The Influence of Social Identity on Rural Consumers' Intent to Shop Locally

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ural consumers' in- and out-shopping intention has been a research topic for many years. This study investigates the relationship between social identity and rural consumers' intent to shop within their local community, along with a number of moderating demographic variables. Using a sample of respondents from the Midwest, this study found a significant and positive relationship between rural consumers who socially identify with people in their local community and their intent to inshop. The influence of several demographic moderators is also explored, and implications for practice and future research are discussed.

Keywords: Social identity; rural consumers; inshopping; demographics; retail

Prior research has identified many different influences on individuals to shop at a specific location. For example, Langrehr (1991) studied the impact of a hedonic shopping environment, including elements such as noise, crowding, and temperature on shopping mall patrons. Carpenter (2008) investigated the relationship between demographic variables, such as gender, income, ethnicity, and marital status, and the shopping frequency at mass merchandisers. Liao and Cheung (2001) studied consumers' attitudes toward price, transaction security, IT education, and vendor quality in relation to the consumer's decision to purchase products from businesses online. In addition to this stream of research, studies on shopping motives have distinguished between urban (Gillett, 1970; Martin & Turley, 2004) and rural (Miller & Kean, 1997; Miller & Kim, 1999) locations. The focus of this study is on rural residents, and their intent to shop locally.

Past research has found several influential reasons as to why rural residents would outshop (i.e., shop outside of their local community). One of the strongest influences why residents travel outside of their community to shop is to receive lower prices paired with a better service experience (Ashley-Cotleur, Gaumer, & Foltos, 2009). Miller and Kean (1997) point out that the larger product varieties available outside of the local community can also be a determining factor for residents to outshop. The inconvenient store hours of small businesses (Grünhagen, Grove, & Gentry, 2003) also contribute to consumers' outshopping. However, gaps remain in the literature as to why rural residents inshop. It has been suggested that consumers' intent to inshop is indirectly influenced by the satisfaction they receive from community reciprocity, and directly linked to the consumer's attitude toward a retail facility (Miller & Kean, 1997). Miller and Kim (1999) found that the age and income levels of consumers can also have a significant impact on a consumer's intent to inshop. Further, the impact of "shop local" initiatives may influence consumers purchasing in their communities (Myles, 2010). To date, the literature has only presented a vague notion that rural consumers choose to inshop to benefit the local community. Existing literature has been slow to identify how individual rural residents view themselves within the community, how this perspective may influence their decision to inshop, and whether this relationship is moderated by different demographic variables. The purpose of this study is to determine the influence of social identity and several moderating demographic factors in establishing rural residents' intent to inshop, as these considerations have not been included in research on the topic to date.

Literature Review

Shopping Behavior in Rural Communities

A rural resident is defined as someone who lives in a nonmetropolitan area with a total population of 10,000 or less (Miller & Kim, 1999). Rural areas include but are not limited to towns, farm-dependent communities, and retirement destinations (Henderson & Akers, 2009). Further, the population density of a geographic area defines its status as well as the area's proximity to urban or metropolitan areas (Ring, Peredo, & Chrisman, 2010). The loose definition of what makes a town "rural" is, for the most part, widely recognized and understood by researchers. From an economic perspective, small, rural towns are primarily comprised of small retail businesses, which are a significant force in the U.S. economy (Miller & Kean, 1997). The economic advantages for local residents to shop at their local small business have been identified in several studies (Miller & Kim, 1999; Myles, 2010). When residents shop locally, sales dollars circulate in the local economy and have been shown to improve the community's economy (Myles, 2010). Estimates suggest that such sales revenue recirculates in the local economy up to three times through wages, taxes, charitable giving, and the like (Robinson & LaMore, 2010). Outshopping, on the other hand, results in lost sales for the local small retailer and lost sales tax dollars for the community (Miller & Kean, 1997). It is important to understand the mindset of local consumers so that both rural communities and small-town businesses can remain relevant and compete in the future.

