price Store

Discount Store                       Mail-order Store

Other, please specify \_\_\_\_\_

D. According to retail sales figures, how does your firm rank relative to all apparel retailers in the category you checked in question C.

largest 50% of apparel retailers                       smallest 50% of apparel retailers

**INFORMATION ABOUT YOU AS A BUYER**

A. In what category of fashion apparel do you do the majority of your purchasing? (Please check all that apply.)

Misses                       Men's                       Juniors

Young Men's                       Children's                       Infants'

B. How many years have you been an apparel buyer? \_\_\_\_\_

C. How many years have you bought imported apparel? \_\_\_\_\_

Thank you for your time and consideration in completing this survey. If you would like to receive a complimentary copy of the results of this survey, please send a business card or your return address under separate cover.

Place the completed survey in the self-addressed stamped envelop provided and mail the survey back by **April 7, 1995**. If you have questions or need additional clarification, please call (703) 831-5136.

**SURVEY # 2**  
**FASHION APPAREL BUYER PURCHASING SURVEY**

Please carefully read scenarios A and B and answer the questions under each. Answer the questions to the best of your knowledge. Individual responses will be confidential and used exclusively for research purposes. Thank you.

**Scenario A**

You have the opportunity to buy a popular apparel item from a current vendor. The popular apparel item was a best seller last season, and your sales figures indicate that this item will still be demanded by your customers. You enjoy an excellent relationship with the current vendor, and the vendor is noted for its quality supplies and timely delivery. The order of this apparel item represents 15% of your open-to-buy for this apparel category.

- Please rate the importance of the need for each of the following categories of **INFORMATION SOURCES**, **PRODUCT CHARACTERISTICS** and **VENDOR REPUTATION** in your decision making process, if confronted with the above scenario.

very low importance 1	low importance 2	medium importance 3	high importance 4	very high importance 5
<b>INFORMATION SOURCES</b>				
Upper management	1 2 3 4 5	<b>PRODUCT CHARACTERISTICS</b>		
Buying office	1 2 3 4 5	Anticipated margins	1 2 3 4 5	<b>VENDOR REPUTATION</b>
Another buyer/peer	1 2 3 4 5	Consumer demand	1 2 3 4 5	Production flexibility for
Sales representative	1 2 3 4 5	Product styling	1 2 3 4 5	long or short runs
Trade associations	1 2 3 4 5	Product workmanship	1 2 3 4 5	Length of delivery lead time
Competitors	1 2 3 4 5	Expected sales	1 2 3 4 5	Delivery reliability
				After-sales service
				Transportation costs
				Import experience
				Ability to meet specifications

- Please circle the number on the following scale between -10 and +10 of either the Chance of a Financial Loss or the Chance of a Financial Gain, which best reflects the financial risk you would expect if confronted with the above scenario.

100% Chance of a Financial Loss	100% Chance of a Financial Gain
-10 -9 -8 -7 -6 -5 -4 -3 -2 -1 0 +1 +2 +3 +4 +5 +6 +7 +8 +9 +10	

- How often are you confronted with a purchasing situation like the above scenario? (Please check one item below.)

Often     
  Sometimes     
  Seldom     
  Never

**Scenario B**

You have the opportunity to buy a new apparel item from a new vendor. The new item represents a new apparel look for your customer. Your past sales figures indicate that your customer is ready for a new look; however, you are not completely sure of your customers' acceptance of this new apparel item from the new vendor. Your current pool of dependable, high quality apparel producing vendors lacks the capacity to produce this new apparel item for you. Hence, you must obtain this new item from the new apparel vendor. The new vendor is a relatively new apparel manufacturing firm and claims it is capable of supplying the new apparel item. You lack information on the vendor's reputation as a quality apparel manufacturer and on the vendor's ability to deliver apparel in a timely manner. The order of this item represents 40% of your open-to-buy for this apparel category.

1. Please rate the importance of the need for each of the following categories of **INFORMATION SOURCES**, **PRODUCT CHARACTERISTICS** and **VENDOR REPUTATION** in your decision making process, if confronted with the above scenario.

very low importance 1	low importance 2	medium importance 3	high importance 4	very high importance 5	
<b>INFORMATION SOURCES</b>		<b>PRODUCT CHARACTERISTICS</b>		<b>VENDOR REPUTATION</b>	
Upper management	1 2 3 4 5	Anticipated margins	1 2 3 4 5	Production flexibility for	
Buying office	1 2 3 4 5	Consumer demand	1 2 3 4 5	long or short runs	1 2 3 4 5
Another buyer/peer	1 2 3 4 5	Product styling	1 2 3 4 5	Length of delivery lead time	1 2 3 4 5
Sales representative	1 2 3 4 5	Product workmanship	1 2 3 4 5	Delivery reliability	1 2 3 4 5
Trade associations	1 2 3 4 5	Expected sales	1 2 3 4 5	After-sales service	1 2 3 4 5
Competitors	1 2 3 4 5			Transportation costs	1 2 3 4 5
				Import experience	1 2 3 4 5
				Ability to meet specifications	1 2 3 4 5

2. Please circle the number on the following scale between -10 and +10 of either the Chance of a Financial Loss or the Chance of a Financial Gain, which best reflects the financial risk you would expect if confronted with the above scenario.

100% Chance of a Financial Loss	100% Chance of a Financial Gain
-10 -9 -8 -7 -6 -5 -4 -3 -2 -1 0 +1 +2 +3 +4 +5 +6 +7 +8 +9 +10	

3. How often are you confronted with a purchasing situation like the above scenario? (Please check one item below.)

\_\_\_\_\_ Often      \_\_\_\_\_ Sometimes      \_\_\_\_\_ Seldom      \_\_\_\_\_ Never

**INFORMATION ABOUT YOUR FIRM**

- A. Please circle the number of the item below which best describes your firm's apparel importing activities.

