THE IMPACT OF PERCEIVED VALUE, QUALITY, AND LOYALTY ON PURCHASE DECISION IN THE ACCESSORIES DEPARTMENT: STUDY ON SAUDI FEMALES

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ABSTRACT: *The main purpose of this research is to study and investigate the impacts of perceived value, quality, and loyalty on the purchase decision. Furthermore, to understand the mediator impact of brand trust between the relation of consumers' perceived value and the purchase decision. This research contains a study that is considered as an empirical study that follows a quantitative method and probability sampling technique. The questionnaire was conducted using internet-based survey where the sample includes random Saudi females living in Riyadh. The study shows that loyalty and quality have significant statistical impacts on the decision making. On the other hand, it shows that perceived value, has an influence on the brand trust but not on the purchase decision.*

KEYWORDS: Perceived Value, Quality, Loyalty, Purchase Decision, Brand Trust.

INTRODUCTION

The decision of purchasing a product or a service is one of the basic points that has the focus of any company. Understanding your customer's buying process is important for the salespeople, but also it will empower the managers to align your sales strategy accordingly. Marketers must understand what is the distinguishing characteristic that consumer appraises in order to attract them. Customers compare between alternatives and evaluate them in terms of many features. There are many different factors that could affect the purchase decision: consumers, the nature of the products and services, and the situation in which the decision is made. The outcomes of this study would help managers and researchers to comprehend the consumers' intentions. The proposed model could benefit marketing managers to recognize the effect of perceived value, brand trust, product quality and loyalty.

Research Objectives

- Explaining how the brand trust effect the relation between perceived value and purchase decision.

- Studding the impact of perceived value of stores on brand trust.

- Exploring the influence of perceived value on purchase decision.

- Investigating the impact of loyalty and perceived quality on purchase decision.

Problem Statement

The core purpose of this research is to comprehend and investigate the impacts of perceived value, quality, and loyalty on the purchase decision. Also, it explains the role of brand trust in the relationship between perceived value and the purchase decision.

Importance of the Study

The researcher recognized the importance of the purchase decision in the business field. Therefore, the researcher started to study the variables affecting it. Since the competition in the accessories industry in Saudi Arabia markets is increasing in the last years, the focus was in that area. This study will result in an empirical proof of the different elements affecting the purchase decision, which will help enhance the academic literature.

LITERATURE REVIEW

Perceived Value

perceived value was defined by Cronin et al. (2000) as "trade-offs between what customers receive, such as quality, benefits, and utilities, and what they sacrifice, such as price, opportunity cost, time, and efforts." Similarly, Kim et al. (2007) define it as "It is the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given." Perceived value has its basis in equity theory, which studies the percentage of the consumer's outcome and input to that of the service provider's outcome and input (Oliver & DeSarbo, 1988). The equity concept discusses customer assessment of what is reasonable, right, or earned for the perceived cost of the contribution (Bolton & Lemon, 1999). The results of Yang & Peterson, (2004) suggested from a Web-based questionnaire of online service users, that firms looking for customer loyalty should emphasis primarily on satisfaction and perceived value.

Perceived Quality

Zeithaml (1988) identify the perceived quality as "the consumer's judgment about a product's overall excellence or superiority". Perceived quality has an influence on consumer purchase decision regarding store brands. It is considered one of the most relevant factors in explaining the volatility of the store brand and buying intentions (Baltas & Argouslidis, 2007; Bao et al., 2011). Bao et al. (2011) found that there is a positive relationship that has traditionally existed between store brand perceived quality and purchase intention.

Brand Loyalty

Loyalty is defined according to Oliver (1980) as "a deeply held commitment to rebuy a preferred product or service consistently in the future". Loyalty will cause repetitive buying from the same brand or product purchase regardless of marketing challenging work or situational impacts (Chaudhuri & Holbrook, 2001). Loyalty can be of excellent value to both customers and company. Customers are willing to be loyal to companies that will deliver added value in comparison to competitors' offering. (Reichheld et al., 1996). Loyalty can lead to minimizing time consumed in searching, finding, and evaluating substitutes. Also, the learning phase that consumes time and effort that customers need to become familiar with a new seller can be avoided (Yang & Peterson, 2004). Brand trust and perceived social presence both have their impacts on brand loyalty. On the other hand, customer brand engagement works through brand trust and does not have a direct impact on brand loyalty. (Pongpaew et al., 2016).

