

PERCEIVED RISK SCALE DEVELOPMENT: A NEW WORLD WINE APPLICATION

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The South African wine market has gained academic and commercial interest mainly due to the significant growth rate between 2009 and 2013. However, a slower expansion rate between 2014 and 2018 is suggested partly due to the unpredictability of the Rand; intense wine segment rivalry; increasing availability of non-wine product alternatives; and troublesome global economic circumstances (Marketline, 2014; WOSA, 2013). To sustain a profitable market share, insight into consumer decision making and the factors that influence wine purchase behaviour will be imperative. Wine has been characterised as a highly complex product due to the inability of the consumer to determine the quality of the wine prior to purchase (Horvat and Došen, 2013). This characteristic deters self-confidence and could increase risk perception – both factors that could inhibit market growth.

Bruwer *et al.* (2013) argued that no clear all-inclusive perceived risk measurement scale exists, leading to the development of a 22-item Perceived Risk Scale (PRS) including the six generic types of perceived risks for purchasing wine for a number of consumption occasions. The Bruwer *et al.* (2013) study investigated an Australian (New World wine country) sample of 105 respondents, to determine the validity of the scale. A Cronbach alpha coefficient of 0.717 was reported using the 22 scale items, suggesting that the scale items were somewhat reliable. However, subsequent application of the scale yielded disappointing psychometric properties ($\alpha = 0.575$; $n = 642$) indicating some measurement error and possibilities to improve the scale. Douglas and Nijssen (2003) together with Durvasula, Andrews, Lysonski and Netemeyer (1993) argues the importance to determine metric equivalence of scales when used multi-nationally. The development of a reliable and valid South African perceived risk scale can provide marketers with a competitive advantage and may provide more valid data as basis for strategic marketing decisions.

The following research initiating question can be posed: Which dimensions and sub-dimensions form the underlying theoretical structure of perceived risk and does the measurement model provide a valid and reliable measure of perceived risk for wine purchase within a South African context? Consequently the broad objective will be to develop a scale with acceptable psychometric properties to measure perceived risk as an antecedent of wine purchase decision making within a South African context.

A mixed method (qualitative and quantitative) methodology is suggested. This study will use five phases of scale development based on Churchill's (1979) framework. The phases include: (1) a comprehensive literature review for domain specification and definition of perceived risk; (2) measurement item generation from literature and focus groups and judged; (3) scale purification; (4) reliability and validity testing on pilot data and (5) further testing on data will from a representative sample.

The findings of the study will make a contribution to the consumer behaviour literature and the South African wine industry. South African wine marketers will benefit as more valid data will be available to develop competitive marketing strategies in a highly competitive market.

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