1. Firm does not import apparel into the U.S.
2. Evolving, apparel importing is becoming more attractive to the firm.
3. Growing, my firm imports more and more apparel each year.
4. Mature, my firm has a well established apparel import business.
5. Declining, my firm is reducing its apparel import activity.

B. How is your firm's price line best described? (Please check the one in which your firm does its greatest dollar volume of business.)

Budget                       Moderate                       Prestige

C. How does your firm classify itself? (Please check the one that most resembles your firm's classification.)

Department Store       Specialty Store       Off-Price Store

Discount Store       Mail-order Store

Other, please specify \_\_\_\_\_

D. According to retail sales figures, how does your firm rank relative to all apparel retailers in the category you checked in question C.

largest 50% of apparel retailers                       smallest 50% of apparel retailers

#### **INFORMATION ABOUT YOU AS A BUYER**

A. In what category of fashion apparel do you do the majority of your purchasing? (Please check all that apply.)

Misses                       Men's                       Juniors

Young Men's                       Children's                       Infants'

B. How many years have you been an apparel buyer? \_\_\_\_\_

C. How many years have you bought imported apparel? \_\_\_\_\_

Thank you for your time and consideration in completing this survey. If you would like to receive a complimentary copy of the results of this survey, please send a business card or your return address under separate cover.

Place the completed survey in the self-addressed stamped envelop provided and mail the survey back by **April 7, 1995**. If you have questions or need additional clarification, please call (703) 831-5136.



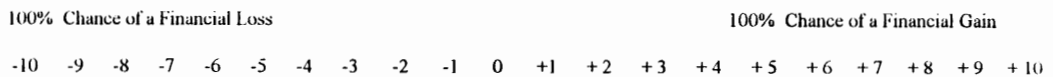
**Scenario B**

You have the opportunity to buy a new apparel item from a new vendor. The new item represents a new apparel look for your customer. Your past sales figures indicate that your customer is ready for a new look; however, you are not completely sure of your customers' acceptance of this new apparel item from the new vendor. Your current pool of dependable, high quality apparel producing vendors lacks the capacity to produce this new apparel item for you. Hence, you must obtain this new item from the new apparel vendor. The new vendor is a relatively new apparel manufacturing firm and claims it is capable of supplying the new apparel item. You lack information on the vendor's reputation as a quality apparel manufacturer and on the vendor's ability to deliver apparel in a timely manner. The order of this item represents 40% of your open-to-buy for this apparel category.

1. Please rate the importance of the need for each of the following categories of **INFORMATION SOURCES**, **PRODUCT CHARACTERISTICS** and **VENDOR REPUTATION** in your decision making process if confronted with the above scenario.

very low importance	low importance	medium importance	high importance	very high importance	
1	2	3	4	5	
<b>INFORMATION SOURCES</b>		<b>PRODUCT CHARACTERISTICS</b>		<b>VENDOR REPUTATION</b>	
Buying office	1 2 3 4 5	Consumer demand	1 2 3 4 5	Length of delivery lead time	1 2 3 4 5
Sales representative	1 2 3 4 5	Anticipated margins	1 2 3 4 5	After-sales service	1 2 3 4 5
Upper management	1 2 3 4 5	Product workmanship	1 2 3 4 5	Ability to meet specifications	1 2 3 4 5
Competitors	1 2 3 4 5	Expected sales	1 2 3 4 5	Production flexibility for	
Trade associations	1 2 3 4 5	Product styling	1 2 3 4 5	long or short runs	1 2 3 4 5
Another buyer/peer	1 2 3 4 5			Import experience	1 2 3 4 5
				Transportation costs	1 2 3 4 5
				Delivery reliability	1 2 3 4 5

2. Please circle the number on the following scale between -10 and +10 of either the Chance of a Financial Loss or the Chance of a Financial Gain, which best reflects the financial risk you would expect if confronted with the above scenario.



3. How often are you confronted with a purchasing situation like the above scenario? (Please check one item below.)

\_\_\_\_\_ Often      \_\_\_\_\_ Sometimes      \_\_\_\_\_ Seldom      \_\_\_\_\_ Never

**INFORMATION ABOUT YOUR FIRM**

A. Please circle the number of the item below which best describes your firm's apparel importing activities.

1. Firm does not import apparel into the U.S.
2. Evolving, apparel importing is becoming more attractive to the firm.
3. Growing, my firm imports more and more apparel each year.
4. Mature, my firm has a well established apparel import business.
5. Declining, my firm is reducing its apparel import activity.

B. How is your firm's price line best described? (Please check the one in which your firm does its greatest dollar volume of business.)

Budget                       Moderate                       Prestige

C. How does your firm classify itself? (Please check the one that most resembles your firm's classification.)

Department Store               Specialty Store               Off-Price Store

Discount Store               Mail-order Store

Other, please specify \_\_\_\_\_

D. According to retail sales figures, how does your firm rank relative to all apparel retailers in the category you checked in question C.

largest 50% of apparel retailers                       smallest 50% of apparel retailers

**INFORMATION ABOUT YOU AS A BUYER**

A. In what category of fashion apparel do you do the majority of your purchasing? (Please check all that apply.)

Misses                       Men's                       Juniors

Young Men's               Children's               Infants'

B. How many years have you been an apparel buyer? \_\_\_\_\_

C. How many years have you bought imported apparel? \_\_\_\_\_

Thank you for your time and consideration in completing this survey. If you would like to receive a complimentary copy of the results of this survey, please send a business card or your return address under separate cover.

Place the completed survey in the self-addressed stamped envelop provided and mail the survey back by **April 7, 1995**. If you have questions or need additional clarification, please call (703) 831-5136.

**SURVEY # 4**  
**FASHION APPAREL BUYER PURCHASING SURVEY**

Please carefully read scenarios A and B and answer the questions under each. Answer the questions to the best of your knowledge. Individual responses will be confidential and used exclusively for research purposes. Thank you.

