Pattern of structural relationships of the effects of consumption values on product perceived value and purchase intention of chain stores customers

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ABSTRACT

In recent years, chain stores have experienced quick growth and used marketing strategies of advertisement and branding to expand their business. The aim of this study is to examine the effects of consumption values on perceived value and purchase intention of customers of Refah Chain Store of Sanandaj City. The present study is survey-description in methodology, and an applied research based on structural equation modeling in objective. Measurement tool is a questionnaire based on Almokarami model (2013) and Kaunas' (2013) distributed among a sample of 384 people including customers of Refah Chain Store of sanandaji City randomly chosen. Findings of this study indicate a significant relationship between variables of the research and a good fit for the established pattern. Thus, consumption values affect customers' perceived value, consumption values affect customers' purchase intention and perceived value affects customers' purchase intention in Refah Chain Stores of Sanandaj City. Also based on findings of study of figures, significance of research conceptual pattern and good fit for the posed pattern are confirmed.

Keywords: consumption value, perceived value, purchase intention, chain stores
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INTRODUCTION

In today's competitive and changing business environment that the power of retailers and the customers' demand level is continuously growing, expanding long-term relationship with customers is vital and necessary for the success and survival of producers (Giovanis et al., 2013). Marketing science attempts to influence the consumers thought and reaction (Kotler& Armstrong 2011). Consumer branch in marketing investigates how people and organizations choose and buy their services and products in order to meet their needs and desires. Consumer behavior is not an easy problem, nor is it easy to understand consumer behavior by his/her behavior. Attempt to understand consumers' behavior is an interdisciplinary knowledge where different sciences such as sociology and psychology are used to explain the reason for consumers' behavior in the market. Identification of this reason of behavior can be great help to marketing (Seyyed Javadein&Esfidani, 2012).

Purchase intention is a kind of decision-making that studies the reason to buy a particular brand by consumer (Shah et al., 2012). Mirabi et al (2015) define purchase intention as a situation where consumer tends to buy a certain product in certain condition. Purchase intention means a consumer prefers to buy a product or a service which he/she feels he/she needs or has an attitude or perception about. In other words, purchase intention means consumer returns

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to the product because he/she has evaluated the product and concluded that it is worth buying (Keller, 2001). Inclination to purchase a brand occurs not only by attitude toward that brand but by considering a set of brands (Hussain Shah et al, 2012). Criteria for purchase intention are often used to identify likelihoods for products purchase during a given period of time. Day argues that voluntary criteria can be more effective than behavioral criteria in achieving customer decision because customers may be compelled to purchase (Hu, 2010). Purchase intention is influenced by others' opinions as well as unpredicted factors. Unpredicted factors may change the consumer's intention just when he/she is going to act. Thus, preference or even purchase intention does not always lead to a real purchase. These factors may help direct a purchase behavior, but may be ineffective. The research carried out in 2013 "Consumers' Purchase Intention for Foreign brand Products" was tested for relationship between purchase intention and perceived behavioral control. The relationship between these two variables was significant as a result (Junghwa Son et al, 2013).