Purchase Decision

Zaichkowsky (1985) understands involvement as "A person's perceived relevance of the object based on inherent needs, values and interests". Also, purchase decision involvement is defined as "the extent of interest and concern that a consumer brings to bear on a purchase decision task" (Mittal, 1989). The five stages of consumer purchase decision that have been established in marketing and consumer behavior include problem recognition, information search, evaluation of product options, purchase decision, and post-purchase support (Gupta, et al, 2004).

Brand Trust

There have been several definitions of trust in the marketing research. Morgan & Hunt (1994) defined that trust exists "when one party has confidence in an exchange partner's reliability and integrity". Also, Moorman et al. (1993) define trust as "a willingness to rely on an exchange partner in whom one has confidence". Brand trust leads to brand loyalty because trust form exchange associations that are highly valued (Morgan & Hunt 1994). Lau & Lee (1999) theorize that the brand serves as a reprehensive for the manufacturing organization where interaction with consumers is focused on. Furthermore, the brand trust could be developed because consumers purchase products through a reseller and do not have personal interaction with a representative of the manufacturer.

Research Hypotheses

- H1: Brand trust mediates the impact of perceived value on the purchase decision.

- H2: Perceived value of store brands has a significant positive impact on the brand trust.

- H3: Perceived value of store brands has a significant positive impact on the purchase decision.

- H4: The store brand product perceived quality has a significant positive impact on the purchase decision.

- H5: Store brands' loyalty has a significant positive impact on the purchase decision.

RESEARCH METHODOLOGY

Data Collection Method and Sampling Framework

This study intent to examine in a quantitative method the impact of perceived value, loyalty, and perceived quality on the purchase decision. In the same time, it addresses the mediator effect of brand trust between the perceived value and the purchase decision. Therefor the population involved are all Saudi female consumers. The sample randomly contains female consumers from different ages in Riyadh. Participants were informed of the aims of the study, and they were assured that their responses would remain confidential and will be used for scientific reasons only. Respondents were offered a choice of five pre-coded responses according to Likert scale. The questionnaire was primarily established in English then translated into Arabic. After that, the questionnaire was back-translated into English, to guarantee translation equivalence. The survey was established using Web based questionnaires

with 183 questionnaires retrieved, but 13 were excluded because they were incompatible with the sample. Hence, the acceptable questionnaires to the statistical analysis were 170.

Instrument Design

The questionnaire consisted of several items that were obtained from existing scales to measure the main variables in the model, as well as the moderator variables. Brand trust scale was developed from two sources, one item was established from Larzelere & Huston's (1980) measure of trust in a partner, and the rest was established from the faith sub-scale of Remple et al.'s (1985) study. Perceived value scale was adopted from Sultan et al. (2012). Furthermore, acquisition of brand loyalty scale was from Delgado-Ballester et al. (2003). The perceived quality scale was developed from Richardson et al. (1996), Dick et al. (1997), and Sethuraman & Cole (1997), as well as those from DelVecchio (2001). Finally, the purchase decision involvement scale was adapted from Mittal, B. (1989). Additionally, demographic variables were mentioned at the end of the questionnaire.

Data Analysis

Partial least squares (PLS) was chosen for the current study using the software application SmartPLS. It was used in a two-stage approach, measurement, and structural model testing.

RESULTS

Measurement Model

The measurement model can be measured by examining the reliability, convergent validity, and discriminant validity. Specifically, reliability which refers to the internal consistency of measurement can be measured by checking if the value of composite reliability (CR) is more than 0.7, the average variance extracted (AVE) is greater than 0.5 and Cronbach's α is greater than 0.6 (Hair et al., 2006). The following table shows that the CR values ranged from 0.62 to 0.81 and the AVE values ranged from 0.524 to 0.636. These values are higher than the acceptance value 0.70 and 0.50 which indicate good construct reliability. Moreover, in order to check the convergent validity, loading factor for each item was calculated. All item loadings are larger than 0.6 and t values indicate that all loadings are significant at 0.05 which showed that the scale has a good convergent validity.

