

FACTORS DRIVING PURCHASE INTENTION OF REJECT FASHION PRODUCTS AT FACTORY OUTLETS: AN EMPIRICAL STUDY IN MAKASSAR, INDONESIA

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Abstract

This study investigates factors driving purchase intention toward reject fashion products at factory outlets in Makassar, Indonesia. Reject products garments that fail manufacturer quality control standards but are sold legally at discounted prices represent an underexplored segment of circular fashion consumption. Drawing on the Theory of Planned Behavior and the Value-Based Adoption Model, this study tests a structural model in which four antecedents defect transparency, price perception, environmental consciousness, and store reputation influence purchase intention through the mediating role of perceived value. A quantitative survey was conducted with 250 consumers who visited factory outlets in Makassar. Data were analyzed using PLS-SEM via SmartPLS 4.0. Common Method Bias was confirmed absent using Harman's Single Factor Test and Full Collinearity VIF. Results indicate that all four antecedents positively influence perceived value, which strongly predicts purchase intention. Price perception is the dominant driver, followed by store reputation, environmental consciousness, and defect transparency. Perceived value fully mediates the effect of defect transparency and partially mediates the remaining three antecedents. These findings contribute to circular fashion consumer behavior literature and offer practical guidance for factory outlet operators in Eastern Indonesia.

Keywords: *Defect Transparency, Environmental Consciousness, Factory Outlet, Perceived Value, Purchase Intention*

1. INTRODUCTION

The global fashion industry is one of the most resource-intensive and waste-generating sectors in the world economy. It is estimated that the fashion industry produces approximately 92 million tonnes of textile waste annually, with a significant portion attributable to manufacturing defects, overproduction, and quality control rejections that render goods unsellable through conventional retail channels (Ellen MacArthur Foundation, 2017). In response to growing environmental concerns and the imperative of waste reduction, circular economy principles have increasingly been applied to the fashion sector,

advocating for strategies that extend the productive life of garments and divert textiles from landfill through reuse, recycling, and redistribution (Kirchherr et al., 2017).

Within this circular fashion ecosystem, the sale of reject products garments that do not meet manufacturer quality control standards due to minor defects, stitching irregularities, color inconsistencies, or deviations from export specifications through dedicated factory outlets represents a commercially significant yet academically understudied phenomenon. Unlike secondhand goods that have been previously used, reject products are new items that have never been worn, but carry physical imperfections that preclude their sale through mainstream retail channels. Factory outlets that specialize in such products offer these garments at substantially discounted prices, creating an accessible entry point for price-sensitive consumers while simultaneously diverting manufacturing waste from destruction or landfill (Ranta et al., 2018).

Indonesia occupies a particularly significant position in this landscape. As one of the world's largest garment manufacturing nations producing for major international brands across its industrial zones in Java, Sumatra, and Sulawesi Indonesia generates substantial volumes of reject and below-standard garments annually (Hidayat & Syam, 2022). Makassar, as the largest city in Eastern Indonesia and a growing regional commercial hub, has developed a notable ecosystem of factory outlets and reject fashion stores that cater to a diverse urban consumer base. These outlets, ranging from small independent stores to more organized retail operations, offer consumers access to branded or export-quality garments at a fraction of their original retail price, subject to the caveat of existing product defects.

Despite the practical prominence of reject fashion retail in cities like Makassar, consumer behavior in this specific market segment remains remarkably underexplored in the academic literature. Existing studies on fashion consumption in Indonesia have primarily addressed mainstream retail, e-commerce adoption, and the growing secondhand fashion market (Santoso & Wulandari, 2020). Research specifically examining the psychological and behavioral dynamics of consumers who knowingly purchase defective fashion goods their motivations, value assessments, and the factors that convert initial interest into actual purchase intention is virtually absent from the Indonesian marketing literature. This gap is particularly pronounced for Eastern Indonesian markets, where consumer behavior may differ meaningfully from the Java-centric samples that dominate existing studies.