Customer value theory (Woodruff, 1997) stresses the importance of understanding customer perceptions of value-in-use and building the customer value hierarchy model. Suppliers are supposed to learn about customer value, create it and develop delivery processes. Yet, the value construct is complex and its use within the literature varies considerably (Olaru et al, 2008). Perceived value, the essential result of marketing activities, is therefore seen to be an element of the first order within relationship marketing (Roig *et al.*, 2006). Delivering superior value to customers is indisputably a main task for service firms in today's competitive marketplace(Hansen et al, 2008) because higher customer value increases customer satisfaction; thereby instilling customer loyalty; which, in turn, creates higher profit due to increased volume resulting from repeat purchases and positive word-of-mouth (Liu et al, 2007). Typically, most definitions and conceptualizations focus on the economic worth of tangible outcomes. For example, one view is that value is the economic worth of a bundle of physical goods and services that is exchanged for some price (Hansen et al, 2008). Ulaga and Eggert (2006) maintain the trade-off notion, but they stress the multifaceted nature of the benefits and sacrifices in this trade-off, shifting the focus away from tangibles to some extent. As a contrast, Wilson (1995) defines value in a relationship as the outcomes that result from a collaborative relationship that enhance the competitive abilities of the partners. Current literature indicates that perceived value can be defined as a multidimensional structure, and given disagreement between researchers in explaining the implication of the perceived value it can be said that perceived value is a multidimensional dynamic subjective complex concept (Fernandez & Bonillo, 2007). The Theory of Consumption Values (TCV) proposes a framework of analysis for understanding consumer choice in a large variety of consumption situations. TCV summarizes, parsimoniously, contributions from economics, sociology, anthropology, psychology, marketing and consumer behavior (Pousa & Nuñez, 2014). The TCV is based on three axiomatic propositions: (1) choice is a function of multiple consumption values (notably functional, conditional, social, emotional and epistemic value); (2) these consumption values make differential contributions in any given choice (although some values may be more salient than others); and (3) these consumption values are independent (Sheth et al., 1991a, 1991b). The theory was originally presented in 1991, and since then it has been used to explain consumer choice in fields as diverse as higher education (Lai, To, Lung, & Lai, 2012), teenagers' smoking behavior (Albaum et al, 2002), technology adoption (Hedman & Gimpel, 2010; Turel et al, 2010) and ethical consumption (Green & Peloza, 2011). TCV has shown substantial explanatory as well as prescriptive power in more than 200 studies concerning the choice of buying versus not buying, the choice of product type, and the choice of brand type (Sheth et al., 1991a). The conceptualization of value is still under debate, specifically whether it should be treated as a uni-dimensional or multi-dimensional construct (Sánchez-Fernández and Iniesta, 2007). On the strength of recent reviews by Lin *et al.* (2004) and Sánchez-Fernández and Iniesta (2007), we align with the view that treating consumer value as a multidimensional construct dominates current research. The reason and motivation that underlies purchasing most goods or services can be explained by consumption values (Long and Schiffman,2000). Therefore, while explaining consumer behaviors related to consumption values, Sheth used Newman and Gross's (1991) consumption values theory in several studies (Park and Rebolt, 2009). Five basic consumption values that affect consumers' preference. These are named as functional, emotional, conditional, social and epistemic values. Any or all of the consumption values may affect the consumer behavior. Several other disciplines (such as economics, sociology, several branches of psychology, marketing and consumer behaviors) also contributed to the theories and research related to these values (Sheth et al. 1991b).

In marketing literature, various studies can be mentioned that have investigated relationship between repurchase intention and perceived quality (Alexandris et al, 2002). In other words, perceived quality has a positive effect on repurchase intention. In a study carried out on the internet stores, Kuo (2003) suggested that online services quality had a positive effect on continuous use of website and recommendation to others as well as customers' loyalty. Lee

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& Lin (2005) also found out that perceived quality of online stores had positive effect on repurchase intention. With respect to the above materials, three hypotheses of this research are as follows:

