



Psychological Factor: A Predictor of Consumer Buying Behaviour in Retail Outlets in South-West Nigeria

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Abstract. Retailers operating in both informal and formal retail environments often face challenges in meeting customer expectations and increasing profitability due to limited insight into the diverse psychological factors that influence consumer purchasing behaviour. This study investigated the impact of selected psychological variables on consumer buying behaviour in retail outlets across South-West Nigeria. The target population comprised customers from both informal and formal retail settings within the region. Primary data was collected through a survey of 1,000 respondents, with selection of 500 each from Lagos and Oyo States using a convenience sampling method to select participants from designated markets. To analyse the data, regression analysis and analysis of variance (ANOVA) were employed to determine the comparative influence of psychological variables. The results indicated that perception and learning significantly and positively affect consumer buying behaviour in both retail types at the 0.05 level of significance. Additionally, motivation was found to have a positive and significant influence in formal retail outlets, though it showed no significant effect in informal settings. Meanwhile, beliefs and attitudes were not statistically significant in shaping consumer buying decisions in either outlet type. The study concludes that psychological factors play a vital role in influencing consumer purchasing decisions in both retail formats, as evidenced by F-statistics of 69.675 and 12.680, with p-values of .000 in both cases. Based on these findings, it is recommended that retailers develop a marketing tactics effective and suitable to motivate at the same time influence consumers' buying behavior, targeting the factors that determines their purchase decisions to include past experience, product awareness, social status, personal values, and emotional responses.

Keywords: Consumer Behaviour, Psychological Factors, Retail Outlets, Perception, Learning, Motivation, South-West Nigeria.

1. Introduction

In contemporary retail markets, especially within emerging economies of African Country like Nigeria, consumer buying behaviour is not only central to business strategy but also a vital tool for understanding market dynamics. South-West Nigeria, as one of the most economically active regions of the country, given the growing competition among both formal (malls, supermarkets) and informal (open markets, kiosks) retail outlets, identifying the psychological determinants of consumer behaviour becomes imperative for retailers seeking to maintain market relevance and profitability.

Globally, it is recognized that consumer purchasing decisions are influenced by a variety of interrelated factors to include cultural, economic, personal, and psychological. However, research increasingly highlights that psychological factors such as motivation, perception, learning, beliefs, and attitudes play a particularly crucial role in influencing consumer choices, especially in contexts where consumers are faced with numerous alternatives. Evidently, changes are observed in lifestyle, exposure to global retail standards, and technological advancements to have redefined shopping behaviour across socioeconomic classes (Yakubu, 2020).

In today's highly competitive retail environment, both formal and informal retail outlets must strive to understand and leverage the factors that influence consumer buying behaviour in order to remain viable and profitable. Consumer buying behaviour, a critical determinant of market success, encompasses the complex mental and emotional processes that

individuals go through when selecting, purchasing, and using products or services. As noted by Dalyop (2017), consumer behaviour is an integration of personal, social, cultural, and psychological elements which interact to influence purchase decisions. Therefore, the ability to decode consumer intentions and motivations is not only pivotal to driving immediate purchases but also instrumental in building lasting customer relationships.

Retailers must increasingly recognise that buying decisions are not made solely on logical grounds or product attributes, but are also heavily influenced by psychological factors such as motivation, perception, learning, beliefs, and attitudes. These internal forces play a central role in shaping preferences and behaviour across different retail contexts. As highlighted by Idoko (2016), variations in mall shopping behaviour across Nigeria's geo-political zones are strongly tied to underlying psychological and environmental dynamics, suggesting that regional studies—such as this one focusing on South-West Nigeria—are essential to identifying location-specific behavioural patterns.

South-West Nigeria, being one of the most commercially active regions of the country, presents a diverse blend of consumer demographics and retail formats. Olodo (2017) conducted a comparative analysis of buying behaviour in formal and informal retail outlets within this region and found that psychological factors significantly influenced shopping decisions across both segments. Similarly, Raji (2021), in a study on eateries in the same region, demonstrated that consumer response to sensory marketing—which is closely linked to perception and motivation—had a marked effect on purchase decisions. These findings suggest that psychological variables are not only relevant, but essential to understanding retail consumption behaviour in this locale.

Furthermore, studies such as that of Ulaikere *et al.* (2020) and Rasaki *et al.* (2024) reinforce the notion that consumer preferences in both physical and online retail settings are strongly influenced by internal psychological predispositions. Consumers are often driven by a perceived value or emotional connection to the product or service rather than by price or convenience alone. Mang'unyi and Govender (2019) also observe that, in developing economies, internal motivators such as self-image, brand trust, and personal attitudes play a larger role than in more saturated markets, where external factors may dominate.

In this regard, the importance of tailoring marketing strategies to align with consumer psychology becomes even more apparent. As posited by Kwajaffa (2022), understanding the psychological constructs influencing buying behaviour can guide retailers in product positioning, pricing strategy, and customer engagement. Meanwhile, Katrodia *et al.* (2018), in their cross-national study on shopping behaviour, emphasised that psychological determinants, when viewed through a cultural lens, hold strong predictive power in consumer choice patterns.