Purchasing reject fashion products involves a distinctive set of consumer cognitions and evaluations that differ substantially from both conventional new goods purchases and secondhand fashion acquisition. The consumer who considers a reject garment must simultaneously weigh the economic attraction of a significantly reduced price against the functional concern of a known product defect, the social risk of purchasing goods that carry a quality stigma, and potentially the environmental satisfaction of participating in waste reduction through circular consumption (Wiederhold & Martinez, 2018). This complex

multi-dimensional evaluation process makes reject fashion purchasing a theoretically rich and practically important domain of consumer behavior research.

Central to understanding consumer motivation in this context is the concept of perceived value the consumer's overall judgment of the net utility of a purchase based on what is received relative to what is sacrificed (Petrick, 2002). In the reject fashion context, perceived value is shaped by multiple antecedents that operate simultaneously: the degree to which the store is transparent about the nature and location of product defects, the consumer's assessment of price fairness given the product's condition, the consumer's level of environmental consciousness and recognition of the sustainability benefits of purchasing reject goods, and the reputation of the store as a reliable and honest outlet for below-standard merchandise. Together, these antecedents shape a holistic value perception that ultimately determines whether a consumer translates browsing interest into a concrete purchase intention.

This study draws on two theoretical frameworks to explain these dynamics. The Theory of Planned Behavior (Ajzen, 1991) provides the foundation for understanding how consumer attitudes, social norms, and perceived behavioral control collectively shape purchase intention as a proximate determinant of actual buying behavior. The Value-Based Adoption Model (Kim et al., 2007) complements this by positioning perceived value as the central mechanism through which attitudinal and contextual antecedents translate into behavioral intentions. By integrating these frameworks, this study develops a structural model that explains why consumers in Makassar's factory outlet market choose to purchase reject fashion products, and what store operators can do to strengthen this intention.

The study investigates four specific antecedents of perceived value and purchase intention: defect transparency, price perception, environmental consciousness, and store reputation. These four dimensions were selected based on a review of the consumer behavior, circular fashion, and retail marketing literatures, as well as the specific contextual realities of Makassar's factory outlet environment. The findings contribute to several streams of literature including circular fashion, consumer value theory, and retail marketing in emerging markets while providing actionable insights for factory outlet operators seeking to grow their consumer base and enhance purchase rates among Makassar's urban shoppers.

2. LITERATURE REVIEW

2.1 Defect Transparency

Perceived value is the consumer's overall assessment of net utility based on what is received relative to what is sacrificed (Petrick, 2002). It encompasses functional, economic, emotional, social, and environmental dimensions. The Value-Based Adoption Model (Kim et al., 2007) positions perceived value as the central mediating mechanism between antecedents and behavioral intentions. Purchase intention refers to the consumer's self-

reported likelihood of purchasing within a defined timeframe (Ajzen, 1991). Wiederhold and Martinez (2018) confirmed that perceived value outperforms direct attitude measures as a predictor of sustainable fashion purchase intention. Based on this, H5: Perceived value positively influences purchase intention; H6a–H6d: Perceived value mediates the effects of all four antecedents on purchase intention.

2.2 Price Perception

Price perception refers to the consumer's evaluation of whether a reject product's price is fair and proportionate to its condition (Petrick, 2002). Zeithaml (1988) established that perceived value is fundamentally determined by the trade-off between perceived quality received and monetary sacrifice made. In reject retail, a favorable price perception—that the discount adequately compensates for the defect—is a necessary condition for positive value formation. Rahmat and Basri (2021) characterize Makassar's consumers as markedly price-sensitive. Based on this, H2: Price perception positively influences perceived value.

2.3 Environmental Consciousness

Environmental consciousness refers to the degree to which a consumer is motivated to make purchases that reduce ecological impact (Liobikienė et al., 2016). Purchasing reject goods rather than allowing their destruction constitutes a circular consumption act. The Theory of Planned Behavior (Ajzen, 1991) establishes that pro-environmental attitudes generate positive affect toward ecologically beneficial purchases. Ellen et al. (2006) showed that perceived environmental sincerity amplifies attitudinal responses. Based on this, H3: Environmental consciousness positively influences perceived value.

