An exploratory study on the relationships between customer satisfaction, perceived values and customer repurchase behavior

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Abstract

This research aims to explore salient mediators and moderators of the relationship between customer satisfaction and repurchase behavior. The research conducts exploratory research by observation and face-to-face interview in the context of fashion luxury brands in Thailand. Data collection pursues an in-depth interview with 15 luxury fashion brand users who are in the age range of 25-55 years old and in the working group. Research population is set as 6 age groups: 25-30, 31-35, 36-40, 41-45, 46-50 and 51-55. The sampling method is a systematic approach to choose the sample of luxury fashion brand users by a random process with every 2 prospectuses showing up at the sampling location, coffee shop. Research findings show evidence of the mediating effect of customer perceived values to enhance the explanation of the customer satisfaction-repurchase behavior relationship. Also found other variables, including brand trust, communication channel preference, customer loyalty, and switching barriers. For future research, the moderators are found from this research; academics are required to conduct empirical tests for emerged mediating variables and hypothesis tests of the moderating roles of variety-seeking behavior and characteristics of the customer in the traditional model are necessary.

Keywords: customer satisfaction; customer repurchase; perceived value; customer loyalty; multichannel communication
Introduction

Generally, making profit is one of the most important objectives for business. Therefore, businesses have to find strategies to make more profits (Ercis et al., 2012; Basaran & Aksoy, 2017). One of the strategies is increasing customers’ repurchase rate. Repurchase is based on the concept that keeping existing customers is cheaper than finding new ones (Mittal & Kamakura, 2001; Mandan, Hossein & Furuazandeh, 2013; Basaran & Aksoy, 2017). That is, when customers return to purchase the products or services, businesses will have lower cost because of the decrease in marketing cost and the higher sales volume of increasing purchases.

Previous research generally examines the determinant factors of repurchase behavior and finds the major roles of customer satisfaction and perceived shopping values. In particular, prior studies indicate the impact of satisfaction and perceived shopping values on increasing repurchase rate. However, academics and practitioners have found diverse results in terms of the explanation and prediction power of satisfactions and perceived values on repurchase response (Olsen, 2007; Mittal & Kamakura, 2001). Specifically, the current research has exhaustively reviewed and found various degree of the association between customer satisfactions and repurchase from strong to zero effects (Mittal & Kamakura, 2001. For example, Reichheld (1990) postulates that from 85-90% of satisfied customers with the selected brand in automobile market, only 40% purchase the same brand again. That is, it can be inferred that when customer is satisfied with the product, he/she will come back to buy the same product again. However, some cases show that the satisfied customer does not buy the product with respect to his/her previous purchasing and satisfying experiences. In other words, a high satisfaction of customer does not automatically guarantee a customer response (Mittal & Kamakura, 2001; Seiders et al., 2005; Tuu & Olsen, 2010; Voss, Godfrey & Seiders, 2010).
Moreover, Shoosanuk et al. (2018) confirm the hypothesis of the mediating roles for customer perceived value in the relationship between customer satisfaction and customer repurchase. Yet, Benjawan (2013) argue and prove that perceived values cannot completely predict the customer response, especially for the condition of satisfied customer’s loyalty to multiple brands. Furthermore, Olsen (2007) indicates that these relationships vary by industries, and various factors. That is, the traditional association of customer satisfaction, perceived shopping values, and repurchases still needs concentrated and specific examination for obtaining a high explaining and predicting power models (Benjawan, 2013).

This research, therefore, aims to explores salient mediators and moderators of the customer satisfaction and repurchase behavior relationship by conducting exploratory research. In particular, with respect to the preliminary review of literature, the current study finds three relevant constructs; brand trust, communication channel preference, and variety seeking that may affect the relationships of satisfaction, perceived values and repurchase. Thus, these constructs are investigated in details for the context of luxury fashion brand product in Thailand. Specifically, the research question of this study is what factor (s) enhances the efficacy of customer satisfaction and perceived values on repurchase behavior.

In order to study the customer satisfaction-repurchase behavior relationship, this research focuses on shoppers of luxury fashion brand in Thailand. Luxury fashion brand product is considered as high-involvement products (Vigneron & Johnson, 2004; Li, Li & Kambele, 2012). Therefore, buying patterns and reasons to repurchase luxury fashion brand product can be observed and investigated from shoppers when compared to low involvement products such as toothpaste or soap.

