

Consumption values and consumer attitude towards automobile purchase

Syed Naveed Altaf

PhD Scholar, School of Business Management, Universti Utara Malaysia

syed_naveed@oya.uum.edu.my

Dr. Selvan Perumal

Associate Professor, School of Business Management, Universiti Utara Malaysia

selvan.perumal@uum.edu.my

Dr. Zolkifli Hussin

Associate Professor, School of Business Management, Universiti Utara Malaysia

ABSTRACT

Consumer values have been identified as key antecedents in predicting individual's attitude towards purchase of a product. This study identifies some of the most important consumer values that effect consumer attitude and integrates them into a conceptual framework for anticipating consumer attitude towards product purchase. A survey of 200 automobile consumers from Islamabad, Pakistan, selected via convenience sampling, was used to draw results on how consumers' consumption values affected their attitude towards automobile purchase. Reasons for the necessity of the study and relevant literature review of past studies is presented. Theoretical justifications for the model and usefulness of the study for consumer researchers and marketing professionals are also discussed.

Key Words: Theory of consumption values, Consumer attitude, Automobile purchase

INTRODUCTION

In recent decades, there has been a phenomenal rise in the number of passenger cars on world's roads. Automobile manufacturing and aligned industries have a large share in GDPs of many developed countries (Prieto & Caemmerer, 2013). It has been reported that in 1986, there were half a billion vehicles in the world. By 2010, this number had exceeded one billion. If the same growth trajectory is followed, it is expected that by 2050 there would be no less than 2.5 billion vehicles crowding the world's road (Leahy, 2011). The implications of such a rapid growth on the world's economies, environment, healthcare, infrastructure, and human wellbeing are a matter of concern. The International Organization of Motor Vehicle (IOCA) has estimated that there are approximately 170 motor vehicles for every 1000 people in the world (IOCA, 2012). IOCA also reported that in 2012, 84.2 million new vehicles were produced around the world. It has also been estimated that around 50 million people are employed by auto industries the world over.

LITERATURE REVIEW

Given the importance of the auto industry to global GDP, it is no surprise that many consumer behavior researchers have taken keen interest in the sector. Many recent studies have been

conducted on automobile purchase. These studies have attempted to explore and examine the underlying reasons for what makes consumers buy various types of automobiles (e.g. Fetscherin, Boulanger, Filho, & Souki, 2014; Jiménez & Martín, 2014; Shende, 2014). Researchers recognize that automobile purchase decisions are influenced by a great number of determining factors (Shende, 2014). There are however issues pertaining to generalizability of findings in these studies because of the vastly different climates in which automobile purchases are made.

The Theory of Consumption Values (TCV) combines factors that influence consumption from various consumer behavioral models to postulate that the choices made by consumers are a function of five independent consumption values (Sheth, Newman, & Gross, 1991). These values include functional, conditional, social, emotional and epistemic values, and consumers develop their choices based on these values (Chan, 2013).

Theory of Consumption Values

According to the theory of consumption values, there are five consumption values that affect the choice behavior of consumers, including functional, emotional, conditional, epistemic and social values. TCV borrows from theories and literature of various academic disciplines like economics, psychology, sociology and marketing to identify the five consumption values (Sheth et al. 1991).