**Scenario A**

You have the opportunity to buy a new apparel item from a new vendor. The new item represents a new apparel look for your customer. Your past sales figures indicate that your customer is ready for a new look; however, you are not completely sure of your customers' acceptance of this new apparel item from the new vendor. Your current pool of dependable, high quality apparel producing vendors lacks the capacity to produce this new apparel item for you. Hence, you must obtain this new item from the new apparel vendor. The new vendor is a relatively new apparel manufacturing firm and claims it is capable of supplying the new apparel item. You lack information on the vendor's reputation as a quality apparel manufacturer and on the vendor's ability to deliver apparel in a timely manner. The order of this item represents 40% of your open-to-buy for this apparel category.

1. Please rate the importance of the need for each of the following categories of **INFORMATION SOURCES**, **PRODUCT CHARACTERISTICS** and **VENDOR REPUTATION** in your decision making process, if confronted with the above scenario.

very low importance 1	low importance 2	medium importance 3	high importance 4	very high importance 5	
<b>INFORMATION SOURCES</b>		<b>PRODUCT CHARACTERISTICS</b>		<b>VENDOR REPUTATION</b>	
Buying office	1 2 3 4 5	Consumer demand	1 2 3 4 5	Length of delivery lead time	1 2 3 4 5
Sales representative	1 2 3 4 5	Anticipated margins	1 2 3 4 5	After-sales service	1 2 3 4 5
Upper management	1 2 3 4 5	Product workmanship	1 2 3 4 5	Ability to meet specifications	1 2 3 4 5
Competitors	1 2 3 4 5	Expected sales	1 2 3 4 5	Production flexibility for	
Trade associations	1 2 3 4 5	Product styling	1 2 3 4 5	long or short runs	1 2 3 4 5
Another buyer/peer	1 2 3 4 5			Import experience	1 2 3 4 5
				Transportation costs	1 2 3 4 5
				Delivery reliability	1 2 3 4 5

2. Please circle the number on the following scale between -10 and +10 of either the Chance of a Financial Loss or the Chance of a Financial Gain, which best reflects the financial risk you would expect if confronted with the above scenario.

100% Chance of a Financial Loss 100% Chance of a Financial Gain

-10 -9 -8 -7 -6 -5 -4 -3 -2 -1 0 +1 +2 +3 +4 +5 +6 +7 +8 +9 +10

3. How often are you confronted with a purchasing situation like the above scenario? (Please check one item below.)

\_\_\_\_\_ Often      \_\_\_\_\_ Sometimes      \_\_\_\_\_ Seldom      \_\_\_\_\_ Never



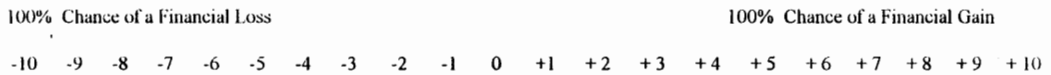
**Scenario B**

You have the opportunity to buy a popular apparel item from a current vendor. The popular apparel item was a best seller last season, and your sales figures indicate that this item will still be demanded by your customers. You enjoy an excellent relationship with the current vendor, and the vendor is noted for its quality supplies and timely delivery. The order of this apparel item represents 15% of your open-to-buy for this apparel category.

1. Please rate the importance of the need for each of the following categories of **INFORMATION SOURCES**, **PRODUCT CHARACTERISTICS** and **VENDOR REPUTATION** in your decision making process, if confronted with the above scenario.

very low importance 1	low importance 2	medium importance 3	high importance 4	very high importance 5	
<b>INFORMATION SOURCES</b>		<b>PRODUCT CHARACTERISTICS</b>		<b>VENDOR REPUTATION</b>	
Buying office	1 2 3 4 5	Consumer demand	1 2 3 4 5	Length of delivery lead time	1 2 3 4 5
Sales representative	1 2 3 4 5	Anticipated margins	1 2 3 4 5	After-sales service	1 2 3 4 5
Upper management	1 2 3 4 5	Product workmanship	1 2 3 4 5	Ability to meet specifications	1 2 3 4 5
Competitors	1 2 3 4 5	Expected sales	1 2 3 4 5	Production flexibility for	
Trade associations	1 2 3 4 5	Product styling	1 2 3 4 5	long or short runs	1 2 3 4 5
Another buyer/peer	1 2 3 4 5			Import experience	1 2 3 4 5
				Transportation costs	1 2 3 4 5
				Delivery reliability	1 2 3 4 5

2. Please circle the number on the following scale between -10 and +10 of either the Chance of a Financial Loss or the Chance of a Financial Gain, which best reflects the financial risk you would expect if confronted with the above scenario.



3. How often are you confronted with a purchasing situation like the above scenario? (Please check one item below.)

\_\_\_\_\_ Often      \_\_\_\_\_ Sometimes      \_\_\_\_\_ Seldom      \_\_\_\_\_ Never

**INFORMATION ABOUT YOUR FIRM**

- A. Please circle the number of the item below which best describes your firm's apparel importing activities.

1. Firm does not import apparel into the U.S.
2. Evolving, apparel importing is becoming more attractive to the firm.
3. Growing, my firm imports more and more apparel each year.
4. Mature, my firm has a well established apparel import business.
5. Declining, my firm is reducing its apparel import activity.

B. How is your firm's price line best described? (Please check the one in which your firm does its greatest dollar volume of business.)