Despite this growing body of evidence, there remains a noticeable gap in understanding how these psychological factors interact within specific regional retail environments, particularly across the spectrum of formal and informal retail formats in South-West Nigeria. Considering that this region accounts for a significant portion of national retail activity, with cities like Lagos and Ibadan acting as commercial hubs, the need to further explore the psychological dynamics driving consumer behaviour is both timely and critical.

This study, therefore, seeks to examine psychological factors, specifically motivation, perception, learning, and beliefs/attitudes as predictors of consumer buying behaviour in both formal and informal retail outlets in South-West Nigeria.

1.1 Statement of problem

Amidst of the current digital era, it was observed that business competitions is inevitable among retailers' outlets, and this situation in turn has led to increment of customers quest for value, experience, and emotional connection in their retail engagements, hence a deeper understanding of these psychological variables becomes a strategic imperative for successful business.

Consequently, the Nigerian retail industry is undergoing a profound transformation, driven by urbanisation, demographic shifts, increased disposable incomes, and technological advancements. A significant evolution has been observed in the structural organisation of retail from predominantly informal, fragmented systems to increasingly formal and organised outlets, such as supermarkets, hypermarkets, and shopping malls (Yakubu, 2023). In major South-Western cities like Lagos, Ibadan, and Akure, malls such as Ikeja City Mall and Cocoa Mall have emerged as central retail destinations, reflecting broader changes in consumer lifestyle and preferences.

Despite this rapid formalisation, informal retail channels including open markets, roadside vendors, and neighbourhood kiosks continue to dominate the Nigerian retail sector, accounting for over 91% of all retail transactions nationwide (PwC Nigeria, 2020). These informal outlets remain heavily patronised, offering low-cost goods, flexible bargaining, and culturally familiar service delivery. Surprisingly, this high level of patronage persists even though such outlets often lack modern retail conveniences, offer no after-sales support, and operate under low regulatory and infrastructural standards (Rosita & Kumar, 2014). This dichotomy raises a critical question: Why do many consumers continue to patronise informal retail outlets despite the apparent advantages of formal retail environments? Traditional assumptions around price and accessibility are no longer sufficient to explain this trend, especially as formal retail outlets become more widespread and competitive in pricing and proximity.

Recent studies suggest that the answer may lie within the psychological dimensions of consumer behaviour to consist of factors such as motivation, perception, learning, attitudes, and beliefs (Idoko, 2016; Raji, 2021). However, the empirical gap persists in terms of understanding how these psychological factors differently influence consumer preferences for formal versus informal retail outlets, especially within the socioeconomic and cultural context of South-West Nigeria.

Moreover, previous research has tended to treat consumer behaviour as a homogeneous construct across retail formats, often ignoring the nuanced psychological variables that underpin retail choice. Yet evidence suggests that consumer buying decisions are increasingly shaped by subjective and emotional evaluations, such as trust, brand familiarity, perceived value, and convenience factors that go beyond tangible product offerings (Mang'anyi & Govender, 2019; Ulaikere *et al.*, 2020).

For instance, according to the Nigerian Economic Summit Group (NESG, 2022), while modern retail contributes significantly to Nigeria's GDP, accounting for approximately 16% of national employment, consumer footfall in informal markets continues to outperform formal retail spaces by a ratio of 5:1, particularly in densely populated areas. This trend raises questions about the psychological loyalty and emotional attachment consumers have toward informal markets, despite their operational limitations.

Therefore, the core problem addressed in this study is the insufficient understanding of how psychological

factors influence consumer buying behaviour across both formal and informal retail formats. By comparatively analysing these psychological influences, this study aims to fill a significant gap in consumer behaviour literature within the Nigerian retail context and provide insights that can inform strategic retail planning, policy formulation, and targeted marketing.

1.2 Research Question

The research question formulates to guide the study is as follows:

- Do psychological factors have effect on consumer buying behaviour in retail outlets in Nigeria?

1.3 Objective of the study

The objective of this study is to examine the comparative analysis of psychological factors on consumer buying behaviour in retail outlets in Nigeria.

1.4 Research Hypothesis

H₀₁: There is no significant differences in the psychological factors of consumer buying behaviour in retail outlets in Nigeria.

2. Literature Review

2.1 Conceptual Review

2.1.1 Consumer

Consumer behaviour pertains to the study of individuals and groups in acquiring, using, and disposing of goods and services. It encompasses the psychological processes, decision-making patterns, and external influences that affect purchasing decisions. The field integrates insights from psychology, sociology, and economics to understand how consumers' needs, perceptions, and experiences shape their buying actions.

2.1.2 Consumer Buying Behaviour

Consumer buying behaviour is a multifaceted field that aims to understand the actions and decision-making processes of individuals when selecting, purchasing, and using products or services. It is influenced by a variety of factors, including psychological, social, cultural, and personal elements. These factors interact in complex ways to shape consumer decisions, making consumer behaviour an

essential area of study for marketers and retailers looking to meet consumer demands and enhance satisfaction (Idoko, 2016).

Psychological factors are among the most significant influences on consumer behaviour. These include motivation, perception, learning, and beliefs and attitudes. Motivation refers to the internal drive that prompts an individual to fulfill their needs and desires. Consumers who are highly motivated are more likely to engage in purchasing behaviours that align with their personal goals, whether these involve fulfilling a basic need or indulging in a luxury item. For instance, studies have shown that consumers who are motivated by status may prioritize purchasing high-end brands, while those motivated by convenience may opt for products that save them time and effort (Ramya & Ali, 2016).

