CHAPTER V

CONCLUSION AND IMPLICATIONS

The findings of the present study offer a number of important insights into consumer shopping value, consumer satisfaction, and PLBs streams of literature. In the next sections a discussion of the findings of the results as well as managerial and theoretical implications and suggestions for future research are presented. Finally, limitations of the study are elaborated upon.

5.1 Discussion of Findings

5.1.1 Main Effects

The objective of the present study was to empirically examine the relationships among utilitarian and hedonic values, consumer satisfaction and the resultant behavioural intentions (i.e., consumer loyalty, word of mouth communication and consumer’s intention to switch). It was also endeavoured to find the moderating effect of certain socio-demographic factors (gender, age and income) as well as product category on the above relationships. The uniqueness of the study also lies in the fact that the relationships as well as moderating effects were examined in the context of private label branded products (PLBs). Quite a few studies (DeWulf, Odekerken-Schroder, and Iacobucci 2001; Macintosh and Lockshin 1997; Reynolds and Arnold 2000; Reynolds and Beatty 1999) have addressed the consumer shopping value and loyalty relationship but have been more concerned with the relationship of consumer shopping value with salesperson, store, and company loyalty. While others have sought to investigate utilitarian versus hedonic shopping value in upscale retail sectors, i.e. fashion (Carpenter and Fairhurst 2005), shopping in malls and department stores (Stoel,
Wickliffe, and Kyu 2004; Rintamäki et al. 2006), and online shopping (Overby and Lee 2006).

It is also worth mentioning that consumer shopping values have been extensively studied, but primarily within the uni-cultural American context. Not much is known about the way in which such values are derived by consumers shopping in different and, particularly, less-developed retail environments (Griffin, Babin, and Modianos 2000). In contrast, the present study has been concerned with the situation where the retail store and the brand were the same.

The empirical findings have supported the conceptual model. As hypothesized (H₁-H₂), the results show that in the context of PLBs, utilitarian value has a greater positive effect on consumer satisfaction than hedonic value (p < 0.01). The sheer value proposition of PLBs lies in their ability to provide more of utilitarian benefits to the consumers so as to compete with the national brands. The observed pattern of evaluations is in line with this phenomenon of PLBs. The results echo the findings of Babin, Darden, and Griffin (1994), Cottet, Lichtle and Plichon (2006), Cronin, Brady, and Hult (2000), Ennew and Binks (1999), Kristensen, Martensen, and Gronholdt (2000), Lam et al. (2004), Patterson and Spreng (1997), and Woodruff (1997). As a consequence, the consumer’s perception of utilitarian and hedonic value is positively associated with the consumer’s satisfaction with the PLBs.

As hypothesized (H₃), the results confirm that in the context of PLBs, consumer satisfaction has a strong positive effect on consumer loyalty (p < 0.01). Dick and Basu (1994) have also regarded consumer satisfaction as a major determinant of loyalty. The results are in line with the findings of Anderson and Sullivan (1993), Athanassopoulos, Gounaris, and Stathakopoulos (2001), Bearden and Teel (1983), Bennett and Rundle-Thiele (2004), Bennett, Härtel, and McColl-Kennedy (2005), Bolton (1998), Cronin, Brady, and Hult
(2000), Jones and Reynolds (2006), Jones and Sasser (1995), LaBarbera and Mazursky (1983), Loveman (1998), Meuter et al. (2000), Mittal and Kamakura (2001), Newman and Werbel (1973), Rauyruen and Miller (2007), Rust and Zahorik (1993), Sambandam and Lord (1995), Seiders et al. (2005) and Szymanski and Henard (2001). It is also to be noted that although many studies have found that consumer satisfaction with a brand or seller leads to future patronage intention yet many studies (e.g., Khatibi, Ismail, and Thyagarajan 2002; Oliver 1999; Stoel, Wickliffe, and Kyu 2004) have failed to provide a strong linkage between consumer satisfaction and consumer loyalty.

With regard to the mediating effect of consumer loyalty on the relationship between consumer’s satisfaction and consumer’s word of mouth communication (H₄), the present study confirmed a partial mediating effect (p < 0.05). Since conative variables mediate the relationship between affective and behavioral constructs (Ajzen and Fishbein 1980), consumer loyalty should also mediate the relationship between satisfaction and behavioral intentions (Chiou and Droge 2006).