The benefits of this study that there is a development of the traditional model. According to this advanced model, the current research expects to have higher power of explanation and prediction model. Furthermore, practitioners in luxury fashion brand business particularly in Thailand may use the information from this research preliminarily to make decision what should do to improve the customer satisfaction, perceived values and result in high repurchase.

Literature Review

Customer Repurchase

Customer retention behavior, especially for repurchase, boosts a firm’s profitability and long-term performance (Shoosanuk et al., 2018). Practically, for example, Reichheld and Sasser (1990) find banks which can reduce defections just 5% can generate 85% higher profits.
Previous research defines the repurchase’s definition as a behavior of customer in buying the same product or service at least one more time (Voss et al., 2010). Similarly, Cronin, Brandy and Hult (2000) indicate that repurchase is the likelihood of using a service provider again in the future. With respect to the above definitions, this research accounts the customer repurchase as the buying one more time in the future for both product or service and retailer.

**Customer Satisfaction**

Satisfaction is defined as an overall post-purchase consumption evaluation resulted from a comparison between prior expectations and actual product and service performance in terms of cognitive and affective product/service components (Oliver, 1997). The traditional conceptual framework indicates that customer satisfaction can positively increase firm’s customer loyalty, business reputation, customer repurchase, and marketing cost reduction (Kemapanmananas et al., 2016; Somboon, 2017; & Shoosanuk et al., 2018).

Satisfaction can be both a transaction-specific and cumulative types (Lam et al., 2004). The former is concerned the customer response to the most recent transactional experienced with an organization. The latter is satisfaction with multiple components such as product, quality, price, brand name, salesperson trustworthiness, knowledge, after sales service (Mittal & Kamakura, 2001). This current research scopes the satisfaction components as the two aforementioned aspects.

**Customer Perceived Values**

Perceived values was also proposed as a mediator of customer satisfaction repurchase behavior relationship after this research found a positive relationship between them. This research, perceived value was defined as perceived values from shopping. Perceived shopping value means customer’s overall assessment of the utility of a product based on perceptions of what was received and what was given (Zeithamal, 1988). In addition, Woodruff (1997) described that the perceptions of value typically involved a trade-off between what the customer received (e.g. quality, benefits, and utility) and what he or she gave up to acquire and use a product (e.g. price, sacrifices). Following Zeithaml (1988) this study defined customer’s perceived value as the overall assessment trade-off of the salient sacrifice/give and benefits/get components.

In regard to the mediating effect of perceived shopping value, this research proposes this construct to be a mediator because of two major reasons. First, this research found that customer satisfaction and customer’s perceived shopping values were correlated. Previous research reveal that perceived values are positively influenced by customer satisfaction (Shoosanuk et al., 2018; Cronin, Brady & Hult, 2000; Sweeney, Soutar, & Johnson, 1999). Cronin, Brady & Hult (2000) indicate that customers who have high satisfaction from a retailer are more likely to perceive quality and service values than those who have low satisfaction.
For instance, when customers are highly satisfied with shopping product(s) from a particular shop, the customers then highly perceive that value of this facility’s services to them is high.

Second, the positive relationship between customer’s perceived shopping value and repurchase behavior was found (Basaran & Aksoy, 2017; Shoosanuk et al., 2018; Sweeney & Soutar, 2001). The researchers indicated that the more customers perceived values from shopping at a shop, the more he or she would come back to buy products and service at the shop again. From these reasons, it could be concluded that perceived shopping values are the consequence of customer satisfaction, which in all lead to higher repurchase rates. This research expects that the relationship between customer satisfaction and repurchase behavior could be better explained by customer’s perceived shopping values.

Customer Loyalty

Previous studies indicate that loyal customers are willing to 1) purchase more frequently 2) spend money on trying new products or services 3) recommend products and services to others (Kuenzel & Halliday, 2008); and 4) give companies sincere suggestions (Mittal & Kamakura, 2001). Thus, customer loyalty enhances the firm’s success and profitability, and repurchases.

Brand Trust

Brand trust is referred to the customer’s want will promisingly be served by that Brand. Specifically, this study defines Brand trust as “a feeling of security held by the consumer in his/her interaction with the Brand, based on the perceptions of the Brand’s reliability, and responsibility for the interests and welfare of the consumer (Delgado-Ballester & Munuera-Alemán, 2001).

Many researcher indicate that Brand trust is superior to customer’s satisfaction through the functional performance of the product and its attributes (Shoosanuk et al., 2018). Moreover, Brand trust is recognized as a positive antecedent of repurchase behavior (Zboja & Voorhees, 2006; Shoosanuk et al., 2018). Therefore, the relationship between customer satisfaction and repurchase in this research can be explained through Brand trust working as a mediating variable in the conventional model.