Perception plays a critical role in shaping consumer behaviour. It is the process through which consumers select, organize, and interpret information to form a meaningful understanding of the world around them. A consumer's perception of a product or brand can significantly influence their purchasing decision. If a consumer perceives a product to be of high quality or aligned with their personal values, they are more likely to buy it. Perception is often influenced by factors such as advertising, word-of-mouth, and previous experiences with the product (Raji, 2021). For example, if a consumer has a positive past experience with a particular brand, they are more likely to develop a favorable perception of that brand, making them more inclined to purchase from it again in the future.

Learning also plays a crucial role in consumer behaviour. Learning refers to the process by which individuals alter their behaviour as a result of experiences. In a consumer context, this could involve learning from previous purchases, customer reviews, or advertisements. For instance, a consumer who has had a positive experience with a particular product will likely be more open to purchasing similar products from the same brand in the future (Oloodo, 2017). Additionally, consumers often learn about products through marketing efforts, which shape their expectations and attitudes toward certain brands or product categories.

Beliefs and attitudes are deeply rooted in consumer behaviour and are often formed over time through direct experiences, societal norms, and external influences. A consumer's belief system can shape their preferences and purchase decisions. If a consumer believes that a particular product or brand aligns with their values or supports their identity, they are more

likely to become a loyal customer (Ulaikere *et al.*, 2020). For example, if a consumer believes that eco-friendly products are better for the environment, they may be more inclined to purchase sustainable products, even if they come at a higher price.

2.1.3 Types of Consumer Buying Behaviour

Aremu, Olaniyan and Aremu (2015), citing Rani, (2014), identified four types of consumer buying behaviour.

Routine response/Programmed Behaviour: This involves low level of involvement of customers which involves frequently purchased items of low cost. Little search and decision efforts is needed here and purchases are made almost immediately.

Limited decision making: Information search is needed here when brands to be bought are unfamiliar. This requires a moderate amount of time for information gathering.

Complex/ high level of involvement: The products here are unfamiliar and expensive and also infrequently bought. Consumers spend a lot of time in seeking and searching for information before deciding on what to buy.

Impulse buying: This buying pattern does not involve consumers making any pre-purchase plans. Examples of goods are toothpaste, sugar salt etc.

2.1.4 Effect of Psychological Factors on consumer buying behaviour

The impact of psychological factors on consumer buying behaviour has long been a subject of academic inquiry, as these factors play a significant role in shaping how consumers make purchasing decisions. Consumer behaviour is a complex and multifaceted field influenced by a variety of psychological processes, which include motivation, perception, personality, lifestyle, beliefs, and attitudes. Each of these sub-dimensions contributes uniquely to the decision-making process, affecting consumer preferences, product choices, and ultimately their buying behaviour.

Motivation, one of the most significant psychological factors influencing consumer behaviour, refers to the internal drive that compels an individual to satisfy their needs and desires (Ramya & Ali, 2016). Motivation can be driven by a variety of factors, including basic physiological needs such as hunger, as well as more complex psychological needs like social acceptance or self-esteem. The theory of motivation suggests that consumers are driven by both intrinsic and extrinsic factors. Intrinsic motivation involves

pursuing satisfaction or fulfilment from an experience, such as a sense of accomplishment from buying a product that aligns with one's values. In contrast, extrinsic motivation is driven by external rewards, such as discounts or special offers that appeal to consumers' financial interests. Gupta and Chopra (2020) argue that understanding consumer motivation helps businesses tailor their offerings to meet both intrinsic and extrinsic needs, thereby enhancing the likelihood of purchase.

Perception, which refers to the way consumers interpret and make sense of information in their environment, also plays a pivotal role in shaping consumer buying behaviour (Solomon, 2019). Perception can be influenced by external stimuli such as advertising, brand messaging, and packaging design, which can shape the consumer's view of a product or brand. As a result, businesses are increasingly focusing on shaping consumers' perceptions to create positive brand associations. For example, Gupta *et al.* (2020) highlight the increasing importance of influencers and celebrities in altering consumer perceptions of products, especially through platforms like Instagram. These external influences help consumers to form specific perceptions about product quality, desirability, and prestige, all of which influence purchasing decisions.

Personality is another psychological factor that has a significant impact on consumer buying behaviour. The personality traits of consumers such as openness, conscientiousness, extraversion, agreeableness, and neuroticism determine how they respond to different marketing stimuli and make decisions (Haralayya, 2021). For instance, consumers with a high degree of openness may be more likely to try new products or adopt innovative technologies, while those with higher conscientiousness may prefer products that are practical, functional, and reliable. Furthermore, marketers use personality-based segmentation strategies to target consumers whose personality traits align with their brand's values, thus enhancing their marketing effectiveness. In the context of the make-up industry, for example, Schoultz, Spetz, and Pettersson (2022) explored how consumer personality influences their product choices, finding that individuals with more adventurous personalities tend to be attracted to bold, unconventional makeup products.