H1: consumption values affect customers' perceived value for Refah Chain Stores of Sanandaj City.
H2: consumption values affect customers purchase intention in Refah Chain Stores of Sanandaj City.
H3: perceived value affects customers' purchase intention in Refah Chain Stores of Sanandaj City.
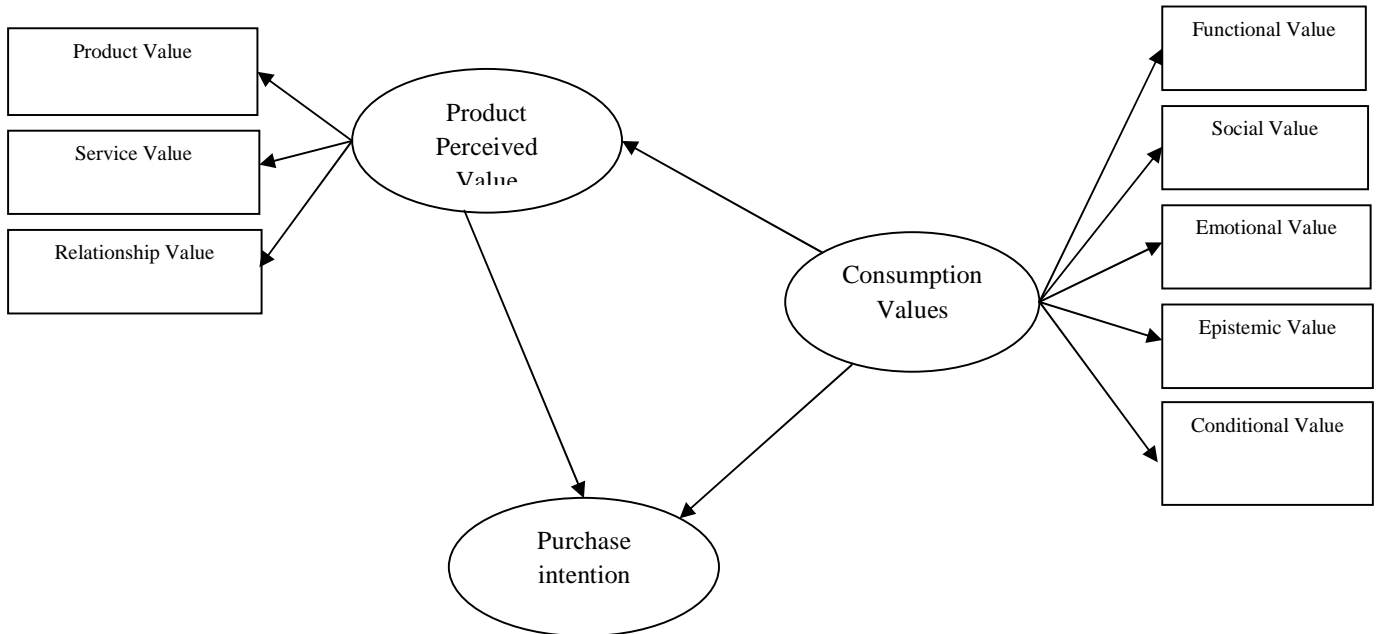

Diagram1: research conceptual model
(Source: consumption value (Ali Almokarami 2013), Product Perceived Value (Kaunas 2013), purchase intention (Diallo, 2012))

MATERIALS AND METHODS

The present research is a description of a specific condition or phenomenon. Thus it is a descriptive research in nature and methodology, and an applied research in objective. As it seeks to study the relationship between two variables with given parameters and model, it is considered as a correlation research based on structural equation modeling. With respect to time and execution, it is a cross sectional research. Statistical population comprises customers of Refah Chain Store of Sanandaj City. Given unlimited statistical population, Cochran formula was used to determine sample size based on which 384 people were considered. The questionnaire used in this study was extracted based on Ali Almokarami consumption value standard questionnaire (2013), Kaunas product perceived value (2013) and Diallo purchase intention (2012) including 42 questions composed of two parts. Part 1 was designed to obtain general features of respondents and use of Refah Chain Store services including 4 questions. Part 2 evaluates each research pattern variable from respondents' viewpoints including 38 questions. To determine the validity of the questionnaire, first questions were examined using experts' guidance then university professors' ideas were taken into account. Now using exploratory and confirmatory factor analysis, validity of each question and constructs was confirmed. To measure questions reliability, a primary sample including 30 questions as a pretest questionnaire was distributed, then using data obtained from questionnaires, confidence coefficient was calculated using Cronbach alpha by SPSS21 software. And for variables of consumption value, product perceived value, and purchase intention, it was 0.907, 0.953, and 0.888 respectively.

Data analysis
Statistical analyses and findings lead researchers toward more knowledge of orientation and prepare the ground for future studies. Descriptive- deductive statistical analysis methods were used to test the collected data in this study. Regression analyses as structural equation modeling were used to examine hypotheses and proposed patterns.

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Descriptive findings
Results from collected data on participants' demographic features in the present study indicated that 4.29% of respondents were women. In addition, age distribution of respondents showed that 2.49% were under 35 years old and 8.50% were above 35 years old. 5.74% of respondents had bachelor and lower degrees, and 5.25% had master and higher degrees. Results for history of store purchase of respondents indicated that 7.67% had a history of less than 5 years and 3.32% had a record of more than 5 years.

Deductive findings
In deductive part, first Kolmogorov- Smirnov test was used to examine the data distribution and affirmation of their normality. Results of this test showed that significance level for all variables was higher than 0.05 and all variables data distribution was normal and it was required to use parametric tests.

