Consumer perceived value, satisfaction and loyalty on agriculture brand
(Persepsi, kepuasan dan kesetiaan pengguna terhadap jenama produk pertanian)

Rozhan Abu Dardak* and Farzana Quoquab Habib**

Keywords: agriculture brand, consumer perceived value, satisfaction, loyalty

Abstract
Researchers and managers today are focusing on customer loyalty, perceived value and satisfaction, yet little is known regarding these relationships in the agriculture food sector. This study was to examine the relationship among customer value, satisfaction and loyalty in the agriculture food sector, and to identify the relevant dimensions of consumer perceived value in the respective context. The study was carried out using the e-mail survey technique involving 305 respondents. The results showed that there was a strong relationship in customer value towards a brand and loyalty. Brand economic values seem to be more important than emotional and social values in determining customer satisfaction. The other important finding of this study was the impact of satisfaction to customers’ intention to become loyal. The more customers are satisfied with a brand, the more loyal they become, and there is a tendency to repurchase the brand. Economic value of a product is important in determining the customer loyalty to a certain brand.

Introduction
Agriculture product is a multibillion dollar global business. Agriculture trade is very important to every nation as it supplies foods to consumers. Every day, companies offer different products to consumers. To a consumer, products and services offered in the markets are perceived to be homogenous. Markets are saturated with the same product line. For example, it was reported that in Malaysia, there are more than 180 brands of sauce offered in the market (Anon. 2008). The product features, ingredients, contents and taste are relatively the same. The only one element that can differentiate a product from other companies is its brand. Therefore, branding has become a crucial element of business strategy.

In the consumer marketing community, customer loyalty has long been regarded as an important goal (Reichheld and Schefter 2000). Both marketing academics and professionals have attempted to uncover the most prominent antecedents of customer loyalty. Research in the areas of customer value suggests that superior value may be an effective predictor of strong customer loyalty, repeat business, and switching behaviour (Anderson and Narus 1998; Grisaffe and Kumar 1998). Given that consumers’ needs and value propositions vary across different types of products and services (Lim et al. 2006), the current study focused on the agriculture food context to understand the loyalty issue.
The main objective of the study was to examine the relationship among customer value, satisfaction and loyalty in the agriculture food sector. The second objective was to identify relevant dimensions of consumer perceived value in the context. Previous studies tended to examine perceived value in terms of monetary trade-offs only (McDougall and Levesque 2000; Chen 2003) i.e. 'what you get for what you pay'. However, consumers tend to assess perceived value not only by monetary trade-offs but also by other psychological benefits (e.g. enjoyment, fun, and social approval) as well (Holbrook 1986; Sweeney and Soutar 2001). Recognizing the importance of a multidimensional approach to perceived value, efforts were directed to identify the relevant dimensions of perceived value in consumers’ experience in the agriculture food sector.

Customer loyalty
Customer loyalty is one major driver of success in business (Reichheld and Schefter 2000). However, in the present business environment, improving consumer loyalty to a brand is very challenging. At the same time, past researches revealed that defining and measuring brand loyalty is extremely difficult (Yang and Peterson 2004). Many researchers have viewed customer loyalty as a specific desire to continue a relationship (Czepiel and Gilmore 1987). It is the consumer decision to repurchase a brand continually. The consumer perceives that the brand offers the right product features, image or quality at the right price. Loyal customers often will, over time, bring in substantial revenues and demand less time and attention from the firms they patronize. As a result, customer loyalty can be a major source of sustained growth and profit and a strong asset (Anderson and Mittal 2000).

The challenge of a brand is how it can portray a good image, economical value and social value to consumers. At present, a brand needs more than an identity; it needs a personality that can differentiate it from other brands. A personality brand can be symbolized by its feature, colour and design or can be associated with its strong company. In other words, people can easily identify a brand by its logo, colour or company. With this identity, consumer can easily remember a brand and loyal to it; especially when there are many product lines offered in the markets.