Table (1) Result of construct assessment

Constructs	Items	Factor loading	Mean	SD	CR	Cronbach's α	AVE
Brand trust	BTrust1	0.797	0.949	3.721	0.791	0.624	0.597
	BTrust2	0.788	0.897	2.689			
	BTrust3	0.802	0.992	3.361			
	BTrust4	0.660	0.889	2.628			

	BTrust5	0.795	0.865	3.803			
Perceived value	PValue1	0.717	0.824	3.328	0.874	0.810	0.636
	PValue2	0.782	0.764	3.694			
	PValue3	0.849	0.905	3.601			
Purchase Decision	PD1	0.722	0.978	3.765	0.827	0.687	0.615
	PD2	0.709	0.967	2.716			
	PD3	0.715	0.697	4.077			
	PD4	0.735	0.599	4.169			
	PD5	0.792	0.985	3.464			
Loyalty	BrandL1	0.856	1.102	3.295	0.774	0.630	0.577
	BrandL2	0.746	1.129	3.24			
	BrandL3	0.732	1.035	3.404			
	BrandL4	0.848	0.906	3.596			
Quality	QL1	0.739	1.112	2.902	0.831	0.765	0.524
	QL2	0.801	1.016	3.016			
	QL3	0.795	1.053	3.197			
	QL4	0.779	0.938	2.257			
	QL5	0.781	0.921	3.617			

Structural model

Bootstrapping method in SmartPLS software was used by the researcher to test the statistical significance of path coefficients. As Figure 1 shown the P value for all research variables. The analysis results show that the factor (brand trust) has no influence on the purchase decision directly (t=0.161, p=0.872). Also, the factor (perceived value) has no influence on purchase decision as mediate by (brand trust), which did not support H1and H3. Whereas, perceived value has positively influenced brand trust with values (t= 9.020, p= 0.000) and it explained 40.3 percent of brand trust variance. Thus, H2 was supported. The three factors (brand trust, quality, and loyalty) conjointly explained 59.9 percent of the variance of the purchase decision.

Explicitly, two of these factors (quality and loyalty) had a significant positive effect on purchase decision which leads to support H4 and H5.
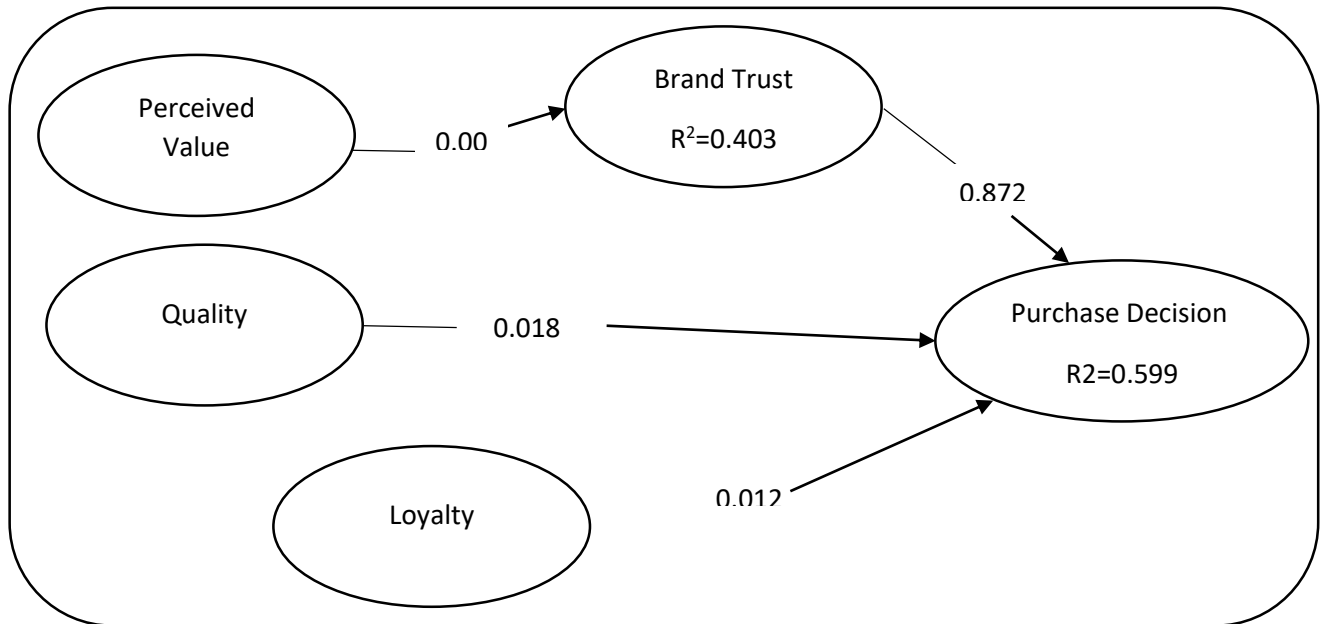