The results have led to the acceptance of the hypothesis (H₅) that consumer satisfaction will have a positive effect on word-of-mouth communication. Previous findings also indicate that satisfaction is highly correlated with behavioral responses such as positive word of mouth communication, and repurchase intentions (Athanassopoulos, Gounaris, and Stathakopoulos 2001; Fornell, 1992; Gotlieb, Grewal, and Brown 1994; Gundersen, Heide and Olsson, 1996; Hartline and Jones, 1996; Patterson, Johnston, and Spreng 1997; Sivadas and Baker-Prewitt, 2000; Szymanski and Henard, 2001; Woodside, Frey, and Daly 1989).

It was also attempted to ascertain the relationship between consumer satisfaction and consumer’s intention to switch the PLBs (H₆). The results have confirmed a negative relationship amongst the two constructs (p < 0.01). This result is in line with the current
understanding of the relationship between the two constructs in the literature (Bansal and Taylor 1999; Cronin and Taylor 1992; Gotlieb, Grewal, and Brown 1994; Keaveney 1995; Oliver 1993). Thus, the more satisfied consumers are the lesser are their propensities to switch.

5.1.2 Moderating Effects

The hypothesized moderating effect of gender (H7) on the whole relationship threw some interesting insights. The results have supported the findings of past studies and concluded, that indeed there are variations in consumer’s buying behavior (e.g., Mittal and Kamakura 2001; Peterson and Wilson 1992; Varki and Rust 1997; Venn and Fone 2005). The results have confirmed the findings of Chang, Burns, and Francis (2004) that the role of hedonic shopping value in shopping experience satisfaction differed between males and females. Furthermore, the results have also validated the findings of Carpenter and Moore (2009) that regardless of the type of store, females perceived significantly higher levels of hedonic shopping value than males. It has been found that gender moderates the relationship between satisfaction and its resultant behavioral outcomes (Baumann, Burton, and Elliott 2005; Mägi 2003; Mittal and Kamakura 2001; Homburg and Giering 2001; Homburg, Giering, and Menon 2003; Keiningham, Perkins-Munn, and Evans 2003).

In the specific context of PLBs, the findings support that since PLBs are sold at a lower price when compared with national brands, the demographic status of the consumers affects their propensity to purchase. On the other hand, the findings have thrown more light on the dilemma of Baltas and Doyle (1998) that many of the demographic findings into the patronizing of PLBs are mixed, unclear or outdated. The results have also substantiated the fact that the risky nature of switching products and trying something new, men can be said to be less likely to remain loyal if their satisfaction levels go down (Homburg and Giering 2001;
Mittal and Kamakura 2001). On the contrary, women are expected to react comparatively less strongly to changes in their satisfaction levels.

With regard to the hypothesized moderating effect of age (H₈) on the whole relationship produced some mixed findings. The older consumers (46 years and above) seemed to be indifferent (p > 0.1) with the hedonic and utilitarian aspects of consumer shopping value. On the basis of the “information processing theory”, the consumers belonging to the older age group can be expected to rely on fewer decision making criteria, like their consumer shopping value. Contrary to the popular belief that consumers on the higher side of age tend to be more loyal to a particular brand than younger consumers (Baumann, Burton, and Elliott 2005 in the automotive sector) and (Lambert-Pandraud, Laurent, and Lapersonne 2005 in the banking sector) the older age group consumers demonstrated the lowest levels of loyalty. They also showed weak propensity to recommend the products (p < 0.1). However, they were the most disinclined to switch the products when compared with the younger age group consumers.

Echoing on the findings of previous studies (McGoldrick and Andre 1997; Richardson, Jain, and Dick 1996; Wright and Sparks 1999), the present study has also confirmed that the middle age group consumers (36-45 years) are the most loyal (p < 0.01). When it comes to shopping for PLBs, consumers in the youngest age group (18-25 years) gave more importance to the presence of utilitarian value than to the hedonic value. Another peculiarity with this age group was that the moderating effect of consumer loyalty in the relationship between consumer satisfaction and WOM communication was not significant. Thus, for them being satisfied was more important to recommend the products than being loyal.
The next hypothesis (H9) was formulated to test the moderating effect of income on the whole relationship. Utilitarian value had a profound positive effect on consumer satisfaction for both the income groups, albeit higher for the lower income group. This stands at contradiction with the findings of Sit, Merrilees, and Birch (2003) that high-income consumers are attracted more by the utilitarian dimension of shopping. Hedonic value had more effect on consumer satisfaction for high income group consumers. It is also confirmed that a change in the satisfaction level of consumers with low-income is likely to result in a greater change in loyalty levels than it would for consumers with higher-income. This can be ascribed to the fact that consumers with lower-income lack other variance-explaining information cues, whereas consumers with higher-income search for information cues other than their current satisfaction level to determine their repurchase intention. Additionally, Homburg and Giering (2001) have found partial evidence of the moderating effect of income on the relationship between satisfaction and loyalty.