Satisfaction
Marketing literature consistently identifies customer satisfaction as a key antecedent to loyalty and repurchase (Seiders et al. 2005). For some firms, satisfaction is the only feasible goal for which they should strive; thus, satisfaction remains a worthy pursuit among the consumer marketing community (Oliver 1999). Satisfaction refers to the consumer’s fulfilment response, the degree to which the level of fulfilment is pleasant or unpleasant (Oliver 1997).

According to both marketing theory and practical experience, firms should improve their performance by satisfying customers, so as to obtain and sustain advantage in the intensely competitive business environment (Aydin and Ozer 2005). This is because the main output of customer satisfaction is customer loyalty, and firms with a bigger share of loyal customers profit from increasing repurchase rates, greater cross-buying potential, higher price-willingness, positive recommendation behaviour and lower switching tendency (Bruhn and Grund 2000).

Customer satisfaction goes beyond a simple theoretical construct. It is an emotional response and always associated with personal experience when the consumer uses the products or services. Customer satisfaction is also a very subjective and non-quantitative issue. It is a gap between consumer expectations and perceived performance of the product or services offered by a brand. Two different customers may perceive differently on a same product. Fulfilling customer satisfaction is very important to every company. Past research
revealed that a very satisfied customer is six times more likely to be loyal and repurchase the product, than the customer who is just loyal (Caciopo 2009). Past research also found that a satisfied customer will tell five other potential customers, while the unsatisfied customer will tell nine other customers. These findings indicate the important of satisfying customers and the effect of unsatisfied customers to a brand and business.

**Customer perceived value**

Different authors have given different dimensions of perceived value. Perceived value has its root in equity theory, which considers the ratio of the consumer’s outcome/input to that of the service provider’s outcome/input (Oliver and DeSarbo 1988). It refers to customer evaluation on overall benefits and costs from the products or services offered by different companies. It is often viewed as a customer’s overall assessment of what is received and what is given (Zeithaml 1988). It takes into account all perceived monetary and non-monetary costs and benefits (Lim et al. 2006). In the current study, perceived value has been considered as the multidimensional constructs, in which it includes the monetary and non-monetary benefits. According to Sweeney and Soutar (2001), perceived value can be classified into economic, emotional and social value.

**Economic value**

Economic value is considered as the most possible way to measure value of products or services offered by a company. Economic value is related to perceived economic benefits received in comparison to a monetary cost of the service (Lee et al. 2002). Economists assume that customers are the best judge to measure the economic value, because they are the users who get benefits from the products or services offered. Many researchers found a significant role of consumers’ perceived monetary value in satisfaction and future decisions (McDougall and Levesque 2000; Chen 2003).

**Emotional value**

In today environment, people are looking not only at quality products or services, they also need products that has positive, memorable experiences. Emotional value is acquired when a product/service arouses feelings or affective states (Sheth et al. 1991; Sweeney and Soutar 2001). This emotional value is expected to incorporate consumers’ affective responses to service stimuli in a cognitive-oriented means-end model (Lim et al. 2006). Emotions like enjoyment and fun seeking have been reported as customers’ motives to use mobile services (Leung and Wei 2000). In addition, in a retailing context, Sweeney and Soutar (2001) found that emotional value is the strongest predictor of consumers’ purchase intention in a particular store.

**Social value**

Social value relates to social approval and the enhancement of self-image among other individuals (Bearden and Netemeyer 1999). Several researches reveal the importance of social reputation in the form of esteem (Sheth et al. 1991; Bhat et al. 1998; Sweeney and Soutar 2001). Sweeney and Soutar (2001) define social value as the utility derived from the product’s ability to enhance social self-concept. Thus, social value derives mostly from product or service use shared with others (Sheth et al. 1991). Gratification theories also talk about fashion, status and sociability that relate to similar aspects as social value (Leung and Wei 2000) indicating that use of particular product or services may be a way to express personality, status and image in a public context (Pura 2005).