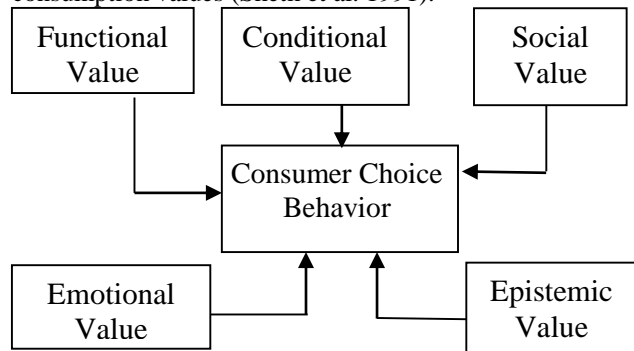


Figure 1: The Theory of Consumption Values

Functional value is defined as the benefits acquired by consumers from the physical, functional, or utilitarian performance of a product (Sheth et al., 1991). A product's functional value is normally determined by the product's attributes and specifications such as its durability, design, quality, reliability, and price. For automobiles, functional value may arise from automobiles utilitarian attributes like fuel economy, seating capacity, after sales services and brand name. Sheth et al. (1991) defined social value of as "the perceived utility acquired from association with one or more specific social groups." According to TCV, consumers derive positive or negative beliefs about a product from whom they associate with. These associations can be socio-cultural, friends and family, demographic, ideological segments and reference groups. Sheth et al. (1991) use automobiles as an example by stating that consumers might prefer a particular car brand or make not on the basis of its utilitarian value but on the basis of its social value because automobiles are highly visible to the consumer's various associative reference groups. Emotional value has been defined as the utility derived from product's ability to arouse emotional responses in consumers (Sheth et al., 1991). Emotions can be of various kinds, some of the ones identified in research include surprise, interest, joy, sadness, disgust, anger, contempt, guilt, shame and fear (Ivanauskienė, Auraskeviciene, Skudienė, & Nedzinskas, 2012). Sheth et al. (1991) referred to epistemic value as the perceived benefit obtained from product's ability to satisfy knowledge needs and evoke curiosity and novelty seeking behavior. Additionally, consumers seek to be constantly stimulated by new experiences (Awuni & Du, 2016) and therefore epistemic value is an important consideration for marketers. According to Sheth et al. (1991), conditional value is obtained from benefits that result from a specific situation facing the decision making consumer. The TCV posits that the existence of certain external contingencies have the ability to either help or hinder consumer's perception towards performing a consumption behavior by impacting its functional or social value. The benefits derived from these contingencies are termed as conditional values. Indeed, consumers make many decision based on situations, such as special life events, occasions, festivals, emergencies, and seasons (Gonçalves et al., 2016).

One of the assumptions TCV is that its five consumption values are independent and make differential contributions to behavioral outcomes. For example, for a consumer buying a car for the first time, the new car will give functional value (makes commuting to office easy), social values (colleagues also own cars), emotional values (feeling the car is safer than a motorcycle), novelty value (purchasing a car for the first time is enjoyable), and conditional value (recent pay raise). In the current context, automobiles offer a large array of intrinsic and extrinsic utilities to consumers but come at various costs (financial, psychological, logistical etc.). Thus a broad view of relevant utilities and costs is needed for explaining individual's decision to buy automobiles. For instance, even though a particular brand of car may provide positive extrinsic and

intrinsic utilities (it is useful, enjoyable etc.), buyers may reject it if his/her social circle does not approve of that brand.

Importantly, the original TCV was narrow in scope and only catered for the effect of consumption values on buying decision choice; however, it has been argued that since perceived value is a cognitive concept, it can influence other behaviors like loyalty, satisfaction, contentions, attitude and usage (Yang & Peterson, 2004).

Consumer Attitude

Attitude plays a pivotal role in determining the decision in purchasing a car (Mashahadi & Mohayidin, 2015). A person's attitude towards a behavior is determined by his/her own evaluation of favorable or unfavorable outcomes (Ajzen, 2011). According to these authors, an individual is likely to perform a behavior if he/she has a positive attitude towards engaging in that behavior. Similarly, according to Blackwell, Miniard and Engel. (2005) attitude is the evaluation of an individual regarding performing a certain behavior, such as buying a product. Since a direct observations of attitudes is impossible, researchers have to rely on determining consumer attitudes by various measurements (Afroz, Rahman, Masud, Akhtar & Duasa, 2015).

Previous literatures on automobile purchase in developing economies indicate that the most relevant consumer values with respect to consumer attitude are functional value (Wang, Liao, & Yang, 2013; Lin & Huang, 2012), conditional value (Lin et al., 2010; Lin & Huang, 2012), and social value (Oliver & Lee, 2010; Candan, Unal, & Erciş, 2013).

Furthermore, much of the studies on consumption values have ignored the conceptual difference between values and attitude (Afroz et al, 2015; Chan, 2013). Chan (2013) argued that values are a general evaluation of a consumer towards performing a behavior (Rokeach, 1973), whereas attitude is a predisposition to respond favorably or unfavorably in a relative consistent manner to a specific behavior (Chan, 2013).

Consumption Values and Consumer Attitude Relationship

Williams and Soutar (2009) argued that product feature and attributes have a strong relationship with whether they are bought and used by consumers. Certain contributing factors to functional value have been found to be good predictors of positive consumer attitude (Jahanshahi et al., 2011). For example, product quality has been empirically found to have a positive relationship with attitude (Eze & Lee, 2012). Similarly, an overwhelming majority of previous researchers conclude that price, which has been identified as a key functional value (Wang et al., 2013), is a significant contributor to consumer purchase attitudes (Aloysius, 2015). However, in certain cases where consumer involvement in the purchase process is low, price may not be a significant influencer of attitude (Kim & Park, 2013) but in the case of automobiles, that is unlikely. Finally, Wang et al. (2013) and Noor and Wen (2015) found that functional value is positively related to consumer attitude although in varying contexts.