Budget                       Moderate                       Prestige

C. How does your firm classify itself? (Please check the one that most resembles your firm's classification.)

Department Store       Specialty Store       Off-Price Store

Discount Store       Mail-order Store

Other, please specify \_\_\_\_\_

D. According to retail sales figures, how does your firm rank relative to all apparel retailers in the category you checked in question C.

largest 50% of apparel retailers                       smallest 50% of apparel retailers

**INFORMATION ABOUT YOU AS A BUYER**

A. In what category of fashion apparel do you do the majority of your purchasing? (Please check all that apply.)

Misses                       Men's                       Juniors

Young Men's                       Children's                       Infants'

B. How many years have you been an apparel buyer? \_\_\_\_\_

C. How many years have you bought imported apparel? \_\_\_\_\_

Thank you for your time and consideration in completing this survey. If you would like to receive a complimentary copy of the results of this survey, please send a business card or your return address under separate cover.

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**SURVEY # 5**  
**FASHION APPAREL BUYER PURCHASING SURVEY**

Please carefully read scenarios A and B and answer the questions under each. Answer the questions to the best of your knowledge. Individual responses will be confidential and used exclusively for research purposes. Thank you.

**Scenario A**

You have the opportunity to buy a new apparel item from a new vendor. The new item represents a new apparel look for your customer. Your past sales figures indicate that your customer is ready for a new look; however, you are not completely sure of your customers' acceptance of this new apparel item from the new vendor. Your current pool of dependable, high quality apparel producing vendors lacks the capacity to produce this new apparel item for you. Hence, you must obtain this new item from the new apparel vendor. The new vendor is a relatively new apparel manufacturing firm and claims it is capable of supplying the new apparel item. You lack information on the vendor's reputation as a quality apparel manufacturer and on the vendor's ability to deliver apparel in a timely manner. The order of this item represents 40% of your open-to-buy for this apparel category.

1. Please rate the importance of the need for each of the following categories of **INFORMATION SOURCES**, **PRODUCT CHARACTERISTICS** and **VENDOR REPUTATION** in your decision making process, if confronted with the above scenario.

very low importance 1	low importance 2	medium importance 3	high importance 4	very high importance 5	
<b>INFORMATION SOURCES</b>		<b>PRODUCT CHARACTERISTICS</b>		<b>VENDOR REPUTATION</b>	
Competitors	1 2 3 4 5	Product workmanship	1 2 3 4 5	Import experience	1 2 3 4 5
Another buyer/peer	1 2 3 4 5	Product styling	1 2 3 4 5	Transportation cost	1 2 3 4 5
Sales representative	1 2 3 4 5	Expected sales	1 2 3 4 5	After sales service	1 2 3 4 5
Upper management	1 2 3 4 5	Anticipated margins	1 2 3 4 5	Delivery reliability	1 2 3 4 5
Trade associations	1 2 3 4 5	Consumer demand	1 2 3 4 5	Ability to meet specifications	1 2 3 4 5
Buying office	1 2 3 4 5			Length of delivery lead time	1 2 3 4 5
				Production flexibility for long or short runs	1 2 3 4 5

2. Please circle the number on the following scale between -10 and +10 of either the Chance of a Financial Loss or the Chance of a Financial Gain, which best reflects the financial risk you would expect if confronted with the above scenario.

100% Chance of a Financial Loss	100% Chance of a Financial Gain
-10 -9 -8 -7 -6 -5 -4 -3 -2 -1 0 +1 +2 +3 +4 +5 +6 +7 +8 +9 +10	

3. How often are you confronted with a purchasing situation like the above scenario? (Please check one item below.)

Often     
  Sometimes     
  Seldom     
  Never

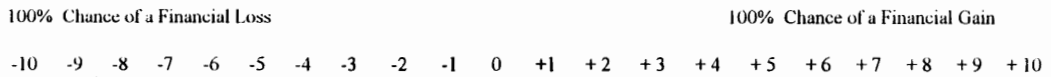
**Scenario B**

You have the opportunity to buy a popular apparel item from a current vendor. The popular apparel item was a best seller last season, and your sales figures indicate that this item will still be demanded by your customers. You enjoy an excellent relationship with the current vendor, and the vendor is noted for its quality supplies and timely delivery. The order of this apparel item represents 15% of your open-to-buy for this apparel category.

1. Please rate the importance of the need for each of the following categories of **INFORMATION SOURCES**, **PRODUCT CHARACTERISTICS** and **VENDOR REPUTATION** in your decision making process, if confronted with the above scenario.

very low importance	low importance	medium importance	high importance	very high importance	
1	2	3	4	5	
<b>INFORMATION SOURCES</b>		<b>PRODUCT CHARACTERISTICS</b>		<b>VENDOR REPUTATION</b>	
Competitors	1 2 3 4 5	Product workmanship	1 2 3 4 5	Import experience	1 2 3 4 5
Another buyer/peer	1 2 3 4 5	Product styling	1 2 3 4 5	Transportation cost	1 2 3 4 5
Sales representative	1 2 3 4 5	Expected sales	1 2 3 4 5	After sales service	1 2 3 4 5
Upper management	1 2 3 4 5	Anticipated margins	1 2 3 4 5	Delivery reliability	1 2 3 4 5
Trade associations	1 2 3 4 5	Consumer demand	1 2 3 4 5	Ability to meet specifications	1 2 3 4 5
Buying office	1 2 3 4 5			Length of delivery lead time	1 2 3 4 5
				Production flexibility for long or short runs	1 2 3 4 5

2. Please circle the number on the following scale between -10 and +10 of either the Chance of a Financial Loss or the Chance of a Financial Gain, which best reflects the financial risk you would expect if confronted with the above scenario.



3. How often are you confronted with a purchasing situation like the above scenario? (Please check one item below.)

\_\_\_\_\_ Often                      \_\_\_\_\_ Sometimes                      \_\_\_\_\_ Seldom                      \_\_\_\_\_ Never

**INFORMATION ABOUT YOUR FIRM**

A. Please circle the number of the item below which best describes your firm's apparel importing activities.

1. Firm does not import apparel into the U.S.
2. Evolving, apparel importing is becoming more attractive to the firm.
3. Growing, my firm imports more and more apparel each year.
4. Mature, my firm has a well established apparel import business.
5. Declining, my firm is reducing its apparel import activity.