Diagram 2 shows significant figures for the structural model. As it is shown in the diagram, all estimated parameters in the structural model are at significant level and these parameters signs were all positive indicating that relationship of hidden variables with each other and with their own apparent variables was coordinated which is consistent with predefined conceptual relationships. In Table 1, fitness criteria of structural model are presented. Given the significant figures and values for fitness criteria, model and data have acceptable fitness thus the research model validity is confirmed.

Standard estimation coefficients of structural model are presented in diagram 3 which shows the effect rate of variables in each other.

Table 1. model fit criteria research

index	Optimum	result
χ^2/df	3.00>	0.97
GFI (Goodness of Fit Index)	0.90<	0.98
RMSEA (Root Mean Square Error of Approximation)	0.80>	0.00
RMR (Root Mean Square Residual)	0.05>	0.018
NFI (Normed Fit Index)	0.90<	0.99
NNFI (Non-Normed Fit Index)	0.90<	1.00
CFI (Comparative Fit Index)	0.90<	1.00
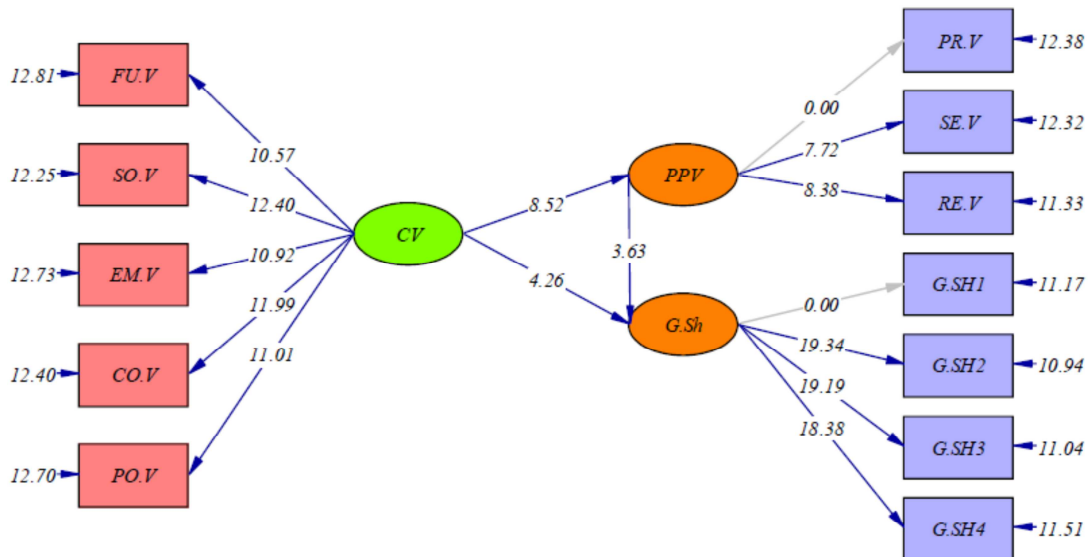
Chi-Square=49.45, df=51, P-value=0.53555, RMSEA=0.000

Diagram 2: modified model for significance (t-value)

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Diagram 2 shows the modified model for coefficients significance 9t-value). This model actually tests all measurement equations (loading factor) and structural equations using t statistic. Based on this model, path coefficient and loading factor is significant at 95% level if t statistic value is beyond -1.96 - +1.96.
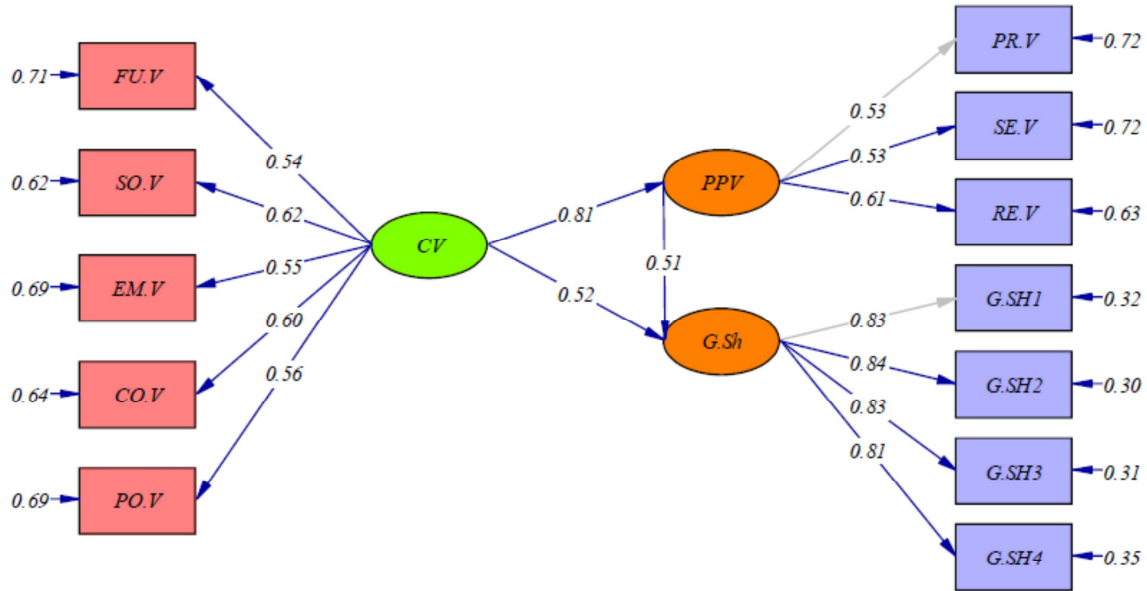
Chi-Square=49.45, df=51, P-value=0.53555, RMSEA=0.000