Communication Channel Preference

People prefer receiving messages in different ways (Godfrey, Seiders, & Voss, 2011). A question happened is that “Which is the best communication channel for inducing customers to purchase and repurchase?” Moreover, previous studies find the effect of communication channel preferences on purchase decision process, and result in an increasing repurchase (Godfrey, Seiders, & Voss, 2011). That is, this research proposes that
communication channel preference is a mediating factor of the association between customer satisfactions and repurchase.

**Variety-Seeking Behavior**

Variety-seeking behavior is defined as one switching from previous choice to new ones (Benne, Mugica & Yague, 2001). Specifically, variety-seeking tendency is the propensity of individuals to seek diversity in their choices of goods or services over time by which customers’ repurchase behavior can be affected (Kwon, Kyoung-Naa & Jain, 2009). However, the motivation theory convinces that variety-seeking behavior is a condition of customer profile. Thus, this behavioral construct can be moderating variable in the relationships between satisfactions and repurchase and also between loyalty and repurchase.

In summary, this current research proposes to modify the traditional associations of customer satisfaction, loyalty, and repurchase by adding the mediating variables; Brand trust and communication channel preference and the moderating variable; variety-seeking behavior.

**Luxury Fashion Brands**

The concept of “Luxury Fashion Brand” in this research comes from Jackson (2004) defines the luxury fashion Brand as “characterized by exclusivity, premium prices, image and status, which combine to make them desirable for reasons other than function.” People distinguish luxury fashion Brands as brands with the following characteristics: global recognition, core competence, high quality and innovation, powerful advertising, immaculate in-store presentation, and superb customer service. Fashion may function as a mechanism that periodically and speculatively transforms some elements of a consumer’s lifestyle (Potts, 2007). Luxury fashion Brands are publicly consumed luxury products that consumers can easily employ to signal wealth (Vigneron & Johnson, 2004; Li, Li, & Kambele, 2012).

**Research Methodology**

This research conducts an exploratory research in February, 2018 by pursuing in-depth interview with 15 luxury fashion Brand users who are in the age range of 25-55 years old and in the working group. These 15 samples are enough for the exploratory study in terms of providing a preliminary insight about the research issues and relevant consumer behaviors (Creswell, 2007). Research population is set as 6 age groups: 25-30, 31-35, 36-40, 41-45, 46-50 and 51-55. The sampling method is a systematic approach to choose the sample of luxury fashion Brand users by random process (Zikmund et al., 2012) with every 2 prospectus showing up at the sampling location, coffee shop. The sampling data compose of 7 males and 8 females of luxury fashion Brand users. The male group is distributed in the ages of 26,
28, 33, 36, 37, 53 and 55 years old. Meanwhile, the female group is in the ages of 31, 33, 37, 40, 43, 45, 49 and 50 years old.

The researchers occupy scanning questions 1) For the past 12 months, have you bought luxury fashion Brand by yourself? and 2) Have you ever bought luxury fashion Brand from the same shop? If the interviewee’s backgrounds are consistent with the scanning profiles, the researchers will conduct the specific in-depth interview with respect to the research question. Each informant is interviewed with the semi-structured questions in open-ended format on average of 25 minutes.

The semi-structured interviews protocol consists of two main parts. The first part relates to luxury fashion Brand shops and customer’s purchase reasons from the shops. For example, “What are the main reasons that you continue shopping at the same shop?” and “What is the outstanding aspect of this shop?”

The second part contains questions relating to luxury fashion Brand shopping habits such as “How much do you spend time and money on luxury fashion Brand at this same shop?”, “Do you pay a lot of attention in selecting the luxury fashion Brand that you would like to buy? How? Please explain,” and “Normally, do you search for information about luxury fashion Brand? How? Please explain.”

Then, content analysis, and preliminary validity and reliability of quality approach are applied for this survey (Creswell, 2007). The five steps of analysis are:

1. This research transcribed the in-depth interview records and made brief notes of interesting or relevant wordings.
2. This research examined the notes and listed the wordings related to research variables from the interview records.
3. This research interpreted the wordings from the interviews and categorized them into sub-themes.
4. This research reexamined all sub-themes in details and then categorized them under different research variables based on the literature review.
5. This research reviewed all of the wordings by returning to the original interview records in order to ensure that all wordings were listed under relevant research constructs.