As technology has advanced since the 1970s (Morgan, Pritchard & Abbott, 2001) and improved traveling conditions have made it easier for residents to travel to regional shopping centers (Miller & Kean, 1997), over time rural businesses had to begin to compete with stores outside their local community, and local economies began losing increasing amounts of local sales tax dollars. The emergence of giant discount and chain stores in or near small communities continues to challenge the competitiveness of small retail businesses (Miller & Kean, 1997). Consumers who shop outside of their local economy are said to be "outshopping" (Ashley-Cotleur, et al., 2009). Some of the reasons for outshopping include dissatisfaction with the product selection, price, and quality of goods offered by local retailers (Samli, 1989; Samli & Uhr, 1974). Technology has changed shopping with the introduction of the Internet, mak-

ing it easier for consumers to get information, compare prices, and gain access to products not offered in their town or surrounding communities. Today's small, rural businesses are experiencing more competition than ever with the advances in technology. "The Internet has changed modern business and presented a new paradigm of business relationships and transactions" (Wang, Lee & Wang, 1998, p. 64). Consumers use the Internet for a variety of purposes: researching products (communication), buying products (transaction), or selling products to other individuals (distribution) (Kiang, Raghu & Shang, 2000). Online sales are expected to grow to approximately \$224.7 billion or 8 percent of total U.S. retail sales in 2014 (Engleman, 2010). However, privacy concerns have long been identified as a primary hindrance for many consumers to adopt the trend of shopping online (Wang, et al., 1998), which could benefit local businesses. Rural business owners hoping to combat the trend of online shopping will need to find a way to reach their local consumers or they risk a reduction in sales and profits, which may lead to the demise of their businesses. Some rural business owners may explore the possibility of offering their products in an online format, if they do not already do so, to not only keep current customers, but also gain new ones.

Finding a quality product at a low price (Handelman & Arnold, 1999) is not the only factor consumers demand from sellers. Researchers have found that consumers expect—and demand—businesses to share the social values of the community (Marin & Ruiz, 2007). Miller and Kean (1997) found that attitudes about local businesses improved when reciprocity between the business and the rural resident existed. When consumers shop, more than the product or service being purchased is considered; consumers choose where to shop based on the anticipated experiences, entertainment value, and social aspects the site (or store) offers (Miller & Kean, 1997). The perceived value of a product can be determined by weighing the benefits against the costs. Benefits of inshopping can include the actual item or service purchased and can go beyond economic factors to include the maintenance of important relationships with local business owners and maintaining the health of the town in which the consumer lives (Ashley-Cotleur, et al., 2009). Costs of outshopping include the cost of the item purchased, costs of time and all related expenses of the trip outside the consumers' town, and costs to the local community or local retail mix (Reynolds & Darden, 1972). As consumers decide to shop "locally," the benefits of inshopping must outweigh the costs of outshopping, making the perceived value of the product or service higher when purchased from a local business. Thus, this study sets out to examine relationships between rural consumers' social identity and their intent to inshop to determine if they behave significantly different than consumers in other geographic areas.

Social Identity Theory

Social identity theory determines an individual consumer's perceived social identity and may provide insights into his or her respective shopping behavior (Amiot & Sansfaçon, 2011; Miller & Kean, 1997). A social identity is a person's knowledge that he or she belongs to a social category or group (Hogg & Abrams 1988). "Social categories precede individuals; individuals are born into an already structured society. Once in society, people derive their identity or sense of self largely from the social categories to which they belong" (Stets & Burke, 2000, p. 225). Individuals can be members of many different and distinct social groups at one time, making each individual's self-concept unique (Stets & Burke, 2000). Individuals who use the group label to describe themselves are more likely than not to participate in the group's culture, to distinguish themselves

from the out-group, and to show attraction to the group in their behavior (Ethier & Deaux, 1994; Ullah, 1987). Social Identity Theory has been applied in many different contexts, ranging from corporate identity (e.g., Balmer, 2008) and corporate sponsorship (e.g., Madrigal, 2001), to brand building campaigns (e.g., Underwood, Bond, & Baer, 2001), customer identification (e.g., Homburg, Wieseke, & Hoyer, 2009), and leadership and group performance (e.g., Ellemers, De Gilder, & Haslam, 2004), to name a few.