2.4 Store Reputation

Store reputation refers to consumers' assessment of a factory outlet's reliability and trustworthiness based on accumulated experience and word-of-mouth (Delgado-Ballester et al., 2003). In reject retail where products carry known defects, reputation is particularly critical. Gefen et al. (2003) established that institution-based trust reduces uncertainty and elevates perceived transaction value. In Makassar's socially connected community, reputation effects are amplified by dense interpersonal communication networks (Rahmat & Basri, 2021). Based on this, H4: Store reputation positively influences perceived value.

2.5 Perceived Value and Purchase Intention

Perceived value is the consumer's overall assessment of net utility based on what is received relative to what is sacrificed (Petrick, 2002). It encompasses functional, economic, emotional, social, and environmental dimensions. The Value-Based Adoption Model (Kim et al., 2007) positions perceived value as the central mediating mechanism between antecedents and behavioral intentions. Purchase intention refers to the consumer's self-

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3. RESEARCH METHOD

3.1 Research Design

This study employs a quantitative, cross-sectional survey design. The unit of analysis is individual consumers who have visited at least one factory outlet selling reject fashion products in Makassar within the three months prior to data collection.

3.2 Population and Sample

The target population consists of consumers who have visited factory outlets selling reject fashion products in Makassar. Purposive sampling was applied with three criteria: (1) domiciled in or regularly visiting Makassar; (2) aged 18–45 years; and (3) visited at least one such outlet in the past three months. A minimum sample of 250 respondents was determined following Hair et al.’s (2019) ten-times rule for PLS-SEM.

3.3 Measurement Instrument

All constructs were measured on a five-point Likert scale (1 = strongly disagree, 5 = strongly agree). Items were adapted from validated prior scales and contextualized to the reject fashion factory outlet setting. A pilot test with 30 respondents confirmed item clarity and preliminary reliability (Cronbach’s Alpha: 0.71–0.84 across all constructs). Table 1 presents the complete questionnaire items.

Table 1 Questionnaire Items per Construct

Construct	Item Code	Item Statement
Defect Transparency (adapted from Pavlou & Fygenon, 2006)	DT1	This store clearly labels the type of defect on each product.
	DT2	The store provides accurate information about the location of defects on the product.
	DT3	Store staff proactively explain product defects without being asked.
	DT4	I can easily inspect the actual defect of products displayed in this store.
Price Perception (adapted from Petrick, 2002; Zeithaml, 1988)	PP1	The price of reject products in this store is reasonable given their condition.
	PP2	The discount offered adequately compensates for the product defect.

	PP3	Reject products here are priced fairly compared to similar products elsewhere.
	PP4	I feel I receive good value for the price I pay for reject products here.
Environmental Consciousness (adapted from Liobikienė et al., 2016)	EC1	I believe buying reject fashion reduces unnecessary textile waste.
	EC2	Purchasing reject products contributes positively to environmental sustainability.
	EC3	I prefer products that prevent waste over buying completely new items.
	EC4	Environmental considerations influence my decision to buy reject fashion.
Store Reputation (adapted from Delgado-Ballester et al., 2003)	SR1	This store has a good reputation among people I know in Makassar.
	SR2	I trust this store to be honest about the condition of its products.
	SR3	This store is known for fair and transparent pricing practices.
	SR4	People who have shopped here generally recommend it to others.
Perceived Value (adapted from Petrick, 2002)	PV1	Overall, purchasing reject fashion from this store represents good value.
	PV2	The quality of reject products here is acceptable given the price.
	PV3	Buying reject fashion here gives me both economic and environmental satisfaction.
	PV4	The benefits I receive from buying reject products outweigh the costs.
Purchase Intention (adapted from Ajzen, 1991)	PI1	I intend to purchase reject fashion products from this store.
	PI2	I plan to visit this store again to buy reject fashion products.
	PI3	I am likely to recommend this store to friends or family.
	PI4	If I need fashion items, I would consider buying reject products from this store first.

Source: *Data Processed, 2026*

3.4 Data Collection

Data were collected via structured questionnaires administered directly at factory outlet locations in Makassar, supplemented by an online version distributed through WhatsApp and Instagram communities of factory outlet shoppers. The survey ran for four weeks. Questionnaires were screened for completeness and consistency before analysis; 21 responses were excluded, yielding 250 valid responses.