Lifestyle is closely connected to both personality and consumer behaviour, influencing the way people live and make consumption choices. Lifestyle encompasses activities, interests, and opinions (AIO) that define the way consumers perceive themselves and the world around them. It is shaped by both

internal (psychological) and external (social and cultural) factors. Consumers with active lifestyles may prioritise products that align with health and fitness, while those who value convenience may opt for products that save time or provide ease of use (Matić & Puh, 2016). The rise of digital platforms and social media has further amplified the connection between lifestyle and consumer behaviour, as individuals are increasingly making product choices based on lifestyle-based brand alignments and peer influences. For instance, Varghese and Agrawal (2021) found that consumers on social media platforms are heavily influenced by lifestyle-related content, which impacts their decisions to purchase fashion, beauty, and wellness products.

Beliefs and attitudes, which are often deeply ingrained and shaped by experience, culture, and personal values, also exert considerable influence over consumer behaviour (Stankevich, 2017). Consumers' beliefs about a product or brand affect their attitudes towards it, shaping their overall perceptions and buying decisions. Positive beliefs, such as trust in a brand's reputation, can result in positive attitudes and increased consumer loyalty, while negative beliefs, such as scepticism about product claims, can lead to avoidance behaviour. For instance, Qazzafi (2020) highlights how consumer beliefs in the ethical practices of a brand, such as its commitment to sustainability, significantly influence purchasing behaviour, particularly in product categories like cosmetics and fashion. Similarly, social media platforms play a critical role in shaping consumers' attitudes and beliefs, with influencers often guiding public perception through the products they endorse (Palalic *et al.*, 2021).

Social media has increasingly become a crucial factor in shaping consumer attitudes and buying behaviour. The ability of social media platforms to foster engagement and create real-time connections between brands and consumers has changed how decisions are made (Gupta & Chopra, 2020). The presence of influencers, peer reviews, and user-generated content provides consumers with a sense of community and shared experience, influencing their preferences and motivations. Wani (2019) emphasises that social media is particularly powerful in shaping consumer purchasing behaviour due to its ability to target individuals with personalised content based on their preferences and online behaviours.

To better understand consumer buying behaviour, it is essential to recognise that psychological factors, such as motivation, perception, personality, lifestyle, and beliefs and attitudes, are all interconnected. Marketers

and businesses must navigate this complexity to develop effective strategies that appeal to the multifaceted nature of consumer behaviour. For instance, businesses in the beauty industry, such as cosmetics brands, often design marketing campaigns that target specific personality types and lifestyles, such as appealing to consumers who value sustainability, or those who are motivated by prestige and status (Schoultz *et al.*, 2022). Additionally, as social media continues to influence buying decisions, marketers need to leverage platforms to create brand experiences that align with the diverse psychological profiles of consumers, ensuring that their offerings resonate on both an emotional and rational level (Gupta *et al.*, 2020).

2.1.5 Consumer Decision-Making Process

The consumer decision-making process is a key area of study in marketing and consumer behaviour, as it seeks to understand how individuals make purchasing decisions. This process is not linear but rather involves a series of steps that are influenced by both psychological factors and external stimuli. The primary sub-dimensions of this process include problem recognition, alternative evaluation, decision making, and post-purchase behaviour, each of which plays a crucial role in determining how and why consumers make purchases (See Figure 1 below).

The first stage of the decision-making process is problem recognition, which occurs when a consumer becomes aware of a need or desire that must be fulfilled. This could be triggered by a variety of internal or external factors, such as a personal desire for a product, a change in lifestyle, or an external stimulus like an advertisement or recommendation. For instance, Ramya and Ali (2016) argue that problem recognition is often triggered by a perceived discrepancy between the consumer's current state and their desired state, which motivates the search for a solution. Consumers may recognise a problem in different contexts, whether it be a necessity, such as the need for food or clothing, or a luxury, such as the desire for a new phone. Gupta and Chopra (2020) suggest that effective marketing strategies often focus on highlighting consumers' unmet needs or problems, prompting them to seek out products or services that can provide solutions.

Once a need has been recognised, the next stage in the decision-making process is alternative evaluation, where consumers assess and compare different options available to them. This stage is heavily influenced by the information consumers gather through various sources such as online reviews, advertisements, word-

of-mouth, and personal experiences. The evaluation of alternatives involves comparing the features, benefits, prices, and overall value of different products or services. Solomon (2019) asserts that consumers often use heuristics or shortcuts to streamline this evaluation process, especially when faced with an overwhelming array of choices. These heuristics can include brand reputation, product quality, or price sensitivity. Additionally, the consumer's personal preferences, such as their values or lifestyle, will influence the criteria they use when evaluating alternatives. For example, Varghese and Agrawal (2021) found that consumers in today's digital age often rely on social media influencers and peer reviews as a key factor in their alternative evaluation, which can either bolster or undermine their perception of a product's value.