**Perceived value and loyalty**

According to Sirdeshmukh et al. (2002), high value is one primary motivation for customer patronage. Chang and Wildt (1994) reported that customer perceived value...
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has been found to be a major contributor to purchase intention. Moreover, prior empirical research has identified perceived value as a major determinant of customer loyalty in telephone services (Bolton and Drew 1991), airline travel and retailing services (Sirdeshmukh et al. 2002). In light of the preceding discussion and findings, it is proposed that:

H1. Overall perceived value will have a positive influence on loyalty.

Value and satisfaction

Customer satisfaction is hypothesized to be influenced by perceived value. In essence, it is a variable that reflects the net utility derived from a provider. Researchers argue that satisfaction is a distinct construct from perceived emotional value (Yang and Peterson 2004). While perceived value can be generated in any stage of consumption experience without actual use of a product/service, satisfaction is aroused in a post-consumption stage after an actual experience of a product/service (Sweeney and Soutar 2001).

Moreover, Woodruff (1997) stated that perceived value represents customer cognition of the nature of relational exchanges with their suppliers, and satisfaction reflects customers’ overall feeling derived from the perceived value. There is also empirical evidence that customer perceived value has a positive effect on customer satisfaction with a supplier (Anderson and Mittal 2000; Walter et al. 2002).

Past marketing literature supports a positive influence of perceived economic value on satisfaction (McDougall and Levesque 2000) as well as perceived emotional value on satisfaction (Eroglu et al. 2005). Furthermore, an empirical study found perceived social value increases the level of satisfaction in the use of mobile internet services (Lee et al. 2002). Thus, the following hypotheses are proposed:

H2a. Perceived economic value will have a positive influence on satisfaction.
H2b. Perceived emotional value will have a positive influence on satisfaction.
H2c. Perceived social value will have a positive influence on satisfaction.

Satisfaction and loyalty

In this study, customer loyalty has been measured attitudinally by customers’ behavioural intention to continuously or increasingly conduct business with their present company. Past studies revealed that satisfied customers tend to have a higher usage level of a service than those who are not satisfied (Ram and Jung 1991; Bolton and Lemon 1999). They are more likely to possess a stronger repurchase intention and to recommend the product/service to their acquaintances (Zeithaml et al. 1996). Myriad of studies have showed that customer satisfaction positively affects loyalty (Zeithaml et al. 1996; Bloemer et al. 1999; Oliver 1999). This relationship would seem to be applicable to agriculture food sector as well. Therefore, the following hypothesis is proposed:

H3. The level of satisfaction will have a positive influence on loyalty intention.

Value, satisfaction and loyalty

Perceived value, in essence, is a variable that reflects the net utility derived from a provider. Customer satisfaction, meanwhile, is defined as an overall positive or negative feeling about the net value of services received from a supplier (Woodruff 1997). According to Woodruff (1997), perceived value represents customer cognition of the nature of relational exchanges with their suppliers, and satisfaction reflects customers’ overall feeling derived from the perceived value. Moreover, Fishbein and Ajzen’s (1975) behavioural model suggest that affect is significantly influenced by cognition.

Satisfaction has been widely studied as a predictor of customer loyalty (Olsen 2002; Kim et al. 2004; Yang and Peterson 2004).
Customer satisfaction is an important factor for a long-term relationship between a firm and its customers (Anderson and Srinivasan 2003). That is, a consumer’s positive effect towards a service provider is likely to motivate the consumer to stay with the provider and also recommend the service to others (Zeithaml et al. 1996). Therefore, the following hypotheses are proposed:

H4a. Perceived economic value will have a positive influence upon loyalty mediated by satisfaction.
H4b. Perceived emotional value will have a positive influence upon loyalty mediated by satisfaction.
H4c. Perceived social value will have a positive influence upon loyalty mediated by satisfaction.

Conceptual framework
Proposed relationships among the variables in this study are shown in Figure 1.