This study applies the theory to rural residents in relation to their motivation to inshop to distinguish themselves from members of surrounding communities of both rural and urban classifications. Much of social identity theory deals with intergroup relations; that is, how people come to see themselves as members of one group/category (the in-group) in comparison with another (the out-group), and the consequences of this categorization (Turner, Hogg, Oakes, Reicher, & Wetherell, 1987). For example, members of one community may categorize themselves as members of that community and identify with other members of their community or social group as the "in-group," and residents of surrounding communities are then considered to be part of the "out-group." Rural residents are proposed here to inshop to strengthen their relationship with the in-group simply because they want to be socially accepted by other members of the in-group. Thus, it is hypothesized

H1. There is a significant positive relationship between rural consumers' "in-group" social identity as members of the local community and their intent to shop locally.

Moderator Effects

Factors such as age (Zhou, Dai, & Zhang, 2007) and income level (Lawrence, 2010) have been found to be correlated to consumer motivations to shop online, but they have not been extensively studied in the rural consumer context. These two factors may have a different effect on rural consumers as a collective, in respect to their social identity. Estimates suggest that one in four Americans over age 65 lives in a rural area (Schwenk, 1994). Several researchers have reported that this aging population is spending a significantly larger proportion of their income at local retailers than those below age 65 (Miller, Kim, & Schofield-Tomschin, 1998). Reports also indicate that there is a significant demographic shift, an out-migration, of young adults in rural areas to metropolitan or urban areas where more opportunities are present (Henderson & Akers, 2009).

H2. Age has a significant positive moderating effect on the relationship between consumers' "in-group" social identity and their intent to shop locally.

Researchers have also found a positive relationship between education (Reynolds & Darden, 1972) and income (Herrmann & Beik, 1968; Reynolds & Darden, 1972; Thompson, 1971) levels of small town consumers and outshopping. However, it has also been shown that there is a positive relationship between education (Stinner, Loon, Chung, & Byun, 1990) and income (Goudy, 1990) levels of rural residents and their active involvement in the community in which they reside. Thus, although education and income would appear to be obvious factors associated with intent to inshop, these studies indicate otherwise, despite the fact that the relationship was indirect. Thus, conflicting evidence has been identified in the

past as to the role of income and education in this context. Hence, two sets of competing hypotheses are formulated for income and education, respectively.

- H3a. Income level has a significant positive moderating effect on the relationship between consumers' "ingroup" social identity and their intent to shop locally.
- H3b. Income level has a significant negative moderating effect on the relationship between consumers' "ingroup" social identity and their intent to shop locally.
- H4a. Education level has a significant positive moderating effect on the relationship between consumers' "in-group" social identity and their intent to shop locally.
- H4b. Education level has a significant negative moderating effect on the relationship between consumers' "in-group" social identity and their intent to shop locally.

Demographic and lifestyle variables previously studied include age, marital status, and ages of the respondent's youngest and oldest child; these variables have been suggested as indicators of an individual's stage in the life cycle (Miller & Kean, 1997). One salient variable that has been investigated is the age of the consumers' youngest child; this was found to have an influence on consumers' intent to inshop (Miller & Kean, 1997). This variable reflects the respondent's stage in the life cycle, which could then be related to the individual's desire to be a member of the "in-group." Hence,

H5. The stage in the life cycle has a significant positive moderating effect on the relationship between consumers' "in-group" social identity and their intent to shop locally.

The five hypotheses developed above are illustrated in Figure 1.

Proposed Methodology

Sample and Data Collection

A questionnaire to measure social identity perceptions and several other variables was designed for the purposes of this study. Intent to inshop was measured as the dependent variable. Age and marital status were used to reflect household income; household income and ages of the respondents' young-

est and oldest child were used as measures of the stage in their life cycle. Demographic questions were included in the survey to assess moderator variables.