Diagram 3: modified model for standard coefficient estimation

Preliminary model does not have optimal fit criteria. Thus modification needed were made on this model and finally after 4 modification stages, the final approved model is shown in diagram 3.

For better understanding, structural model test results are summarized in Table 2.

Table 2. structural model test results

path		direct impact		Indirect effect		Total Effect	Squared Multiple Correlation
From	To	Path Coefficient	T- Value	Path Coefficient	T- Value		
Consumption Values	Product Perceived Value	0.81	8.52	--	--	0.81	0.65
Consumption Values	Purchase intention	0.82	4.26	0.41	3.73	0.93	0.96
Product Perceived Value	Purchase intention	0.51	3.63	--	--	0.51	

CONCLUSION

Given hypothesis 1, path significance value between consumption value and product perceived value variables is (8.52) which is bigger than 1.96. Thus relationship between these two variables is supported at 99% certainty level. Path coefficient between the two variables is estimated at 0.81 indicating that for any unit of change in consumption variable, product perceived variable will change 0.81 units. Also, multiple correlation coefficient of this path was estimated as 0.65 indicating that consumption value variable accounts for 0.65 of changes in product perceived value variable.

Given hypothesis 2, path significance value between consumption value and Purchase intention variables is (4.26) which is bigger than 1.96. Thus relationship between these two variables is supported at 99% certainty level. Path coefficient between the two variables is estimated at 0.52 indicating that for any unit of change in consumption variable, Purchase intention ceived variable will change 0.51 units. Also, multiple correlation coefficient of this path was estimated as 0.93 indicating that consumption value variable accounts for 0.93 of changes in Purchase intention variable.

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Given hypothesis 3, path significance value between product perceived value and Purchase intention variables is (3.63) which is bigger than 1.96. Thus relationship between these two variables is supported at 99% certainty level. Path coefficient between the two variables is estimated at 0.51 indicating that for any unit of change in product perceived value, Purchase intention variable will change 0.51 units.

Of note, variable multiple correlation square for purchase intention was 0.96 indicating that consumption value and product perceived value variables all together accounts for 96% of changes in purchase intention variable.

In recent years, major changes in culture of customers' purchase and expansion of chain stores in the country have been observed. Also more competitive business atmosphere has required chain stores to develop and maintain competitive advantage and longtime relationship with customers. Thus, they seek a long time relationship with customers and offer similar services and behavior due to non-differentiation of customers. The pattern proposed by Ranjbarian et al (2011) effectively explains relationship between perceived quality, perceived value, customer satisfaction, and repurchase intention in chain stores. Thus the important problem facing chain stores is that regardless of gender, income, education, social position, interest and previous purchases of customers, they offer their services and proposals. In such a situation, the necessity to boost relationship between consumers and Refah stores, experience of interaction with consumers by offering products and services through retailers is a big challenge (Ranjbarian et al, 2011). Therefore, Refah Chain Stores Company must achieve this understanding that change is an essential necessity and considering customers' key demands on these stores is the key for success.

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