Methodology
This study employs e-mail survey as a method of collecting data. A self-administered questionnaire was sent via e-mail to staffs of an agriculture-based research organization. The questionnaires and supporting letter that explain the purpose of the study, instruction on how to answer the questions were sent on September 2009. They were given 10 days to complete the questionnaire and return it to the authors. After 7 days, 78 completed answered questionnaires were received. A second e-mail was sent to remind respondents to complete the questionnaire. After 12 days, a total of 128 questionnaires were received and all of them were valid to be analysed. The researcher sent another set of questionnaire to the non-responded staff, reminding them to answer the questionnaire. After a reminder e-mail was sent, 177 questionnaires were received to make a total of 305 respondents answered the questionnaire. According to Sakaran (2005), a total of more than 300 respondents is sufficient for market research. Using e-mail as a way to collect data is considered common in marketing research (Sheehan and Hoy 1999). Researchers have regarded that e-mail survey benefits over postal mail survey because of its speed and cost efficiency. Another benefit of e-mail survey is its quality of answering the questionnaire. Especially when the survey was carried out within the same organization the respondents are more likely to participate as to please the researcher.

Profile of respondents
This study involved 305 respondents from all over Malaysia and 65% were male. The respondents were comprised of 75% Malays, 20% Chinese and 5% Indians. About half (48%) of the respondents were 31–35 years old and 42% were over 51 years old. The younger generation (21–30 years old) only represented 8%. More than 51% of the respondents were married and have children. In terms of profession, more than 50% were research officers, 25% were
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research assistants and 6% administrators. Higher responds from research officer were anticipated because the questionnaire was in English.

Findings and discussion
Reliability test was conducted to measure the internal consistency of the questionnaire as the measurement scale. Reliability refers to the extent to which a scale produces consistent results if repeated measurements are made (Malhotra et al. 2005). It is measured by analysing the coefficient alpha or Cronbach’s alpha. According to Malhotra et al. (2005), this coefficient varies from 0 to 1 and a value of 0.6 or less generally indicates unsatisfactory internal consistency reliability. On the other hand, Nunnally and Bernstein (1994) suggested the acceptable value of Cronbach’s alpha is 0.7 and above. In this study, the value of Cronbach’s alpha was 0.65 and was considered acceptable.

The findings of this study revealed that there were significant differences between gender and satisfaction level towards a brand and between ethnicity and loyalty. It seems that men were more satisfied with a brand than women. In other words, man purchases a brand that he likes more due to his satisfaction of that brand. On the other hand, when a woman purchases a brand, she is not necessarily very satisfied with that brand. The same result was found regarding ethnicity. The Malays are more loyal with a certain brand than the Chinese and the Indians. When a Malay purchases a brand that he/she likes more, it is more likely that he/she will repurchase the same brand. Contradictorily, the Chinese and the Indians seem to more flexible towards a certain brand.

The principle objective of the present study was to examine the relationship between overall perceived value, economic value, social value and emotional value and the level of satisfaction when customers purchase agriculture-based foods. The average scores of these variables were computed as independent variables. Loyalty was a dependent variable used in the independent-sample T-test. All assumptions such as equality of variance-covariance matrices, normality, linearity and absent of multicollinearity were met in all cases.

The Pearson Correlation gives the indication or the strength of relationship between two variables. These findings showed that there is a positive relationship between overall perceived value and loyalty. The correlation between overall perceived value and loyalty was 0.36 or 36% of the changes in loyalty is accounted

Table 1. Relationship between independent and dependent variables

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>Dependent variable</th>
<th>Pearson Correlation</th>
<th>Note</th>
<th>Hypotheses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall perceived value</td>
<td>Loyalty</td>
<td>0.362</td>
<td>**</td>
<td>H1 is supported</td>
</tr>
<tr>
<td>Perceived economical value</td>
<td>Satisfaction</td>
<td>−0.342</td>
<td></td>
<td>H2a is supported</td>
</tr>
<tr>
<td>Perceived emotional value</td>
<td>Satisfaction</td>
<td>−0.088</td>
<td>ns</td>
<td>H2b is rejected</td>
</tr>
<tr>
<td>Perceived social value</td>
<td>Satisfaction</td>
<td>−0.136</td>
<td>ns</td>
<td>H2c is rejected</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>Loyalty</td>
<td>0.198</td>
<td>*</td>
<td>H3 is supported</td>
</tr>
</tbody>
</table>