Paper-and-pencil surveys were distributed to students enrolled at a public Midwestern university. They were asked to take the surveys to their families to complete, hence constituting a "snowball" sampling approach. The intent of this sampling method was to gather data from a broad age and income range, as well as from a range of rural and urban residents. Data was collected in this fashion to receive responses from both rural and, for the purpose of control, urban residents. Respondents were asked to provide their zip code and city/town population so that they could be classified according to their respective rural or urban residence.

Variables

The respondents' social identity measure was adapted from a 10-question scale from a study by Ellemers, Kortekaas, and Ouwerkerk's (1999), which was developed from prior studies relating to social identity (Brown, Condor, Mathews, Wade, & Williams, 1986; Crocker & Luhtanen, 1990; Ellemers, 1993; Rosenberg, 1965) for the purposes of this study. This scale has been used in several studies (Bagozzi & Dholakia, 2002; Bergami & Bagozzi, 2000; Brown, 2000) and had been shown to produce a Cronbach's alpha value of 0.82.

The intent to inshop measure was adapted from a 13-question scale from Miller, Kean and Littrell (1999), which was developed from Miller's previous work on rural shopping behavior. The Cronbach's alpha value of this measure was 0.85.

Respondents were asked to mark their level of agreement using a 7-point Likert-type scale (1 = Strongly Disagree, 7 = Strongly Agree) for the social identity and intent to inshop measures. Several items in the original measures were reverse coded to validate the reliability of the responses.

Results

A total of 303 completed surveys were returned, but only 297 were usable for analysis due to incomplete responses; 136 came from rural residents and 143 from urban residents. The SPSS 18.0 statistical software package was used to conduct the subsequent analyses. The average rural respondent had lived in his or her town for approximately 25 years, whereas an urban resident had lived in his or her town for approximately 14 years. The average population of the rural and urban respondents' towns was 3,159 and 620,533, respectively.

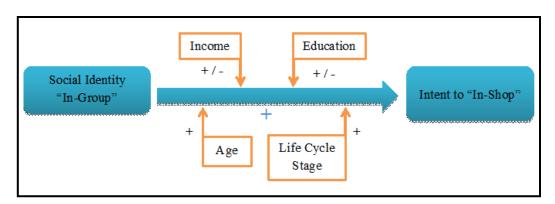


Figure 1: Conceptual Model

Respondents were asked about their level of inshopping activity for specified product categories. Rural respondents inshop primarily for convenience goods such as food, banking services, pharmaceutical drugs, and barber services, but outshop for adult's and children's clothing, shoes, and major appliances. Rural residents go outside of their home community to shop for items that are both higher in price and require more thought and care in purchasing. Rural residents travel approximately 30 minutes to reach a shopping center outside of their town to buy goods that are generally outshopped. Urban areas provide more shopping opportunities for their residents, making it easier for them to spend their money at local businesses. However, when urban residents travel outside of their community to shop, the average respondent stated they spend approximately 45 minutes to get to the location. Although the analysis showed that urban residents buy more of the specified product categories in their home communities, they still outshopped for the same general product categories as rural residents. Also, rural and urban respondents were given the opportunity to indicate the product categories for which they shop online. The most popular product categories that both rural and urban respondents bought online were clothing for children and adults, adult shoes, jewelry, and entertainment.

Factor analyses were conducted for both social identity (SOCID) and intent to inshop (INSHOP) scales. The Cronbach's alpha value for SOCID was .907 for all 10 original items; the Cronbach's alpha value for the 13 items of the INSHOP scale was .999, a remarkably high reliability score. The item-total correlations for both SOCID and INSHOP indicated that each loaded on the intended construct (see Tables 1 and 2).

Table 1: Social Identity Factor Analysis (SOCID) Cronbach's Ν Alpha .907 10 Corrected Item-Total Correlation Proud .592 Feel good .719 Respect .674 Tell .657 .553 Identify Like .629 Reflection .638 .758 Continue LikeRes .815 LiveHere .697

A correlation test was then run to test for multicollinearity in the data (see Table 3).

Much of the data was highly correlated at the .01 and .05 levels, so before any further tests were conducted, the data were transformed into standardized z-scores to minimize the multicollinearity in the data.