3.5 Common Method Bias Assessment

To address the risk of common method bias (CMB) inherent in self-reported survey data, two complementary procedures were applied prior to hypothesis testing. First, Harman's Single Factor Test was conducted by loading all 24 items into an exploratory factor analysis. Second, Full Collinearity VIF was computed for all constructs in the

structural model. The criteria and thresholds for each procedure, along with the obtained results, are reported in Section 4.2 of the Results.

3.6 Data Analysis Procedure

Data were analyzed using PLS-SEM via SmartPLS 4.0. The analysis proceeded in two stages as follows. Stage 1 (Measurement Model): indicator reliability was assessed via outer loadings (threshold ≥ 0.70); internal consistency via Cronbach's Alpha and Composite Reliability (CR), both ≥ 0.70 ; convergent validity via Average Variance Extracted (AVE ≥ 0.50); and discriminant validity via the Heterotrait-Monotrait (HTMT) ratio (< 0.85). Stage 2 (Structural Model): path coefficient significance was assessed via bootstrapping with 5,000 subsamples; model explanatory power via R^2 ; effect size via Cohen's f^2 ; and predictive relevance via Stone-Geisser Q^2 derived from blindfolding (Fornell & Larcker, 1981; Hair et al., 2019).

4. RESULT AND DISCUSSION

4.1 Respondent Profile

Of 271 questionnaires distributed, 250 met inclusion criteria and were used in analysis. The majority of respondents are female (64.4%), aged 23–28 years (37.6%), and hold undergraduate degrees (56.4%). Most fall in the middle-income bracket (44.8%), consistent with a price-sensitive consumer profile. The high proportion of repeat visitors (55.2% visiting 1–2 times per month) suggests strong ongoing engagement with factory outlet retail, indicative of sustained perceived value from prior purchases.

4.2 Common Method Bias Assessment

Table 2 Common Method Bias Assessment Results

Procedure	Result Obtained	Threshold	Assessment
Harman's Single Factor Test (first unrotated factor variance)	24.3%	$< 50\%$	No serious CMB
Full Collinearity VIF — Defect Transparency	1.872	< 3.3	No CMB concern
Full Collinearity VIF — Price Perception	2.341	< 3.3	No CMB concern
Full Collinearity VIF — Environmental Consciousness	1.214	< 3.3	No CMB concern
Full Collinearity VIF — Store Reputation	2.871	< 3.3	No CMB concern
Full Collinearity VIF — Perceived Value	2.108	< 3.3	No CMB concern
Full Collinearity VIF — Purchase Intention	1.983	< 3.3	No CMB concern

Source: Data Processed, 2026

Harman’s Single Factor Test yielded a first-factor variance of 24.3%, well below the 50% threshold (Podsakoff et al., 2003), indicating that no single factor accounts for the majority of covariance in the data. Full Collinearity VIF values for all six constructs ranged from 1.214 to 2.871, all below the critical value of 3.3 (Kock, 2015), confirming the absence of collinearity-based bias. Collectively, these results support the validity of the self-reported survey data and authorize proceeding to measurement and structural model assessment.

4.3 Descriptive Statistics

Table 3 Descriptive Statistics of Research Variables (n = 250)

Variable	Mean (μ)	Std. Dev. (σ)	Category
Defect Transparency	3.58	0.741	High
Price Perception	3.84	0.698	High
Environmental Consciousness	3.91	0.672	High
Store Reputation	3.76	0.714	High
Perceived Value	3.82	0.703	High
Purchase Intention	3.74	0.728	High

Note: 1.00–1.79 = Very Low; 1.80–2.59 = Low; 2.60–3.39 = Moderate; 3.40–4.19 = High; 4.20–5.00 = Very High.

Source: *Data Processed, 2026*

All six constructs recorded means in the “High” category (3.40–4.19). Environmental Consciousness scored highest ($\mu = 3.91$), indicating that respondents are already aware of the sustainability dimension of reject consumption. Defect Transparency scored lowest ($\mu = 3.58$), suggesting that current store disclosure practices are perceived as adequate but with room for improvement. The mean for Purchase Intention ($\mu = 3.74$) reflects a generally positive disposition toward purchasing reject fashion products.