B. How is your firm's price line best described? (Please check the one in which your firm does its greatest dollar volume of business.)

Budget                       Moderate                       Prestige

C. How does your firm classify itself? (Please check the one that most resembles your firm's classification.)

Department Store               Specialty Store               Off-Price Store

Discount Store               Mail-order Store

Other, please specify \_\_\_\_\_

D. According to retail sales figures, how does your firm rank relative to all apparel retailers in the category you checked in question C.

largest 50% of apparel retailers                       smallest 50% of apparel retailers

**INFORMATION ABOUT YOU AS A BUYER**

A. In what category of fashion apparel do you do the majority of your purchasing? (Please check all that apply.)

Misses                       Men's                       Juniors

Young Men's               Children's               Infants'

B. How many years have you been an apparel buyer? \_\_\_\_\_

C. How many years have you bought imported apparel? \_\_\_\_\_

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**SURVEY # 6  
FASHION APPAREL BUYER PURCHASING SURVEY**

Please carefully read scenarios A and B and answer the questions under each. Answer the questions to the best of your knowledge. Individual responses will be confidential and used exclusively for research purposes. Thank you.

**Scenario A**

You have the opportunity to buy a popular apparel item from a current vendor. The popular apparel item was a best seller last season, and your sales figures indicate that this item will still be demanded by your customers. You enjoy an excellent relationship with the current vendor, and the vendor is noted for its quality supplies and timely delivery. The order of this apparel item represents 15% of your open-to-buy for this apparel category.

1. Please rate the importance of the need for each of the following categories of **INFORMATION SOURCES**, **PRODUCT CHARACTERISTICS** and **VENDOR REPUTATION** in your decision making process, if confronted with the above scenario.

very low importance 1	low importance 2	medium importance 3	high importance 4	very high importance 5	
<b>INFORMATION SOURCES</b>	<b>PRODUCT CHARACTERISTICS</b>	<b>VENDOR REPUTATION</b>			
Competitors	1 2 3 4 5	Product workmanship	1 2 3 4 5	Import experience	1 2 3 4 5
Another buyer/peer	1 2 3 4 5	Product styling	1 2 3 4 5	Transportation cost	1 2 3 4 5
Sales representative	1 2 3 4 5	Expected sales	1 2 3 4 5	After sales service	1 2 3 4 5
Upper management	1 2 3 4 5	Anticipated margins	1 2 3 4 5	Delivery reliability	1 2 3 4 5
Trade associations	1 2 3 4 5	Consumer demand	1 2 3 4 5	Ability to meet specifications	1 2 3 4 5
Buying office	1 2 3 4 5			Length of delivery lead time	1 2 3 4 5
				Production flexibility for long or short runs	1 2 3 4 5

2. Please circle the number on the following scale between -10 and +10 of either the Chance of a Financial Loss or the Chance of a Financial Gain, which best reflects the financial risk you would expect if confronted with the above scenario.

100% Chance of a Financial Loss	100% Chance of a Financial Gain
-10 -9 -8 -7 -6 -5 -4 -3 -2 -1 0 +1 +2 +3 +4 +5 +6 +7 +8 +9 +10	

3. How often are you confronted with a purchasing situation like the above scenario? (Please check one item below.)

\_\_\_\_\_ Often          \_\_\_\_\_ Sometimes          \_\_\_\_\_ Seldom          \_\_\_\_\_ Never

**Scenario B**

You have the opportunity to buy a new apparel item from a new vendor. The new item represents a new apparel look for your customer. Your past sales figures indicate that your customer is ready for a new look; however, you are not completely sure of your customers' acceptance of this new apparel item from the new vendor. Your current pool of dependable, high quality apparel producing vendors lacks the capacity to produce this new apparel item for you. Hence, you must obtain this new item from the new apparel vendor. The new vendor is a relatively new apparel manufacturing firm and claims it is capable of supplying the new apparel item. You lack information on the vendor's reputation as a quality apparel manufacturer and on the vendor's ability to deliver apparel in a timely manner. The order of this item represents 40% of your open-to-buy for this apparel category.

1. Please rate the importance of the need for each of the following categories of **INFORMATION SOURCES**, **PRODUCT CHARACTERISTICS** and **VENDOR REPUTATION** in your decision making process, if confronted with the above scenario.

very low importance	low importance	medium importance	high importance	very high importance	
1	2	3	4	5	
<b>INFORMATION SOURCES</b>		<b>PRODUCT CHARACTERISTICS</b>		<b>VENDOR REPUTATION</b>	
Competitors	1 2 3 4 5	Product workmanship	1 2 3 4 5	Import experience	1 2 3 4 5
Another buyer/peer	1 2 3 4 5	Product styling	1 2 3 4 5	Transportation cost	1 2 3 4 5
Sales representative	1 2 3 4 5	Expected sales	1 2 3 4 5	After sales service	1 2 3 4 5
Upper management	1 2 3 4 5	Anticipated margins	1 2 3 4 5	Delivery reliability	1 2 3 4 5
Trade associations	1 2 3 4 5	Consumer demand	1 2 3 4 5	Ability to meet specifications	1 2 3 4 5
Buying office	1 2 3 4 5			Length of delivery lead time	1 2 3 4 5
				Production flexibility for long or short runs	1 2 3 4 5

2. Please circle the number on the following scale between -10 and +10 of either the Chance of a Financial Loss or the Chance of a Financial Gain, which best reflects the financial risk you would expect if confronted with the above scenario.