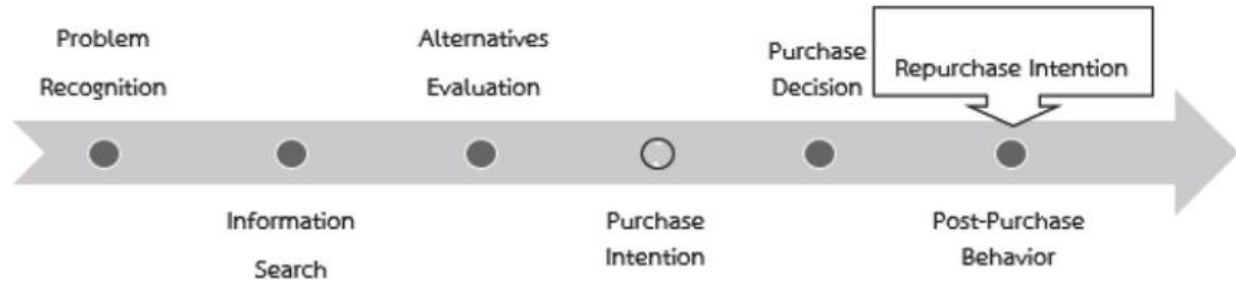
The third stage of the consumer decision-making process is decision making, where the consumer makes the final choice between the alternatives they have considered. This decision is influenced by both rational and emotional factors, and often reflects the culmination of the previous stages. Gupta *et al.* (2020) highlight that decision making is not always a straightforward process; it can be complex and multifaceted, depending on the nature of the purchase and the individual's emotional attachment to the product. The consumer may make the decision based on factors such as product features, price, brand reputation, or even social pressure. Emotional drivers, such as the desire for prestige, happiness, or comfort, can often play a significant role in this stage. Schoultz, Spetz, and Pettersson (2022) explored how emotions, such as excitement or desire for self-expression, influence decision making in industries like cosmetics, where personal identity and image are closely tied to purchasing choices. In some cases, external factors such as limited-time offers, sales promotions, or peer recommendations can also play a crucial role in pushing the consumer to make a decision.

The final stage of the consumer decision-making process is post-purchase behaviour, which refers to the consumer's experience after the purchase has been made. This stage is crucial for businesses, as it determines whether the consumer will be satisfied with their purchase and whether they will become repeat buyers or brand advocates. Post-purchase behaviour can be influenced by factors such as the consumer's satisfaction with the product, the performance of the product relative to their expectations, and the customer service experience. If the product meets or exceeds the consumer's expectations, it can lead to positive word-of-mouth, brand loyalty, and repeat purchases (Stankevich, 2017). On the other hand, if the product fails to meet expectations, the consumer may experience post-

purchase dissonance or regret. In some cases, this can lead to returns, negative reviews, or a switch to competitor brands. Wani (2019) highlights that social media has an important role in shaping post-purchase

behaviour, as consumers often share their experiences online, influencing the perceptions of other potential buyers.

Figure 1: Stages in the Purchase Decision



The Five-stage Buying-decision Process Source: (Kotler *et al.* cited in Ratasuk & Gajesanand, 2020).

2.2 Concept of Retailing

Retailing is a pivotal sector within the global economy, encompasses the various activities and processes through which goods and services are sold to consumers. The retail industry has witnessed significant transformations over the decades, largely due to changes in consumer preferences, technological advancements, and shifts in the competitive landscape. The concept of retailing can be understood through a multitude of perspectives, ranging from the traditional brick-and-mortar stores to the burgeoning informal retail outlets.

2.3 Formal Retail Outlets

Formal retail outlets refer to establishments that operate within a structured framework, adhering to regulatory norms, with clear definitions of ownership, management, and operations. These outlets include department stores, chain stores, supermarkets, hypermarkets, and online platforms. According to Fernie, Fernie, and Moore (2015), formal retail outlets are characterised by their scale, investment in infrastructure, and organisational complexity. These outlets often benefit from established brand recognition, extensive supply chains, and standardised operational processes that aim to meet the diverse needs of a broad customer base.

One of the significant advantages of formal retail outlets is the level of consumer trust they command. Hameli (2018) argues that consumers tend to rely on these outlets due to their professionalism, consistency, and adherence to quality standards. Moreover, formal retail outlets often offer a more structured shopping

experience, which may include personalised customer service, loyalty programmes, and after-sales support, as highlighted by Hemantha (2019). These features enhance customer satisfaction and foster long-term customer relationships.

In terms of marketing, McArthur, Weaven, and Dant (2016) suggest that formal retail outlets employ sophisticated strategies, such as market segmentation, target marketing, and the use of advanced technologies (e.g., data analytics, omnichannel retailing) to refine their offerings. As such, these outlets play a key role in the retailing ecosystem by setting industry standards and leading the way in terms of innovation and customer service.

However, the growth of formal retail outlets is not without challenges. In recent years, the sector has faced increasing competition from informal retail outlets, which offer lower prices and a more flexible shopping experience. Furthermore, formal retail outlets are highly susceptible to macroeconomic changes, such as inflation, recession, and fluctuations in consumer spending. As Hameli (2018) notes, formal retail outlets must continuously adapt to these changes to maintain their competitive edge.

2.4 Informal Retail Outlets

Informal retail outlets, on the other hand, operate outside the formal retail framework and are often characterised by smaller scale, lower capital investment, and less stringent regulation. These outlets include street vendors, local markets, hawkers, and small family-run shops. Hameli (2018) notes that informal retail outlets are particularly prominent in

developing economies, where they serve as essential providers of goods and services to the population. These outlets typically offer a more personalised shopping experience, with direct interaction between the retailer and the consumer, and may specialise in niche or local products.