Figure (1) Result of PLS

Table (2) summary of hypothesis testing result

No.	Path (hypothesis)		t	p	Results
H1	Brand trust ⟶ purchase decision (direct)		0.161	0.872	Not
H2	Perceived value ⟶ Brand trust (direct)		9.020	***	Supported
H3	Perceived value ⟶ purchase decision (indirect)		1.76	0.079	Not
H4	Quality ⟶ purchase decision (direct)		2.367	***	Supported
H5	Loyalty ⟶ purchase decision(direct)		2.514	***	Supported

DISCUSSION AND CONCLUSION

The main purpose of conducting this study was to explore the impacts of perceived value, quality and loyalty on the purchase decision. The study shows that there is a significant impact of two out of three independent variables, quality, and loyalty on the purchase decision, which are the dependent variable in this study. The study confirmed that in addition to the positive relationship that has existed between store brand perceived quality and purchase intention, perceived quality does impact the purchase decision which agrees with Baltas & Argouslidis (2007). On the other hand, the third variable, perceived value, has an impact on the brand trust but not on the purchase decision. Although according to Morgan & Hunt (1994) brand trust lead to brand loyalty it does not affect the purchase decision. These findings have significant

implications for managers. They should focus on customers' loyalty and the perceived quality to improve the purchase decision.

Limitation and Future Studies

The researcher faced few limitations that should be considered. Since the sample of this study was composed online, it might be biased to the customers who have access to the internet and did not include customers who do not use the internet commonly. Thus, the research recommends collecting data in an offline method in future studies and compare the results.

The sample of this study contains only female; therefore, it is beneficial to conduct the same study on the male consumers to study the gender effect. The researcher suggests extending the study to other cities in Saudi Arabia in order to generalize the results. Also, further research could investigate the consumer social financial factors.

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APPENDIX

Sample Characteristics

Table (1) Respondent demographics

Category	Item	Frequency	Percentage%
Gender	Male	9	4.9
	Female	174	95.1
Age	Less than 30	110	60.1
	31- 40	45	24.6
	41-50	18	9.8
	More than 50	10	5.5
Education level	Secondary school	50	27.3
	Diploma degree	4	2.2
	Bachelor degree	90	49.2
	Master degree	35	19.1
	PhD degree	4	2.2
Place of residency	Riyadh	179	97.8
	Other	4	2.2
Total		183	100%

Questionnaire :

Please answer all the questions by circling the appropriate answer, where (1) means strongly disagree and (5) means strongly agree.

1. brand Trust

	Statement	1	2	3	4	5
1.	I trust this brand					
2.	This brand cannot be counted on to do its job					
3.	I feel that I can trust this brand completely					
4.	I cannot rely on this brand					
5.	I feel secure when I buy this brand because I know it will never let me down					

2. Perceived Value

	Statement	1	2	3	4	5
1.	Compared to with the fee (e.g., application fee, registration fee) I need to pay, the use of this brand offers value for money.					
2.	Compared to with the effort (e.g., learn how to use) I need to put in, the use of this brand is beneficial to me.					
3.	Compared to with the time (e.g., searching time) I need to spend, the use of this brand is worthwhile to me					

3. Purchase decision

	Statement	1	2	3	4	5
1.	In selecting from the many types and brands of this product available in the market, you could say that I would care a great deal as to which one I buy					
2.	You think that the diverse types and brands of this product available in the market are all very alike					
3.	It is important to you to make the right decision of this product					
4.	In making your selection of this product, you are concerned about the outcome of your choice					
5.	The purchase of this product is important in your life					

4. Brand Loyalty:

	Statement	1	2	3	4	5
1.	I consider myself to be loyal to brand [X].					
2.	I am willing to pay more for brand [X] than for other brands on the market.					
3.	If brand [X] is not available at the store, I would buy it in another store					
4.	I recommend buying brand {X}					

5. Awareness–quality inference

	Statement	1	2	3	4	5
1.	When the product is not from a recognized brand, its quality is low					
2.	The ''more famous'' the brand name, the better the quality of a product that carries that name					
3.	The brand name is a determining issue in purchasing a product					
4.	The more a product is advertised, the better its quality					
5.	I feel more secure when purchasing a brand product					

Personal Information

- Age:
  - ○ Less than 25
  - ○ 25-30
  - ○ 31- 35
  - ○ 36-40
  - ○ 41-45
  - ○ 46- 50
  - ○ more than 50

• Education level:
  - ○ Secondary school
  - ○ Diploma degree
  - ○ Bachelor degree
  - ○ Master degree
  - ○ PhD degree

- Gender:
  - ○ Female
  - ○ Male

- Place of residency:
  - ○ Riyadh
  - ○ Other