100% Chance of a Financial Loss	100% Chance of a Financial Gain
-10 -9 -8 -7 -6 -5 -4 -3 -2 -1 0 +1 +2 +3 +4 +5 +6 +7 +8 +9 +10	

3. How often are you confronted with a purchasing situation like the above scenario? (Please check one item below.)

\_\_\_\_\_ Often      \_\_\_\_\_ Sometimes      \_\_\_\_\_ Seldom      \_\_\_\_\_ Never

**INFORMATION ABOUT YOUR FIRM**

- A. Please circle the number of the item below which best describes your firm's apparel importing activities.

1. Firm does not import apparel into the U.S.
2. Evolving, apparel importing is becoming more attractive to the firm.
3. Growing, my firm imports more and more apparel each year.
4. Mature, my firm has a well established apparel import business.
5. Declining, my firm is reducing its apparel import activity.

B. How is your firm's price line best described? (Please check the one in which your firm does its greatest dollar volume of business.)

Budget                       Moderate                       Prestige

C. How does your firm classify itself? (Please check the one that most resembles your firm's classification.)

Department Store                       Specialty Store                       Off-Price Store

Discount Store                       Mail-order Store

Other, please specify \_\_\_\_\_

D. According to retail sales figures, how does your firm rank relative to all apparel retailers in the category you checked in question C.

largest 50% of apparel retailers                       smallest 50% of apparel retailers

#### **INFORMATION ABOUT YOU AS A BUYER**

A. In what category of fashion apparel do you do the majority of your purchasing? (Please check all that apply.)

Misses                       Men's                       Juniors

Young Men's                       Children's                       Infants'

B. How many years have you been an apparel buyer? \_\_\_\_\_

C. How many years have you bought imported apparel? \_\_\_\_\_

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**SURVEY # 7**  
**FASHION APPAREL BUYER PURCHASING SURVEY**

Please carefully read scenarios A and B and answer the questions under each. Answer the questions to the best of your knowledge. Individual responses will be confidential and used exclusively for research purposes. Thank you.

**Scenario A**

You have the opportunity to buy a popular apparel item from a current vendor. The popular apparel item was a best seller last season, and your sales figures indicate that this item will still be demanded by your customers. You enjoy an excellent relationship with the current vendor, and the vendor is noted for its quality supplies and timely delivery. The order of this apparel item represents 15% of your open-to-buy for this apparel category.

1. Please rate the importance of the need for each of the following categories of **INFORMATION SOURCES**, **PRODUCT CHARACTERISTICS** and **VENDOR REPUTATION** in your decision making process, if confronted with the above scenario.

very low importance 1	low importance 2	medium importance 3	high importance 4	very high importance 5	
<b>INFORMATION SOURCES</b>		<b>PRODUCT CHARACTERISTICS</b>		<b>VENDOR REPUTATION</b>	
Another buyer/peer	1 2 3 4 5	Expected sales	1 2 3 4 5	Ability to meet specifications	1 2 3 4 5
Trade associations	1 2 3 4 5	Product workmanship	1 2 3 4 5	Delivery reliability	1 2 3 4 5
Competitors	1 2 3 4 5	Consumer demand	1 2 3 4 5	Length of delivery lead time	1 2 3 4 5
Buying office	1 2 3 4 5	Product styling	1 2 3 4 5	Transportation costs	1 2 3 4 5
Upper management	1 2 3 4 5	Anticipated margins	1 2 3 4 5	Production flexibility for long or short runs	1 2 3 4 5
Sales representative	1 2 3 4 5			After-sales service	1 2 3 4 5
				Import experience	1 2 3 4 5

2. Please circle the number on the following scale between -10 and +10 of either the Chance of a Financial Loss or the Chance of a Financial Gain, which best reflects the financial risk you would expect if confronted with the above scenario.

100% Chance of a Financial Loss 100% Chance of a Financial Gain

-10 -9 -8 -7 -6 -5 -4 -3 -2 -1 0 +1 +2 +3 +4 +5 +6 +7 +8 +9 +10

3. How often are you confronted with a purchasing situation like the above scenario? (Please check one item below.)

\_\_\_\_\_ Often                      \_\_\_\_\_ Sometimes                      \_\_\_\_\_ Seldom                      \_\_\_\_\_ Never

**Scenario B**

You have the opportunity to buy a new apparel item from a new vendor. The new item represents a new apparel look for your customer. Your past sales figures indicate that your customer is ready for a new look; however, you are not completely sure of your customers' acceptance of this new apparel item from the new vendor. Your current pool of dependable, high quality apparel producing vendors lacks the capacity to produce this new apparel item for you. Hence, you must obtain this new item from the new apparel vendor. The new vendor is a relatively new apparel manufacturing firm and claims it is capable of supplying the new apparel item. You lack information on the vendor's reputation as a quality apparel manufacturer and on the vendor's ability to deliver apparel in a timely manner. The order of this item represents 40% of your open-to-buy for this apparel category.

1. Please rate the importance of the need for each of the following categories of **INFORMATION SOURCES**, **PRODUCT CHARACTERISTICS** and **VENDOR REPUTATION** in your decision making process, if confronted with the above scenario.

very low importance	low importance	medium importance	high importance	very high importance	
1	2	3	4	5	
<b>INFORMATION SOURCES</b>		<b>PRODUCT CHARACTERISTICS</b>		<b>VENDOR REPUTATION</b>	
Another buyer/peer	1 2 3 4 5	Expected sales	1 2 3 4 5	Ability to meet specifications	1 2 3 4 5
Trade associations	1 2 3 4 5	Product workmanship	1 2 3 4 5	Delivery reliability	1 2 3 4 5
Competitors	1 2 3 4 5	Consumer demand	1 2 3 4 5	Length of delivery lead time	1 2 3 4 5
Buying office	1 2 3 4 5	Product styling	1 2 3 4 5	Transportation costs	1 2 3 4 5
Upper management	1 2 3 4 5	Anticipated margins	1 2 3 4 5	Production flexibility for	
Sales representative	1 2 3 4 5			long or short runs	1 2 3 4 5
				After-sales service	1 2 3 4 5
				Import experience	1 2 3 4 5

2. Please circle the number on the following scale between -10 and +10 of either the Chance of a Financial Loss or the Chance of a Financial Gain, which best reflects the financial risk you would expect if confronted with the above scenario.