**Significant at 0.001; *Significant at 0.05

Table 2. The impact of satisfaction as mediating variable between economic, emotional and social value; and loyalty intention

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>Mediating variable</th>
<th>Dependent variable</th>
<th>R square</th>
<th>Note</th>
<th>Hypotheses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived economic value</td>
<td>Satisfaction</td>
<td>Loyalty</td>
<td>0.42</td>
<td>**</td>
<td>H4a accepted</td>
</tr>
<tr>
<td>Perceived emotional value</td>
<td>Satisfaction</td>
<td>Loyalty</td>
<td>0.737</td>
<td>**</td>
<td>H4b accepted</td>
</tr>
<tr>
<td>Perceived social value</td>
<td>Satisfaction</td>
<td>Loyalty</td>
<td>0.403</td>
<td>**</td>
<td>H4c accepted</td>
</tr>
</tbody>
</table>

**Significant at 0.001
for by overall perceived value of the brand
(Table 1). On the other hand, the relationship
between perceived emotional and social
value towards satisfaction is not significant.
In other word, perceived emotional and
social value were not important antecedents
for consumer satisfaction when they
purchase a certain agriculture brand. The
relationship between satisfaction and loyalty
was also found not very strong. This study
revealed that the relationship between them
were only nearly 20% or considered very
weak. This is consistent with Cohen (1988)
suggestion that any Pearson Correlation
below 0.3 is considered weak or small.

There was a significant relationship
between perceived economic values,
perceived emotional value and perceived
social value; and loyalty with satisfaction
as mediating variable (Table 2). In other
words, satisfaction provides a strong affect
to consumer loyalty. The loyalty towards a
brand is influenced strongly by consumers’
level of satisfaction. It was found that
satisfaction towards a brand can lead a
consumer to repurchase the same brand,
even though it does not portray emotional
and social value. From these findings, it is
important for a company to strategize its
marketing programmes that can ensure the
level of satisfaction among consumers is
always high. This study provides evidence
on the importance of managing consumer
satisfaction towards a brand. This study
also confirmed the past findings in terms
of relationship between customers overall
perceived value and the impact of customer
satisfaction towards their loyalty.

Conclusion and managerial implication
The results from the e-mail survey of
agriculture food consumers indicate that
companies striving for customer loyalty
should focus primarily on satisfaction and
perceived value. The primary determinants
of agriculture food consumer satisfaction are
economic value and overall perceived value
of the consumers. Customer satisfaction is
the overall attitude towards a brand after he
purchased, repurchased and consumed it.
Moreover, evidence shows that satisfaction
has strong influence upon loyalty on
agriculture food consumers. In other words,
the positive experience determines their
satisfaction and in turn, leads to being loyal
to the brand.

The results from the study indicate
that considering the direct influence of
value dimensions on customer loyalty is
essential in differentiating how to enhance
loyal. Therefore, the paper contributes
to agriculture food sector literature by
introducing a multidimensional perceived
value model for assessing the direct
influence of value on loyalty intention.
Measuring the direct and indirect effects
of value dimensions on loyalty gives
implications for differentiated marketing
strategies according to the perceived value
and customer loyalty. Thus, this paper
contributes to both business practice, value
and loyalty literature by introducing relevant
value dimensions in agriculture food
context that influence loyalty intentions.
Furthermore, the paper demonstrates the
importance of economic value in building
satisfaction to the food producer/provider,
which also in turn affects loyalty intention.

Limitation and future research direction
A limitation of this study lies in measuring
the loyalty using attitudinal dimension.
Future research can combine both
(attitudinal and behavioural) dimensions
to measure the agriculture food consumer
loyalty. Moreover, greater number of sample
is required to get better generality of the
findings. The model in general can be
applied to assess value-satisfaction-loyalty
relationship in different markets, but further
research is needed to analyse differences
between the influences of value dimensions
in Asian, European and American markets
that are at different phases of development
of agriculture food sector to generalize the
results globally.
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References


**Abstrak**