Furthermore, Holbrook (2002) asserted that conditional value depended on the context in which the value judgment

occurred and existed only within a particular context (such as seasonal product, products meant for special occasions, emergency services etc.). Although studies have repeatedly found a direct positive relationship between conditional value and consumer choice decisions (Gugkang et al., 2014; Lin & Huang, 2012; Wang et al., 2013), only two studies have reported a significant direct relationship between conditional value and consumer attitude (Lee et al., 2015; Noor & Wen, 2016).

Furthermore, consumers engage in social behaviors regardless of the consumer's objective income or social class (Eastman et al., 1999). An indirect relationship between social value and purchase decisions has been demonstrated before in the context of luxury apparel brands in a developed market (Latter et al., 2010). Shukla (2012) asserted that most consumption related theories rely on a product's functional utility as a vital reason for consumers to evaluate and purchase a product and tend to ignore social, cultural and personality factors. Only a handful of studies have investigated the direct relationship between social value and consumer attitude (Noor & Wen, 2016; Gugkang et al., 2014). Only Noor and Wen (2016) has reported a positive link.

Consequent to the discussions above, the following hypotheses are drawn:

H₁: There is a positive relationship between functional value and consumer attitude towards automobile purchase

H₂: There is a positive relationship between conditional value and consumer attitude towards automobile purchase

H₃: There is a positive relationship between social value and consumer attitude towards automobile purchase

Figure 2 will elaborate the theoretical framework of this study. This current framework suggests that the more positive a consumer's held values the more favorable their attitude will be towards purchase of automobiles.

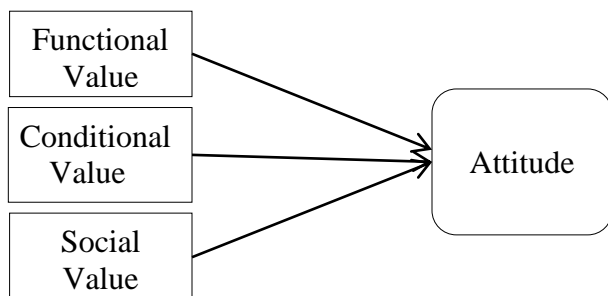


Figure 2: Conceptual Framework

METHODOLOGY

A quantitative approach was employed in this study. A survey using self-administered questionnaires as data collection instrument was used to collect primary data on consumption values and consumer attitude towards purchase of automobiles among automobile consumers in Islamabad, Pakistan. The choice of Islamabad is based on the qualifying criteria that it is the federal capital with diverse population

characteristics and good socio-economic situation of its residents compared to residents of other parts of country.

Question items used in this study were adapted from previous studies in order to ensure content validity. Five-point Likert scales were used. Four items to measure consumer attitude were adapted from Kim and Brandon (2010). Eight items to measure functional value were adapted from Williams and Soutar (2009). Four items to measure conditional value were adapted from Wen and Noor (2015), whereas twelve items to measure social value were adapted from Oliver and Lee (2010) and Noor and Wen (2016).

Data Collection

In this study, respondents visiting major automobile showrooms were selected using convenience sampling procedure. A sample size of 200 was used as recommended by Hair, Hult, Ringle, and Sarstedt (2014) for PLS-SEM analysis. Using online questionnaires to elicit responses is one of the most frequently used techniques in social science research today (Johnson & Wislar, 2012) as respondent queries can be addressed in a face to face setting.

DISCUSSIONS

Table 1 gives an overview of the demographic profile of study's respondents. Out of a total of 200 respondents, 122 (61 %) were males and 39 (39 %) were females. The highest number of respondents fell in the age bracket of 28 to 37 years old (27 %) and income bracket of Rs. 110,001 to Rs. 140,000.

Further data analysis was conducted using SmartPLS 3.0 (Ringle, Wende & Becker, 2015). Data analysis in structural equation modeling has two steps (Hair et al., 2014). In the first step, the measurement model is analyzed where validity and reliability of the study's items is ensured. In the second step, the structural model is analyzed wherein the hypothesized relationships are assessed and tested. The use of Partial least squares structural equation modelling (PLS-SEM) is justified for this study because it has flexible assumptions with regards to sample size and data normality. Additionally, since the conceptual framework of this study is predictive in nature as previous studies have by and large not addressed the proposed relationships of the study, the use of PLS-SEM approach is justified (Hair et al., 2014).