A linear regression analysis was run to test the main effect, the direct effect of SOCID on INSHOP. The overall regression was significant (see Table 4). Subsequently, the rural and urban samples were separated and both were determined to be significant at p < 0.01, with social identity explaining significantly more of the rural INSHOP model ($R^2 = .288$, see Table 5) than the urban INSHOP model ($R^2 = .125$, see Table 6). Hence, H1 was supported.

For the remainder of the hypotheses tests (H2–H5), the analyses were based on the rural sample. Interaction values were created with SOCID to test individual moderator effects of age, education, individual income, and stage in life cycle. The beta of the moderator age was -.066, and not significant; thus, H2 was rejected. The beta of moderator education was .098, and not significant; thus, H3 was rejected. The beta of moderator individual income was 0.091 and was not significant; thus, H4 was rejected. To test the moderator effect of stage in the life cycle, moderator effects of household income, age of youngest child, and age of oldest child were individually tested. The betas were found to be .011, .123, and -.173, respectively, none of which were significant; thus, H5 was rejected (see Table 7 for a summary of all hypotheses tests conducted).

| Table 2: Intent to Inshop Factor Analysis | | | | | |
|---|----------------------------------|--|--|--|--|
| (INSHOP) | | | | | |
| Cronbach's Alpha | N | | | | |
| .999 | 13 | | | | |
| | | | | | |
| | Corrected Item-Total Correlation | | | | |
| Conv. Store Hours | .996 | | | | |
| KnowPay | .996 | | | | |
| Extent | .997 | | | | |
| Give back | .998 | | | | |
| Fair | .998 | | | | |
| Pers. Assoc. | .995 | | | | |
| Spec. Att. | .996 | | | | |
| Provide Service | .998 | | | | |
| Support | .999 | | | | |
| Good select | .995 | | | | |
| LowPrices | .997 | | | | |
| Concern | .997 | | | | |
| NoShop Out | .995 | | | | |

| Table 3: Correlations | | | | | | | | |
|-----------------------|--------|--------|--------|-----------|----------------|---------------------|-------------------|-----------------|
| | INSHOP | SOCID | Age | Education | Ind. Income | Household Income | Youngest Child | Oldest Child |
| INSHOP | 1 | | | | | | | |
| SOCID | .454** | 1 | | | | | | |
| Age | .160** | .224** | 1 | | | | | |
| Education | 034 | .070 | 107 | 1 | | | | |
| Ind. Income | .054 | .199** | .255** | .297** | 1 | | | |
| Household Income | .035 | .194** | .206** | .211** | .644** | 1 | | |
| Youngest Child | .143* | .136* | .841** | 197** | .127* | .152* | 1 | |
| Oldest Child | .147* | .159** | .836** | 211** | .144* | .184** | .967** | 1 |

^{**} Correlation significant at the 0.01 level (2-tailed).

^{*} Correlation significant at the 0.05 level (2-tailed).

| Table 4: Descriptive Statistics (Overall) | | | | | | |
|---|-------------|----------------|-----|--|--|--|
| | Mean | Std. Deviation | N | | | |
| INSHOP | 4.418295518 | .3833755473 | 279 | | | |
| SOCID | 5.209 | 1.1838 | | | | |
| | | | | | | |
| R ² | .207 | | | | | |
| Adjusted R ² | .204 | | | | | |
| F | 72.108 | | | | | |
| Sig. | .000 | | | | | |

| Table 6: Descriptive Statistics (Urban) | | | | | | | |
|---|-------------|----------------|-----|--|--|--|--|
| | Mean | Std. Deviation | N | | | | |
| INSHOP | 4.346309573 | .3511625885 | 143 | | | | |
| SOCID | 5.064 | 1.2252 | | | | | |
| | | | | | | | |
| \mathbb{R}^2 | .125 | | | | | | |
| Adjusted R ² | .118 | | | | | | |
| F | 20.062 | | | | | | |
| Sig. | .000 | | | | | | |

| Table 5: Descriptive Statistics (Rural) | | | | | | |
|---|-------------|----------------|-----|--|--|--|
| | Mean | Std. Deviation | N | | | |
| INSHOP | 4.493986621 | .4021112243 | 136 | | | |
| SOCID | 5.362 | 1.1232 | | | | |
| | | | | | | |
| \mathbb{R}^2 | .288 | | | | | |
| Adjusted R ² | .283 | | | | | |
| F | 54.196 | | | | | |
| Sig. | .000 | | | | | |