4.4 Measurement Model Assesment

Table 4 presents the full outer model results. All loadings exceeded 0.70, CR values ranged from 0.857 to 0.908, and AVE values ranged from 0.604 to 0.711, satisfying reliability and convergent validity thresholds (Hair et al., 2019).

Table 4 Outer Model Assessment: Reliability and Convergent Validity

Construct	Outer Loadings (Range)	Cronbach’s α	CR	AVE
Defect Transparency	0.724 – 0.841	0.844	0.878	0.644
Price Perception	0.731 – 0.857	0.858	0.893	0.676
Environmental Consciousness	0.779 – 0.863	0.871	0.901	0.695
Store Reputation	0.716 – 0.849	0.857	0.890	0.668
Perceived Value	0.786 – 0.871	0.876	0.908	0.711
Purchase Intention	0.712 – 0.843	0.826	0.857	0.604

Source: *Data Processed, 2026*

All outer loadings exceeded 0.70, confirming indicator reliability. Cronbach’s Alpha values ranged from 0.826 to 0.876 and Composite Reliability (CR) values from 0.857 to

0.908, both exceeding the 0.70 minimum for internal consistency. AVE values ranged from 0.604 to 0.711, all above 0.50, confirming convergent validity. These results indicate that all indicators reliably measure their respective constructs.

Table 5 Discriminant Validity: HTMT Ratio Matrix

	DT	PP	EC	SR	PV	PI
Defect Transparency (DT)	-					
Price Perception (PP)	0.598	-				
Environmental Cons. (EC)	0.541	0.573	-			
Store Reputation (SR)	0.619	0.604	0.558	-		
Perceived Value (PV)	0.653	0.687	0.661	0.672	-	
Purchase Intention (PI)	0.621	0.659	0.638	0.648	0.731	-

Source: *Data Processed, 2026*

All HTMT values are below 0.85 (Hair et al., 2019), confirming that each construct is empirically distinct from all others. The highest HTMT ratio is 0.731 between Perceived Value and Purchase Intention theoretically expected given their proximity in the model, yet within the acceptable range. Discriminant validity is therefore established for all construct pairs, completing the measurement model assessment.

4.5 Structural Model Assessment

Table 6 Model Fit and Predictive Relevance

Endogenous Construct	R ²	R ² Adjusted	f ²	Q ²
Perceived Value	0.671	0.665	0.487 (Large)	0.441
Purchase Intention	0.589	0.582	0.431 (Large)	0.374

Source: *Data Processed, 2026*

The R² of 0.671 for Perceived Value indicates that the four antecedents collectively explain 67.1% of its variance. The R² of 0.589 for Purchase Intention indicates that Perceived Value and the direct paths from antecedents explain 58.9% of its variance. Both R² values exceed the 0.50 “substantial” benchmark (Hair et al., 2019). Cohen’s f² values of 0.487 and 0.431 confirm large effect sizes for both endogenous constructs. Stone-Geisser Q² values of 0.441 and 0.374, both above zero, confirm adequate out-of-sample predictive relevance (Hair et al., 2019).

4.6 Hypothesis Testing

Table 7 presents the complete hypothesis testing results, including direct path coefficients from antecedents to Perceived Value (H1–H4), the direct path from Perceived Value to Purchase Intention (H5), indirect effects via Perceived Value (H6a–H6d), and mediation type. Mediation type was determined, full mediation when the direct antecedent

→ Purchase Intention path is non-significant after controlling for Perceived Value; partial mediation when that direct path remains significant.

Table 7 Hypothesis Testing: Direct Effects, Indirect Effects, and Mediation

H	Path	Direct β	Indirect β	T-Stat	p-value	95% CI	Decision	Med
H1	DT → PV	0.218**	—	3.574	0.000	[0.099, 0.338]	Supported	—
H2	PP → PV	0.294**	—	4.388	0.000	[0.163, 0.425]	Supported	—
H3	EC → PV	0.231**	—	3.609	0.000	[0.106, 0.356]	Supported	—
H4	SR → PV	0.247**	—	3.800	0.000	[0.120, 0.374]	Supported	—
H5	PV → PI	0.558**	—	8.857	0.000	[0.434, 0.682]	Supported	—
H6a	DT → PV → PI	—	0.122**	3.297	0.001	[0.050, 0.194]	Supported	Full
H6b	PP → PV → PI	—	0.164**	3.905	0.000	[0.082, 0.246]	Supported	Partial
H6c	EC → PV → PI	—	0.129**	3.308	0.001	[0.053, 0.205]	Supported	Partial
H6d	SR → PV → PI	—	0.138**	3.450	0.001	[0.060, 0.216]	Supported	Partial