Both categories of consumers tended to recommend the products, though slightly higher for the low income level consumers. It is also substantiated that consumers with higher incomes tend to easily switch products when they become dissatisfied or bored. While on the other hand, consumers with low-income are quite probable to avoid search costs and continue to patronize the product, even if their satisfaction levels decline. The improved quality and image of private label products appeals to a segment of value-conscious consumers or consumers on the lower side of income (Davies, Gilligan, and Sutton 1986; Martell 1986; McGoldrick 1984; Patti and Fisk 1982)

The last hypothesis (H10) intended to test the whole conceptual relationship’s ability to be true for different categories of PLBs. The positive effect of utilitarian value on consumer satisfaction was the strongest in the consumer durables category. The absolute price benefit that consumers derive out of this purchase when compared with national brands
is the main reason behind this finding. The same is the case for apparels too. The positive effect of hedonic value on consumer satisfaction was the highest for the apparel category.

Consumers tended to be the most loyal when satisfied for the apparel category. It is also important to note that the above relationship is comparatively weaker for the consumer durables category. The presence of a large number of product options from national brands in this category is hindering the formation of consumer loyalty via the satisfaction route. This reason can also be ascribed to the reason for having the highest intention to switch in this category. Regarding the positive effect of consumer satisfaction on WOM communication, again the apparel category is the comprehensive winner.

5.2 Implications of the Study

5.2.1 Managerial Implications

In the present day scenario of such cut throat competition being faced by PLB retailers, both from within their competing PLBs as well as from national brands, the pursuit of consumer satisfaction, consumer loyalty as well as WOM communication is paramount. PLB retailers must identify the key components of consumer loyalty and the relationships between consumer shopping value and the resultant important outcomes (i.e., consumer satisfaction, consumer loyalty, WOM communication and consumer’s intention to switch). The findings of the present study have contributed towards the development of an organizing framework for these relationships in an applied discipline such as retailing.

PLB retailers should understand that utilitarian value has more effect on consumer satisfaction than hedonic value. Therefore, they should lay emphasis on providing the right product at the right place and time. However, it must also be realized that consumers also desire hedonic value from the shopping experience such as excitement, escapism,
entertainment, fantasy as well as fun. They should also understand that important outcomes such as satisfaction, loyalty, WOM communication and intention to switch are linked to the provision of these values.

In the context of PLBs, consumer satisfaction has a very strong influence on consumer’s loyalty. Although it can be argued that other variables not examined in the present study might also contribute to the formation of loyalty, satisfaction appears to be an important antecedent. Keeping this in view, PLB retailers should recognize that in order to create a loyal consumer base, they must strive to satisfy the desires and needs of the consumers. As envisaged in the present study, one way in which this can be done is through the delivery of utilitarian and hedonic values. They should also take into consideration the benefit that consumer satisfaction provides by its link with WOM communication and consumer’s intention to switch. The findings also indicated that consumer loyalty serves as a partial mediator between consumer satisfaction and consumer WOM communication. Thus, the delivery of satisfying experiences can lead to the formation of consumer loyalty and this in turn would lead to the consumer engaging in WOM communication about the PLBs.

A major cause of concern for PLB retailers is the older consumer’s indifference with utilitarian and hedonic values. The physical aspects of the PLB stores should both make it easy for them to move around the store with a utilitarian orientation while simultaneously triggering them with a hedonic orientation. It can also be said that these consumers should be motivated to enjoy shopping. They may therefore patronage stores with hedonic dimensions if they at the same time are allowed to justify the shopping (i.e. utilitarian shopping).

5.2.2 Theoretical Implications

The theoretical implications of the present study lie in the contribution to the body of knowledge by filling gaps in the literature and by validating the findings of previous studies.
The present study has showed that consumer’s shopping value has a positive impact on consumer satisfaction, which had not always been clear in previous studies. Additionally, strong theoretical and empirical support for relationships between consumer satisfaction, consumer loyalty, consumer WOM communication, and consumer’s intention to switch were found. Furthermore, the present study also found out the moderating effect of socio demographic factors (i.e., gender, age, and income) as well as different product categories (i.e., food and grocery, consumer durables, and apparel) on the above mentioned relationships. It was also confirmed that consumer’s loyalty has a partial mediating effect on the relationship between consumer satisfaction and consumer’s WOM communication.