One of the primary reasons for the popularity of informal retail outlets is their ability to provide lower prices compared to formal retail outlets. Hemantha (2019) highlights that the lack of overhead costs, such as rent and utility expenses, allows informal retailers to pass on savings to customers. Additionally, informal retail outlets often cater to the specific preferences and cultural nuances of the local community, which can build strong customer loyalty. This flexibility in product offerings and pricing is a key advantage over the rigid structures of formal retail outlets.

However, informal retail outlets face numerous limitations. They are often limited in terms of product variety, store size, and operational hours. McArthur, Weaven, and Dant (2016) observe that these outlets typically lack the resources to implement advanced marketing and technological strategies, limiting their ability to scale and compete with larger formal outlets. Despite these challenges, informal retailing remains a vital part of the global retail landscape, particularly in emerging markets, where it can account for a substantial portion of retail sales.

2.5 Formal vs. Informal Retail Outlets

The divide between formal and informal retail outlets reflects broader socio-economic trends. Formal retail outlets are typically associated with developed economies, where consumers have access to higher disposable incomes and more sophisticated shopping preferences. In contrast, informal retail outlets are more commonly found in developing economies, where they provide an affordable alternative to formal retail outlets and are embedded within the local cultural and economic fabric.

The business models of formal and informal retail outlets are fundamentally different. Fernie *et al.* (2015) argue that formal outlets often leverage economies of scale, mass marketing, and centralised operations, whereas informal outlets thrive on agility, personal relationships, and proximity to local communities. The flexibility of informal outlets makes them resilient in uncertain economic environments, allowing them to adapt quickly to shifts in consumer demand. In contrast, formal retail outlets, despite their advantages in resources and organisation, face greater

challenges in adapting to rapid changes in consumer behaviour and economic conditions.

Additionally, the growth of e-commerce and digital platforms has blurred the lines between formal and informal retailing. As McArthur *et al.* (2016) note, online retailing offers a hybrid model that allows consumers to enjoy the convenience and price advantages typically associated with informal retail outlets, while benefiting from the structured, organised shopping experience provided by formal retail outlets.

2.6 Theoretical Review

2.6.1 Learning Theory

The learning theory, originally advanced by behavioral psychologists such as B.F. Skinner (1938), and later expanded upon by cognitive theorists like Jean Piaget (1952), seeks to explain how individuals acquire knowledge, form behaviors, and make decisions based on accumulated experiences. In the context of consumer behavior, cognitive learning theory emphasizes that learning involves internal mental processes such as perception, memory, and problem-solving (Solomon, 2019). This theory suggests that consumers are active participants in the learning process, making deliberate decisions based on past experiences, information exposure, and cognitive structuring.

Cognitive learning approaches suggest that consumers control the learning process by selectively focusing on stimuli, evaluating the relevance of information, and organizing it in a way that influences their buying decisions (Schoultz, Spetz, & Pettersson, 2022). As such, learning is not merely reactive but involves purposeful cognitive engagement.

Recent studies also validate the relevance of this theory. For instance, Stankevich (2017) argues that the cognitive model provides a comprehensive explanation for the consumer decision-making process by illustrating how consumers interpret and respond to marketing stimuli. Similarly, Ulaikere *et al.* (2020) highlight that consumer learning, shaped through repeated exposure and cognitive adaptation, influences shopping behavior and brand loyalty. These insights are particularly useful for understanding emerging consumer trends in specific urban contexts such as Bangkok.

Furthermore, Varghese and Agrawal (2021) point out that digital platforms, particularly social media, serve as learning environments where consumers interact with content and adjust their preferences accordingly, again supporting the idea of cognitively driven

learning. Wani (2019) also emphasizes that cognitive learning plays a critical role in forming consumption habits through observation and information assimilation. Therefore, adopting the cognitive learning theory as a framework in this study is justified, as it provides a lens through which consumer behavior, especially responses to marketing stimuli and situational factors can be critically understood and interpreted.

2.7 Empirical Studies

Several empirical studies have explored the impact of psychological factors on consumer buying behaviour. For instance, Idoko (2016) studied mall shoppers in Nigeria and identified key predictors of mall shopping behaviour, including the mall environment and social influences, which significantly shaped purchasing decisions. Raji (2021) further explored the effect of sensory marketing on consumer buying behaviour in eateries in Southwest Nigeria, demonstrating that sensory stimuli, such as ambient smells and visuals, could positively affect consumer perceptions and purchasing decisions. Similarly, Olodo (2017) conducted a comparative analysis of formal and informal retail outlets in Southwest Nigeria, noting that consumer behaviour in formal retail outlets was influenced by factors such as convenience and product variety, whereas informal retail outlets were more strongly influenced by price sensitivity and social connections.

The work of Kwajaffa (2022) also highlights the significant socio-economic factors that shape consumer buying behaviour in Maiduguri, Nigeria, with factors such as income levels, cultural norms, and access to retail outlets playing critical roles. In a similar vein, Ulaikere *et al.* (2020) examined consumer shopping behaviour among students in Lagos, noting the influence of convenience, pricing, and product availability in their decision-making process. Furthermore, studies by Katrodia *et al.* (2018) and Rasaki *et al.* (2024) emphasize that factors such as service quality and product availability at modern retail outlets significantly influence consumer loyalty and purchasing intentions, particularly in urban contexts.