Note: DT = Defect Transparency; PP = Price Perception; EC = Environmental Consciousness; SR = Store Reputation; PV = Perceived Value; PI = Purchase Intention. ** $p < 0.01$. Direct β (H1–H5) = path coefficient to the stated endogenous construct. Indirect β (H6a–H6d) = indirect effect on Purchase Intention via Perceived Value, derived from bootstrapping with 5,000 subsamples. Full mediation (H6a): direct path DT → PI = β 0.068, $p = 0.261$, non-significant after controlling for PV. Partial mediation (H6b–H6d): direct paths PP → PI ($\beta = 0.189$, $p = 0.002$), EC → PI ($\beta = 0.147$, $p = 0.004$), SR → PI ($\beta = 0.162$, $p = 0.003$) remain significant after controlling for PV.

Source: Data Processed, 2026

4.7 Discussion

All nine hypotheses are supported. The discussion below addresses each finding per point, linking empirical results to theoretical explanations, comparisons with prior studies, and specific implications for factory outlet operators in Makassar.

Price Perception is the Dominant Driver of Perceived Value

Price perception exerts the strongest influence on perceived value among all four antecedents. This result is expected given the structural realities of factory outlet consumption in Makassar: the primary reason consumers visit reject fashion outlets is to obtain quality garments at prices substantially below mainstream retail. For the 44.8% of respondents earning Rp 2–4 million per month, a discount of 40–60% represents a meaningful proportion of disposable income enough to shift purchasing behavior in ways that would not occur at smaller discounts.

This finding aligns with Zeithaml's (1988) foundational model, which established that perceived value in discount retail is primarily determined by the perceived trade-off between quality received and monetary sacrifice made. It also extends Petrick's (2002) multidimensional value framework to the reject fashion context, confirming that the monetary price dimension dominates even when functional, emotional, and environmental value dimensions are simultaneously present. Importantly, this result contrasts with Wiederhold and Martinez (2018), who found environmental motivations to be the primary driver of sustainable fashion purchase intention among German consumers. The contrast is informative: it reflects the difference in baseline income levels and price sensitivity between emerging and developed market consumers, rather than a lack of environmental awareness. Indonesian consumers are not necessarily less environmentally conscious—they are simply operating within tighter budget constraints that elevate price as the decisive value cue.

Practically, this finding implies that factory outlet operators in Makassar must ensure price communication is transparent, comparative, and visually prominent. Displaying original retail prices alongside reject prices rather than simply listing the reject price makes the magnitude of the discount immediately legible and amplifies the consumer's favorable price perception. Price tags that include the phrase "normal price: Rp X / reject price: Rp Y" create a concrete reference point that transforms an abstract discount into a tangible economic benefit.

Store Reputation Outperforms Defect Transparency as a Trust Signal

Store reputation is the second strongest predictor of perceived value. This finding is consistent with Gefen et al.'s (2003) institution-based trust framework, which established that when consumers face uncertainty about product quality as they structurally do in reject retail they rely on store-level credibility as a primary cognitive shortcut. Before examining individual product defects, consumers first ask: "Can I trust this store?" Only if the answer is affirmative do they proceed to evaluate product-specific information.

Notably, store reputation ($\beta = 0.247$) predicts perceived value more strongly than defect transparency ($\beta = 0.218$). This ordering has an important practical implication: investing in product-level transparency before establishing institutional reputation is strategically inefficient. A store with a poor reputation will see limited returns from improved defect labeling because consumers will discount the disclosures as potentially unreliable. Conversely, a store with a strong reputation can leverage relatively modest disclosure practices because consumers already extend baseline trust that the store is acting honestly.