Discussion

This is the first study in which social identity was used in a rural inshopping context. The social identity scale, although adapted for this study, still held. It was hypothesized that a positive significant relationship existed between social identity and a rural resident's intent to inshop, which was supported after a linear regression was run. A positive relationship also existed between social identity and an urban resident's intent to inshop, although the relationship was not as strong as for rural residents. The hypothesized moderating effects of age, educa-

tion, individual income and life cycle stage were found to have no effect on the relationship between SOCID and INSHOP.

Results from this study show a strong contribution of social identity to a rural consumer's intent to inshop. Hence, rural communities' reliance on "shop local" initiatives may be a suboptimal solution. Rather, rural communities ought to focus on reinforcing residents' positive affect about their communities from which they may derive their social identity. In other words, reinforcing positive feelings about their town may indirectly entice residents to shop locally, given the direct relationship between social identity and intent to inshop.

As discussed in the literature review, residents' intent to shop at local retailers was found to be only indirectly, not directly, linked to reciprocity (Miller & Kean, 1997). Rural businesses would be able to utilize this finding better than online companies or businesses outside their community, as they are located within the community and they are aware of the community's needs (Miller & Kean, 1997).

Also, in many instances, there is no local retailer that provides a product category that a consumer may be seeking, even though the desire to shop for such products locally may exist. Therefore, economic development initiatives continue to be important, yet they may have to focus stronger on attracting new businesses to rural communities, rather than on mere "shop local" campaigns.

| Table 7: Regression Analysis (Rural) | | | | | | | |
|--------------------------------------|-------------|--------------|--------|--------|------|--------|-----|
| | Control and | | | | | | |
| | Independent | | | | | | |
| Variable | Effects | Interactions | | | | | |
| Control | | | | | | | |
| Gender ^b | .024 | | | | | | |
| Independent effect | |] | | | | | |
| SOCID | .537* | | | | | | |
| Interactions | | | | | | | |
| Age x SOCID | | 066 | | | | | |
| Education x SOCID | | | .098 | | | | |
| Individual Income x SOCID | | | | .091 | | | |
| Stage in Life Cycle | | | | | | | |
| Household Income x SOCID | | | | | .011 | | |
| Youngest child x SOCID | | | | | | .123 | |
| Oldest child x SOCID | | | | | | | 173 |
| R ² | .288 | .292 | .297 | .296 | | .291 | |
| Adjusted R ² | .283 | .282 | .287 | .286 | | .270 | |
| Change in R ² | | .004 | .009 | .008 | | .003 | |
| F | 54.196 | 27.455 | 28.108 | 27.976 | | 13.467 | |
| đf | 134 | 133 | 133 | 133 | | 131 | |

² Entries are betas.

Limitations and Future Research

There are several limitations to this study. The sample was one of convenience. Surveys were collected primarily from one Midwestern state, and the researchers did not define geographic areas such as suburbs, where the proximity to urban or metropolitan areas, or to remote rural areas that may have no shopping opportunities, could skew the data. Inshopping intent may vary for different product categories as well. Individuals may desire to shop locally for convenience and impulse goods, but may not have as strong of a desire to shop locally for bigticket items.

Because this was the first study that used social identity in a rural inshopping context, future research on the topic has many avenues to be pursued. A potential moderating effect may include the individual's acceptance of online shopping. Future studies may also include the effect of social identity on rural inshopping intent in respect to specific retailer and product categories, or even the shopping environment, shopping frequency, and the like. Eventually, a comprehensive model that includes all significant variables from previous studies should be created.

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b Coded as male = 0, female = 1.

^{*}Correlation significant at the 0.01 level.

^{**} Correlation significant at the 0.05 level.

^{***} Correlation significant at the 0.10 level.

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