Understanding these psychological factors is particularly important for retailers operating in developing markets, where consumers often face unique challenges related to income, access to information, and availability of retail options. Studies like those of Mang'anyi and Govender (2019) and Mkwizu *et al.* (2018) underscore the importance of considering cultural and environmental factors in

shaping consumer behaviour, particularly in regions with emerging or transitional economies.

3. Methodology

The population of the study is the entire customers of both informal and formal retail outlets in South-western Nigeria. South-western Nigeria was selected because it is the heart of most commercial activities of the country. For the purpose of this study, two states were selected to carry out the research- Oyo and Lagos. This is because the selected formal retail outlet (Shoprite) has branches in these state capitals- Ibadan and Ikeja respectively and for the purpose of uniformity. Thus, Shoprite was selected as it has branches in the residential settlements while one main market (each) was selected in the two state capitals to represent the informal retail. Primary data was employed in order to ensure active participation of the respondents and to give credibility to the study. The numbers of consumers that patronize the informal retail outlet and formal retail outlets are numerous; however, to select an accurate sample that would be representative, convenience sampling technique was adopted. 1000 respondents were selected from the two states to carry out the research- Oyo and Lagos. 500 questionnaires each was administered to informal retail outlet and as well as to formal retail outlets in both states, while 485 were collected from each outlet. Regression analysis and analysis of variance (ANOVA) were used to establish the comparative differences in the psychological factors affecting consumer buying behaviour in informal and formal retail outlets.

Model specification:

$$CB = f(PF)$$

$$PF = MT, PCP, LNG, BA$$

Therefore,

$$CB = f(\text{Motivation, Perception, Learning, Attitude, Belief})$$

$$CB = \beta_0 + \beta_1 MT_i + \beta_2 PCP_i + \beta_3 LNG_i + \beta_4 BA_i + \mu_i$$

Where:

MT= Motivation which can be represented by needs

PCP= perception which is proxied by ability to screen and interpret information

LNG= learning which is represented by consumers past experiences and

BA= Beliefs and Attitude which is proxied by faith and feelings respectively.

a priori expectation is that β_1 and $\beta_4 > 0$

Explanation of Model

Psychological factors include motivation, perception, learning, attitude and belief. A motive is an inner drive taken to satisfy a need. Consumers have different

patronage motive and thus, influences their buying behaviour. When a motivated person is ready to act, his actions are influenced by his or her own perception of the situation. Therefore, people can form different perceptions of the same. Thus marketers should try to understand the mind set of consumers and how this will affect their business activities. Learning on the other hand occurs as changes in behaviour resulting from previous experiences. Learning is an experience and practice that brings about changes in behaviour.

Belief is a descriptive notion that a person holds about something which is based on knowledge, opinion, or faith and may or may not carry emotional charge while Attitude is a person’s consistently favourable or unfavourable evaluations, feelings, and tendencies toward an object or idea. Therefore, for adequate results in measuring consumer behaviour the above-mentioned variables that define the psychological factors are not negligible (Zameer, 2014).

Reliability

| Reliability Statistics | | |
|------------------------|--|------------|
| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
| .855 | .872 | 9 |

Source: Author’s field work, 2025

The reliability of the scale used for the operational variables was determined using Cronbach’s Alpha test, which indicate that there is internal consistency in measuring 9 variable items at 0.855. Generally, Cronbach’s alpha measures the average of measurable items and its correlation. The general consensus is that a coefficient of more than 50% suggests some degree of reliability and internal consistence. Therefore, since the coefficient obtained is close to 100%, we can say the data obtained for the study are useful to go by due to high reliability and internal consistency.

4. Data Presentation and Analysis

Table 2: Showing ANOVA analysis on relationship between psychological factors and consumer buying behaviour of informal and formal retail outlet in South-West Nigeria

| Model | Sum of squares | Df | Informal Retail Outlet | | | Formal Retail Outlet | | |
|------------|----------------|-----|------------------------|--------|-------------------|----------------------|--------|-------------------|
| | | | Mean square | F | Sig | Mean square | F | Sig |
| Regression | 65.885 | 4 | 85.884 | 69.675 | .000 ^a | 16.471 | 12.680 | .000 ^a |
| Residual | 1292.515 | 481 | 1.233 | | | 1.299 | | |
| Total | 1358.400 | 485 | | | | | | |

Source: Author’s field work, 2025

Table 2 shows the linear relationship between psychological factors and consumer buying behaviour of informal and formal retail outlet in South- West Nigeria with the result of analysis of variance (ANOVA). Overall, the findings from the study revealed that psychological factors have significant effect on consumer buying behaviour both in informal and formal retail outlet as indicated by F-stat of (69.675 and 12.680) with sig (.000 and .000) respectively. Psychological factor is more significant in informal retail outlet than in formal retail outlet in south-west Nigeria.

Table 3: Regression Analysis on relationship between psychological factors and consumer buying behaviour of informal and formal retail outlet in South-West Nigeria

| Model | Informal Retail Outlet | | | | Formal Retail Outlet | | | |
|----------|------------------------|-----------|--------|------|----------------------|-----------|--------|------|
| | B | Std Error | t | Sig | B | Std Error | T | Sig |
| Constant | .875 | .107 | 8.199 | .000 | 1.870 | .110 | 17.062 | .000 |
| MT | -.002 | .032 | -.062 | .951 | .132 | .033 | 3.999 | .000 |
| PCP | .179 | .031 | 5.794 | .000 | .084 | .032 | 2.655 | .008 |
| LNG | .404 | .031 | 12.945 | .000 | .064 | .033 | 1.988 | .047 |
| BA | -.008 | .011 | -.693 | .488 | -.013 | .012 | -1.094 | .274 |

R Square (R²) 719 649
Source: Author’s field work, 2025

Table 3 shows the linear relationship between psychological factors and consumer buying behaviour of informal and formal retail outlet in south- west

Nigeria with the use of ordinary least square (OLS) regression analysis.