The reputation effect is likely amplified in Makassar by the city's relatively tight-knit urban consumer community. Unlike large metropolitan markets where consumer networks are diffuse and anonymous, Makassar's social fabric means that positive and negative store

experiences spread rapidly through personal and community networks. A single instance of dishonest defect disclosure selling a product with undisclosed damage can generate word-of-mouth damage disproportionate to its immediate commercial consequence. This social amplification dynamic makes reputation management not merely a marketing priority but an existential concern for factory outlet operators in the city.

Environmental Consciousness is Significant but Underactivated

Environmental consciousness is the third strongest predictor of perceived value and constitutes the most theoretically novel finding of this study. No prior Indonesian study has identified environmental consciousness as a significant antecedent of reject fashion perceived value. The result confirms that a meaningful segment of Makassar's factory outlet consumers derives additional value from the act of purchasing reject goods specifically because it diverts waste-bound garments from destruction an environmental benefit that aligns with the circular economy principles articulated by Kirchherr et al. (2017).

The finding extends Liobikienė et al. (2016) and Ellen et al. (2006), who established that pro-environmental attitudes generate additional perceived value from purchases with sustainability credentials. What makes this result particularly striking is the descriptive data: environmental consciousness recorded the highest mean score among all four independent variables ($\mu = 3.91$), higher even than price perception ($\mu = 3.84$). This means that respondents are already highly aware of the environmental dimension of reject consumption yet environmental consciousness produces a weaker effect on perceived value ($\beta = 0.231$) than price perception ($\beta = 0.294$). The gap between high awareness and relatively weaker behavioral influence suggests that environmental motivation is present but not sufficiently activated by current store communication practices.

This gap represents the largest unrealized value opportunity in the factory outlet context. Most reject fashion stores in Makassar focus their communication almost exclusively on price the discount, the bargain, the savings. Environmental messaging is largely absent. Yet the data indicate that a substantial portion of consumers would perceive higher value from the same transaction if the sustainability benefit were made salient. Simple interventions such as in-store signage communicating the volume of textile waste diverted annually, or product tags indicating the environmental cost of the manufacturing process that produced the item could meaningfully activate environmental consciousness as a value driver without requiring any change to pricing or product practices.

Defect Transparency Influences Purchase Intention Only Through Perceived Value

Defect transparency is the weakest predictor of perceived value among the four antecedents. At first glance, this seems counterintuitive: in a market where product defects are the defining characteristic, one might expect transparency about those defects to be the most impactful variable. The relatively weaker coefficient, however, reflects a more nuanced

reality. Consumers in Makassar's factory outlet market approach stores with a prior expectation that products will have defects—that is the premise of the transaction. Given this baseline expectation, the marginal contribution of explicit defect disclosure to perceived value is smaller than the contribution of price and reputation signals, which operate against consumer reference points that are less predetermined.

The full mediation finding (H6a) is theoretically the most important result in this study. Full mediation is confirmed by the non-significant direct path from defect transparency to purchase intention ($\beta = 0.068$, $p = 0.261$) after controlling for perceived value—meaning that transparency has zero independent effect on purchase intention. It operates exclusively by enhancing perceived value, which then drives purchase intention. This pattern differs qualitatively from the other three antecedents, which each maintain significant direct paths to purchase intention alongside their indirect paths through perceived value (partial mediation).

The practical implication is precise and actionable. Transparency investments defect labeling systems, staff training for proactive disclosure, organized product displays by defect severity will not generate purchase intention returns unless they are accompanied by explicit value framing that connects the disclosed defect to the price advantage. A defect label that simply reads “minor stitching error” provides incomplete value information. A label that reads “minor stitching error on inner seam reduced from Rp 350,000 to Rp 140,000” converts the defect disclosure into a value statement. Without this framing, transparency makes the defect legible but not the value, leaving consumers better informed but no more motivated to purchase.

Perceived Value is the Strongest Single Predictor of Purchase Intention

Perceived value produces the largest single path coefficient in the model ($\beta = 0.558$), confirming its role as the central mediating mechanism between all antecedents and purchase intention. This validates the Value-Based Adoption Model (Kim et al., 2007) in the reject fashion context and establishes perceived value as the primary strategic lever for factory outlet marketing. Consumers who form high perceived value assessments integrating economic savings, product reliability, store trustworthiness, and environmental contribution into a holistic net utility judgment translate these assessments into strong purchase intentions.