100% Chance of a Financial Loss		100% Chance of a Financial Gain
-10	-9 -8 -7 -6 -5 -4 -3 -2 -1 0 +1 +2 +3 +4 +5 +6 +7 +8 +9 +10	

3. How often are you confronted with a purchasing situation like the above scenario? (Please check one item below.)

\_\_\_\_\_ Often      \_\_\_\_\_ Sometimes      \_\_\_\_\_ Seldom      \_\_\_\_\_ Never

**INFORMATION ABOUT YOUR FIRM**

- A. Please circle the number of the item below which best describes your firm's apparel importing activities.

1. Firm does not import apparel into the U.S.
2. Evolving, apparel importing is becoming more attractive to the firm.
3. Growing, my firm imports more and more apparel each year.
4. Mature, my firm has a well established apparel import business.
5. Declining, my firm is reducing its apparel import activity.

B. How is your firm's price line best described? (Please check the one in which your firm does its greatest dollar volume of business.)

Budget                       Moderate                       Prestige

C. How does your firm classify itself? (Please check the one that most resembles your firm's classification.)

Department Store                       Specialty Store                       Off-Price Store

Discount Store                       Mail-order Store

Other, please specify \_\_\_\_\_

D. According to retail sales figures, how does your firm rank relative to all apparel retailers in the category you checked in question C.

largest 50% of apparel retailers                       smallest 50% of apparel retailers

**INFORMATION ABOUT YOU AS A BUYER**

A. In what category of fashion apparel do you do the majority of your purchasing? (Please check all that apply.)

Misses                       Men's                       Juniors

Young Men's                       Children's                       Infants'

B. How many years have you been an apparel buyer? \_\_\_\_\_

C. How many years have you bought imported apparel? \_\_\_\_\_

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**SURVEY # 8**  
**FASHION APPAREL BUYER PURCHASING SURVEY**

Please carefully read scenarios A and B and answer the questions under each. Answer the questions to the best of your knowledge. Individual responses will be confidential and used exclusively for research purposes. Thank you.

**Scenario A**

You have the opportunity to buy a new apparel item from a new vendor. The new item represents a new apparel look for your customer. Your past sales figures indicate that your customer is ready for a new look; however, you are not completely sure of your customers' acceptance of this new apparel item from the new vendor. Your current pool of dependable, high quality apparel producing vendors lacks the capacity to produce this new apparel item for you. Hence, you must obtain this new item from the new apparel vendor. The new vendor is a relatively new apparel manufacturing firm and claims it is capable of supplying the new apparel item. You lack information on the vendor's reputation as a quality apparel manufacturer and on the vendor's ability to deliver apparel in a timely manner. The order of this item represents 40% of your open-to-buy for this apparel category.

1. Please rate the importance of the need for each of the following categories of **INFORMATION SOURCES**, **PRODUCT CHARACTERISTICS** and **VENDOR REPUTATION** in your decision making process, if confronted with the above scenario.

very low importance 1	low importance 2	medium importance 3	high importance 4	very high importance 5	
<b>INFORMATION SOURCES</b>		<b>PRODUCT CHARACTERISTICS</b>		<b>VENDOR REPUTATION</b>	
Another buyer/peer	1 2 3 4 5	Expected sales	1 2 3 4 5	Ability to meet specifications	1 2 3 4 5
Trade associations	1 2 3 4 5	Product workmanship	1 2 3 4 5	Delivery reliability	1 2 3 4 5
Competitors	1 2 3 4 5	Consumer demand	1 2 3 4 5	Length of delivery lead time	1 2 3 4 5
Buying office	1 2 3 4 5	Product styling	1 2 3 4 5	Transportation costs	1 2 3 4 5
Upper management	1 2 3 4 5	Anticipated margins	1 2 3 4 5	Production flexibility for long or short runs	1 2 3 4 5
Sales representative	1 2 3 4 5			After-sales service	1 2 3 4 5
				Import experience	1 2 3 4 5

2. Please circle the number on the following scale between -10 and +10 of either the Chance of a Financial Loss or the Chance of a Financial Gain, which best reflects the financial risk you would expect if confronted with the above scenario.

100% Chance of a Financial Loss	100% Chance of a Financial Gain
-10 -9 -8 -7 -6 -5 -4 -3 -2 -1 0 +1 +2 +3 +4 +5 +6 +7 +8 +9 +10	

3. How often are you confronted with a purchasing situation like the above scenario? (Please check one item below.)

Often                       Sometimes                       Seldom                       Never

**Scenario B**

You have the opportunity to buy a popular apparel item from a current vendor. The popular apparel item was a best seller last season, and your sales figures indicate that this item will still be demanded by your customers. You enjoy an excellent relationship with the current vendor, and the vendor is noted for its quality supplies and timely delivery. The order of this apparel item represents 15% of your open-to-buy for this apparel category.

1. Please rate the importance of the need for each of the following categories of **INFORMATION SOURCES**, **PRODUCT CHARACTERISTICS** and **VENDOR REPUTATION** in your decision making process, if confronted with the above scenario.

very low importance	low importance	medium importance	high importance	very high importance	
1	2	3	4	5	
<b>INFORMATION SOURCES</b>		<b>PRODUCT CHARACTERISTICS</b>		<b>VENDOR REPUTATION</b>	
Another buyer/peer	1 2 3 4 5	Expected sales	1 2 3 4 5	Ability to meet specifications	1 2 3 4 5
Trade associations	1 2 3 4 5	Product workmanship	1 2 3 4 5	Delivery reliability	1 2 3 4 5
Competitors	1 2 3 4 5	Consumer demand	1 2 3 4 5	Length of delivery lead time	1 2 3 4 5
Buying office	1 2 3 4 5	Product styling	1 2 3 4 5	Transportation costs	1 2 3 4 5
Upper management	1 2 3 4 5	Anticipated margins	1 2 3 4 5	Production flexibility for	
Sales representative	1 2 3 4 5			long or short runs	1 2 3 4 5
				After-sales service	1 2 3 4 5
				Import experience	1 2 3 4 5

2. Please circle the number on the following scale between -10 and +10 of either the Chance of a Financial Loss or the Chance of a Financial Gain, which best reflects the financial risk you would expect if confronted with the above scenario.