The results obtained from the static model indicates that the overall coefficient of determination R-squared (R^2) shows that the equation has a good fit with 71.9 percent and 64.9 percent (Informal and formal retail outlet) respectively of variations in consumer buying behaviour is explained by the variables in the equation.

In terms of the signs of the coefficients which signify the effect psychological factors on consumer buying behaviour (CB) of informal and formal retail outlet in south- west Nigeria, it can be seen that:

In informal retail outlet variables; perception (PCP) and learning (LNG) concur with *a priori* expectation with positive sign, this mean that there is direct relation between PCP, LNG and CB. While variables motivation (MT) and belief and attitude (BA) do not concur with *a priori* expectation with negative sign, this implies that inverse relationship exist between MT, BA and CB.

In formal retail outlet variables; motivation (MT), perception (PCP) and learning (LNG) concur with *a priori* expectation with positive sign, this mean that there is direct relation between MT, PCP, LNG and CB. While variable belief and attitude (BA) does not concur with *a priori* expectation with negative sign, this implies that inverse relationship exist between BA and CB.

In terms of the magnitude of the coefficients which signify the effect psychological factors on consumer buying behaviour of informal and formal retail outlet in south- west Nigeria, the result shows that:

- Motivation has no significant effect on consumers buying behaviour in informal retail outlet as indicated by coefficient (0.002) with sig (0.951) at 5% significance level, while in the formal retail outlet motivation has significant effect on consumers buying behaviour as indicate by coefficient (0.132) with sig (0.000) at 5% significance level.
- Perception has significant effect on consumers buying behaviour in informal retail outlet as indicated by coefficient (0.179) and sig (0.000) at 5% significance level and as well as in the formal retail outlet as indicate by coefficient (0.084) and sig (0.008) at 5% significance level.
- Learning has significant effect on consumers buying behaviour in informal retail outlet as indicated by coefficient (0.404) and sig (0.000) at 5% significance level and as well as in the formal retail outlet as indicate by coefficient (0.064) and sig (0.047) at 5% significance level.

- Belief and attitude do not have significant effect on consumers buying behaviour in informal retail outlet as indicated by coefficient (0.008) and sig (0.488) at 5% significance level and as well as in the formal retail outlet as indicate by coefficient (0.013) and sig (0.274) at 5% significance level.

5. Discussion of Findings

The objective of the study was to examine the effects of psychological factors on consumer buying behaviour in informal and formal retail outlets in South-West Nigeria. The findings of the study reveal that:

- Customers' motivation has positive significant effect on buying behaviour in formal market but not in informal market. This implies that if the customers' motivation to patronize the formal outlet more than the informal retail outlets. Also, customers' perception has positive effect on consumer buying behaviour in informal retail outlet and as well as in formal retail outlets. This findings give credence to the study of Haralayya (2021), who found that customers perception about a product influence where they buy.
- In addition, customers' learning has positive effect on consumer buying behaviour in informal retail outlet and as well as in formal retail outlets. This implies that the customers learning proxy by customers past experience with the outlets influence where they buy their product.
- Belief and attitude of the customers does not have significant on buying behaviour both in the informal and formal retail outlets. This implies that customer' belief and attitude represented by faith and feelings do not influence customers buying behaviour in both outlets. Overall, psychological factors have significant effect on consumer buying behaviour both in informal and formal retail outlets. This finding is in line with the study conducted by Schoultz *et al.* (2022), that psychological factors have significant effects on consumer buying behaviour.

6. Conclusion

The study result indicated that perception and learning are the key psychological factors influencing consumer buying behaviour in informal retail outlets. In contrast, within formal retail outlets, motivation, alongside perception and learning, emerges as the

most influential set of factors affecting consumer buying behaviour in South-West Nigeria. Both perception and learning demonstrate a direct and positive impact on consumer behaviour across outlet types, suggesting that consumers' perceptions and previous experiences play a significant role in shaping their purchasing decisions. Motivation is particularly impactful in formal settings, encouraging continued consumer patronage.

Finally, the study concludes that consumer beliefs and attitudes do not have a statistically significant effect on buying behaviour in either informal or formal retail outlets. Therefore, while beliefs and attitudes are generally positive, they do not meaningfully influence consumer purchasing behaviour in South-West Nigeria.

7. Recommendations

The study therefore recommended that:

- Retailers in South-West Nigeria should associate or make their products attractive when put on display to build demand and arouse their buying behaviour, this style in turn could earn them loyalty to that similar brands.
- South-West Nigeria retailers of both informal and formal outlets should be strategic in development of formation of marketing tactics effective and suitable to motivate at the same time influence consumers' buying behaviour. For instance, to buy a product for convenience, for style, for prestige, for self-pride or even being at par with others.

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