The R^2 of 0.589 for purchase intention and the large Cohen's f^2 (0.431) confirm that the model explains a substantial and practically meaningful proportion of variance in consumer purchase behavior. The positive Stone-Geisser Q^2 (0.374) further confirms that the model retains predictive relevance beyond the estimation sample—an important indicator that the findings are not artifacts of overfitting to the specific sample of 250 respondents.

For factory outlet operators, the practical implication is that perceived value should be the target of integrated marketing strategy rather than any single antecedent in isolation. A store that excels on price communication but neglects reputation, or that invests in defect transparency without value framing, will achieve suboptimal perceived value and consequently weaker purchase intention. All four antecedents contribute to perceived value through distinct pathways, and the cumulative effect of excellence across all four will exceed any single-dimension strategy. This integrated view of value creation is the central managerial takeaway from this study.

Direct Effects Suggest Affective and Habitual Motivational Pathways

Price perception, environmental consciousness, and store reputation each exhibit partial mediation: their effects on purchase intention include both an indirect component through perceived value and a significant direct component that bypasses the value evaluation process. The direct paths are: price perception → purchase intention ($\beta = 0.189$, $p = 0.002$), environmental consciousness → purchase intention ($\beta = 0.147$, $p = 0.004$), and store reputation → purchase intention ($\beta = 0.162$, $p = 0.003$).

These direct effects suggest that certain motivational pathways to purchase intention operate through mechanisms other than deliberate value evaluation. Three plausible explanations are offered. First, the direct effect of price perception may reflect an impulsive response to bargain salience: consumers who encounter a dramatically discounted reject item may form an immediate purchase impulse triggered by the price signal itself, prior to and independent of any systematic value calculation. This is consistent with dual-process theories of consumer decision-making (Kahneman, 2011), where System 1 (fast, affective) responses to salient price cues generate direct purchase intentions before System 2 (slow, deliberative) value reasoning is engaged.

Second, the direct effect of environmental consciousness may reflect identity-based motivation: for consumers who hold strong environmental identities, purchasing reject fashion is an act of self-expression that directly affirms their values, generating purchase intention through self-congruity rather than value calculation. Swann et al.'s (1992) self-verification theory suggests that consumers are motivated to engage in behaviors that confirm their self-concept, independent of whether those behaviors maximize instrumental value. Third, the direct effect of store reputation may reflect habitual behavior: regular visitors who have developed positive experiences with a specific outlet may form purchase intentions based on habitual store loyalty rather than fresh value assessment on each visit consistent with the 55.2% of respondents who visit 1–2 times per month. Future research should test these explanations explicitly, potentially through experimental designs that manipulate price salience, sustainability framing, and store familiarity independently.

5. CONCLUSION

This study provides the first empirical examination of purchase intention toward reject fashion products at factory outlets in Makassar. All four antecedents defect transparency, price perception, environmental consciousness, and store reputation significantly influence perceived value, which in turn strongly predicts purchase intention. Price perception is the dominant driver, reflecting the economic rationality of Makassar's middle-income consumer base. Environmental consciousness, while comparatively weaker, represents an underactivated motivational resource. Defect transparency operates exclusively through perceived value (full mediation), requiring transparency investments to be paired with explicit value framing.

Theoretically, this study extends the Value-Based Adoption Model and Theory of Planned Behavior to the reject fashion context, introduces environmental consciousness as a novel antecedent in this domain, and clarifies the full mediation mechanism of defect transparency. Practically, factory outlet operators in Makassar should: (1) display original prices alongside reject prices to make discount magnitude tangible; (2) build institutional reputation through consistent honest dealing; (3) develop explicit sustainability messaging to activate latent environmental consciousness; and (4) pair defect labeling with value framing that contextualizes the price-quality trade-off.

Limitations include the cross-sectional design, geographic confinement to Makassar, and exclusive focus on fashion products. Future research should extend to other Indonesian cities, examine additional product categories, employ longitudinal designs to track actual purchase behavior following stated intention, and explore moderating variables such as fashion involvement, environmental knowledge, and income level.

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