100% Chance of a Financial Loss 100% Chance of a Financial Gain

-10 -9 -8 -7 -6 -5 -4 -3 -2 -1 0 +1 +2 +3 +4 +5 +6 +7 +8 +9 +10

3. How often are you confronted with a purchasing situation like the above scenario? (Please check one item below.)

\_\_\_\_\_ Often      \_\_\_\_\_ Sometimes      \_\_\_\_\_ Seldom      \_\_\_\_\_ Never

**INFORMATION ABOUT YOUR FIRM**

- A. Please circle the number of the item below which best describes your firm's apparel importing activities.

1. Firm does not import apparel into the U.S.
2. Evolving, apparel importing is becoming more attractive to the firm.
3. Growing, my firm imports more and more apparel each year.
4. Mature, my firm has a well established apparel import business.
5. Declining, my firm is reducing its apparel import activity.

- B. How is your firm's price line best described? (Please check the one in which your firm does its greatest dollar volume of business.)
- Budget                       Moderate                       Prestige
- C. How does your firm classify itself? (Please check the one that most resembles your firm's classification.)
- Department Store             Specialty Store             Off-Price Store
- Discount Store                 Mail-order Store
- Other, please specify \_\_\_\_\_
- D. According to retail sales figures, how does your firm rank relative to all apparel retailers in the category you checked in question C.
- largest 50% of apparel retailers                       smallest 50% of apparel retailers

**INFORMATION ABOUT YOU AS A BUYER**

- A. In what category of fashion apparel do you do the majority of your purchasing? (Please check all that apply.)
- Misses                       Men's                       Juniors
- Young Men's                 Children's                 Infants'
- B. How many years have you been an apparel buyer? \_\_\_\_\_
- C. How many years have you bought imported apparel? \_\_\_\_\_

Thank you for your time and consideration in completing this survey. If you would like to receive a complimentary copy of the results of this survey, please send a business card or your return address under separate cover.

Place the completed survey in the self-addressed stamped envelop provided and mail the survey back by **April 7, 1995**. If you have questions or need additional clarification, please call (703) 831-5136.

APPENDIX D

1st Cover Letter, Reminder Card, and 2nd Cover Letter

1st Cover Letter

March 20, 1995

Dear Fashion Apparel Buyer:

We are conducting research on how information is used in making apparel purchasing decisions. Because this survey is being sent to a small sample of fashion apparel buyers, it is important that your input be included in the study. We value your expertise. Your knowledge can help apparel retail educators provide students with a better apparel retail education

Please answer all questions on the survey. Individual responses will be confidential and will be revealed to no one excepted in compiled form. The number on the survey is only to keep track of the sample.

If you have any questions or suggestions regarding our research, please call Farrell Doss at (703) 831-5136.

Thank you for your time and consideration.

Sincerely,

Marjorie Norton

Farrell Doss

Enclosure



## Reminder Card

Recently, a survey was sent to you that asked your opinions about apparel purchasing decisions. If you have completed and returned the survey, please accept my sincere thanks. If not, please do so today.

Because the survey was sent to a small sample of fashion apparel buyers, it is important that your input be included in the study if results are to accurately represent the group. If by chance you did not receive the survey, please call me at (703)831-5136 and I will get one out in the mail to you today.

Sincerely,

Farrell D. Doss  
Survey Coordinator

2nd Cover Letter

April 07, 1995

Dear Fashion Apparel Buyer:

Recently, you have received a survey and a follow-up postcard requesting your help. I know that your schedule is hectic and that many markets are just ending and it is now time to make key buying decisions. However, I humbly ask you now to dedicate approximately 10 minutes of your time to complete the survey that is part of this letter. The survey has an extremely limited budget and funds do not exist for the selection of a new sample. It is important that your input be included in the study. I value your expertise and am sure you will complete and return the survey at your earliest convenience.

Please answer all questions on the survey. Individual responses will be confidential and revealed to no one except in compiled form.

If you have any questions or suggestions regarding the survey, please call Farrell Doss at (703) 831-5136.

Thank you for your time and consideration.

Sincerely,

Farrell D. Doss

## VITA

Farrell D. Doss, Jr., the son of Mr. Farrell D. Doss and the late Mrs. Ida Mae Guyton, was born on December 16, 1962 in Chattanooga, Tennessee. He graduated from Brainerd High School, May 1981. He studied fashion design at the Fashion Institute of Technology in New York City for two years. He graduated Cum Laude from The University of Tennessee at Chattanooga, May 1987, with a Bachelor of Science degree in Home Economics: Business.

In September 1987 he began graduate work in apparel design/product analysis and textile and apparel business/economics at the Virginia Polytechnic Institute and State University in Blacksburg, Virginia and completed requirements for his Master of Science degree in May 1990 and his Doctor of Philosophy degree in March 1996.

Prior to coming to Virginia Polytechnic Institute and State University, Farrell worked in retail, apparel design, and apparel manufacturing. From 1987 to 1990, he was a graduate assistant and teaching assistant in the Department of Clothing and Textiles. He was a recipient of a Virginia Commonwealth Fellowship in 1990. In the fall of 1991, he joined the faculty of Radford University and is currently an Instructor in the Department of Fashion. 