Measurement Model

In the measurement model, convergent and discriminant validity are assessed (Hair et al., 2014). Firstly, composite reliability is used to test construct reliability and average variance extracted (AVE) is used to test convergent validity of the constructs. According to Hair et al. (2014), composite reliability values should exceed 0.70 and AVE values should exceed 0.50. From Table 2 it is clear that composite reliability and AVE values are above the threshold values.

Table 2

Reliability and Convergent validity of Latent Constructs

Latent Constructs	Composite Reliability	Average Variance Extracted (AVE)	Inner VIF Values
Attitude	0.954	0.839	
Conditional Value	0.976	0.911	1.258
Functional Value	0.976	0.833	1.097
Social Value	0.967	0.786	1.159

Structural Model

After successfully validating the measurement model, the next step of the PLS-SEM approach is to assess the structural model. The foremost criterion for validating the structural model is to assess significance of path coefficients (Henseler, Ringle, & Sarstedt, 2015). In this study, significance of path coefficient is determined using the standard bootstrapping procedure with 200 cases and 5,000 bootstrapped sub-samples (Hair, 2016). Estimates for the structural model are detailed in Table 3 below:

Table 3

Path Coefficient and Hypothesis Testing

Hypothesis	Relationship	Path coefficient (Beta)	Standard Error (SE)	T Value	P Value
H1	Functional value -> Attitude	0.18	0.053	3.375	0.001
H2	Conditional Value -> Attitude	0.374	0.063	5.916	0.000
H3	Social value -> Attitude	0.245	0.056	4.343	0.000

CONCLUSIONS

Based on the study's conceptual framework three relationships were hypothesized. Overall findings supported all three hypotheses. From the results, it is clear that functional, social and conditional values play a crucial and direct role in formation of positive attitude towards automobiles among Pakistani respondents. This study is also among the first of its kind in the context of automobiles purchase in Pakistan where marketers of locally assembled automobiles have struggled with changing consumer preferences since the 2005 and 2011 deregulations regarding import of foreign manufactured automobiles. In addition, this study also addresses inconsistencies in previous research regarding the relationship between consumption values and consumer attitude.

The present study not only empirically tested the causal relationships between the exogenous and endogenous constructs of the study but also enhanced the scope of the TCV by testing consumption values against the cognitive construct, consumer attitude which the original theory lacked.

The findings of the study have several useful managerial for automobile sector managers with respect to improving their marketing plans for the future. The managers can make use of the research findings to develop and implement plans which could enhance consumers' attitude towards automobile purchase. For example, in terms of the functional attributes, if a car is affordable and is of high quality, with low maintenance cost and good safety features, it will create a better functional

value for consumers compared to that offered by imported vehicles, thus it would lead to favorable consumer attitude. Marketers can benefit from the knowledge about which functional value aspect is most preferred by potential consumers and can emphasize those aspects in their marketing and communication strategies. The findings of this study also show that government subsidy and manufacturers' promotions or discounts could create a positive attitude towards purchase among Pakistani auto consumers. In spite of the political risks involved, the government may consider relaxation of trade policy with India, which is a regional automobile manufacturing powerhouse with a better established automobile manufacturing sector. Auto assemblers would be able to save on transport costs if industrial equipment is imported from neighboring country as opposed to imports from Japan, South Korea and other countries.

To summarize, building on the TCV, this study identifies the most relevant consumption values, particularly with respect to automobiles and proposes to examine their relationship to consumer attitude, thereby enhancing the conceptual limits of the TCV. The study also conducts empirical testing of the conceptual framework and yields valuable insights into consumers' consumption values for researchers in the field of consumer behavior and industry practitioners alike.

LIMITATIONS AND RECOMMENDATIONS

Although the findings of this study may be useful to both academicians and practitioners, however, certain limitations of the study should not be ignored. Firstly, this study did not address the impact of additional consumption value dimensions, like emotional value and epistemic value due to the peculiar contextual background, i.e., in the absence of a truly local automobile brand, Pakistani consumers are expected not to have emotional attachment with locally assembled automobiles. Also, epistemic value was not addressed as part of this study since auto consumers in Pakistan have a limited choice in selection of locally assembled auto brand and models; therefore, they are well familiar with the handful of options available, thereby diminishing the role of epistemic value towards favorable attitude. Never the less, these and other consumption value dimensions may be added to the conceptual model in the future. Furthermore the studies employed convenience sampling which makes the findings non-generalizable and the scope of study is limited to automobile consumers in only one major city of Pakistan. Although Islamabad as the federal capital is well representative of the various ethnic and cultural groups in Pakistan, the study's focus on a relatively homogenous sample may lead to bias findings. Future studies should widen the scope and identify other possible consumption value drivers of consumer attitude.

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