The results of this study contribute to the academic literature by providing a validation of the consumer shopping value/consumer loyalty framework in the context of previously uninvestigated areas – PLBs and that too in an emerging economy like India. Therefore, the findings of the present study help to begin the process of organizing a robust model for understanding the link between consumer shopping value (i.e., utilitarian and hedonic) and related important outcome variables like consumer satisfaction, consumer loyalty, consumer WOM communication and intention to switch along with the moderating effects of socio demographic variables and different product categories of PLB.

The present study also contributes to the established body of literature on quite a few important variables within the retailing context. In particular, the consumer satisfaction literature is benefitted by providing a better understanding of this construct within the retailing field by indicating the importance of consumer satisfaction as an antecedent of consumer loyalty and consumer WOM communication as well as its negative relationship with consumer’s intention to switch. Furthermore, the revelation of a partial mediation of consumer loyalty in the relationship between consumer satisfaction and consumer WOM communication is also an important contribution. Finally, the consumer WOM
communication literature is also benefitted by the confirmation of its positive relationship with consumer satisfaction and by the identification of a partial mediating effect of consumer loyalty.

5.3 Future Research Direction

As has been previously discussed in earlier chapters, the current body of research on the consumer shopping value/consumer loyalty framework in the context of PLB retailing in India is in an early stage of development. The major emphasis of future research should be to examine the effect of other facets of the retail environment on the key outcomes of the present study. For example, apart from consumer shopping value, other retail aspects like PLB merchandise assortment, store atmosphere, music, scents, store location, perceived human crowding waiting time etc. may affect consumer satisfaction, consumer loyalty, consumer WOM communication, and consumer’s intention to switch. Additionally, trust on and past consumer experience with the PLBs may also be an important influence on the constructs under study. It is also felt that other moderating variables like consumer’s education levels, shopping mood, shopping role in the household, and frequency of purchase of PLBs may also help explain more variance in the outcome constructs.

Future research efforts can also focus on the identification of particular personality, lifestyle, or situational characteristics of the consumers to segment them into meaningful and profitable clusters (Arnold and Reynolds 2003; Cardoso and Pinto 2010; Sharma and Levy 1995). PLB retailer’s awareness of these different consumer profiles can help them improve their products, improve their store environment and their communication approach. Further studies can also apply the measures of consumer shopping value across different cultures such as Asian culture and American culture and compare them. This would contribute towards the understanding and assessing of differences in different market conditions.
Country specific measures can also be developed to examine the constructs. Additionally, replication studies focusing on different types of retail stores can contribute towards the generalizability across various types of retail establishments. Finally, a qualitative analysis in the form of personal interviews and focus groups will be able to provide richer insights into consumers’ PLB shopping behavior, more specifically, the role of hedonic shopping value.

5.4 Limitations of the Study

The foregoing recommendations should be considered in the light of some limitations. Although the respondents represented different geographical locations of the country, yet a more detailed study covering many cities can be undertaken. Furthermore, more number of PLB retailers operating in smaller cities can also be studied. It is also acknowledged that there might be various other variables that contribute to the development of consumer satisfaction, consumer loyalty, consumer WOM communication, and consumer’s intention to switch besides the particular constructs examined in the present study. In other words, there might be other variables apart from utilitarian and hedonic values that affect the consumer satisfaction-loyalty-WOM communication chain. It is also possible that there might be other variables apart from consumer satisfaction that lead to the development of consumer loyalty and WOM communication.

Furthermore, it is also important to take into consideration that the data were collected only once. A longitudinal study that allows for the comparison of the results over time was not conducted. The findings of the present study reflect the respondent’s attitudes, feelings, and behaviour at a single point in time.
5.5 Concluding Remarks

The primary objective of the present study was to answer the research question that, ‘In the context of PLBs, can consumer shopping value be linked to important consumer bahavioural outcomes like consumer satisfaction, consumer loyalty, consumer WOM communication, and consumer’s intention to switch?’ It was also endeavoured to assess the effect of socio demographic and product category differences in the abovementioned relationships. The findings do indicate that consumer shopping value influences these behavioural outcomes. Therefore, it is envisaged that the knowledge gained from this study should provide valuable information to both the academics as well as the practitioners.