Results

In-depth Interview Results

According to in-depth interview, the sub-themes and interview responses regarding reasons to repurchase that reflect research variable are presented in Table 1.
Table 1 Interpretation toward research variables

<table>
<thead>
<tr>
<th>Research variable</th>
<th>Sub-themes</th>
<th>Quotation of interviewees’ interviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer satisfaction</td>
<td>happy, satisfied, enjoy</td>
<td>Interviewee I: “I’m happy with bag, clothes and other things from this shop like made to order, fitting rooms and service mind.”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Interviewee H: “I feel satisfied with the clothes and service here. That’s the reason why I drop by this shop more often than others.”</td>
</tr>
<tr>
<td>Customer perceived values</td>
<td>high quality, reasonable price,</td>
<td>Interviewees F, I: “You know fashion clothing of this shop has like good quality fabric and high quality.”</td>
</tr>
<tr>
<td></td>
<td>value of money</td>
<td>Interviewees B, D: “I feel like it’s worth my money.”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Interviewee E: “The price of fashion clothing here is very reasonable.”</td>
</tr>
<tr>
<td>Customer loyalty</td>
<td>keep buying, speak positively,</td>
<td>Interviewees A:B: “If I need to buy new clothes, this shop would be my preferred choice.”</td>
</tr>
<tr>
<td></td>
<td>loyal patron</td>
<td>Interviewee F, E: “I intend to keep buying bag at this brand.”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Interviewee H: “I will speak positively about this luxury brand.”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Interviewee I: “I consider myself to be a loyal patron of this shop.”</td>
</tr>
<tr>
<td>Brand trust</td>
<td>confident, sincere, never lets me</td>
<td>Interviewee A: “I trust this shop because its design is excellent and best suits me.”</td>
</tr>
<tr>
<td></td>
<td>down</td>
<td>Interviewee F: “I feel confident in the shop because the products fit me real nice.”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Interviewee H: “The salespeople are sincere and never let me down. That’s why I continue to buy clothes from this shop.”</td>
</tr>
<tr>
<td>Communication channel</td>
<td>contact, sharing, telling the</td>
<td>Interviewee A: “The shop always contacts me by sharing photos by line or uploading on Facebook. So, I can get any update and new promotion .”</td>
</tr>
<tr>
<td>preference</td>
<td>values, sending coupon</td>
<td>Interviewee E: “The shop often gives out coupons or sends SMS to tell me the benefits for customers.”</td>
</tr>
<tr>
<td>Variety-seeking behavior</td>
<td>seek information, seek new ideas</td>
<td>Interviewee D, E: “Before I go shopping, I like to seek information about new fashion style so that I am in trend all the time.”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Interviewee J: “Continually seeking new ideas to mix and match my look.”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Others: “I am not very keen on fashion. When I need to buy clothes, I will go straight to the shop.”</td>
</tr>
</tbody>
</table>
The result of this research supports previous research, which indicates statistically positive and significant relationships between customer satisfaction-customer perceived values (Shoosanuk et al., 2018; Cronin, Brady & Hult, 2000) and customer perceived values-repurchase behavior (Basaran & Aksoy, 2017; Shoosanuk et al., 2018; Sweeney and Soutar, 2001). The research contributes to the existing literature by providing supporting evidence of mediating effect of customer perceived values to enhance the explanation of the customer satisfaction-repurchase behavior relationship. When customers are satisfied with their shopping experiences at a particular shop, they tend to have higher perceived shopping value in the shop. As a result, the customers are likely to repurchase at the same shop.

In response to the research questions, this research finds various emerging variables on the relationship between customer satisfaction and customer repurchase. For the mediating variables, the two constructs proposed by the researchers from previous research; Brand trust (Ercis et al., 2012; & Shoosanuk et al., 2018) and communication channel preference (Godfrey, Seiders, & Voss, 2011), are supported by the in-depth interviews. In addition, there are two more emerged mediating variables from the in-depth interview composing of worthiness and switching barriers. Moreover, for the relationship between perceived value and repurchase, the customer loyalty comes to play as mediating variable. Regarding moderating variables consist of customer characteristics, and variety seeking behavior.

Recommendations

Academic Recommendations

Future research could conduct empirical tests for the two more emerged mediating variables, worthiness and switching barriers. Moreover, hypothesis tests of the moderating roles of variety-seeking behavior, product involvement, and characteristics of customer in the traditional model are necessary. Also, customer loyalty mediating between perceived value and repurchase should be focused for the empirical survey.

Practical Recommendations

Practitioners can use these exploratory findings as the concerns of marketing strategy development for increasing repurchase rate. When customers are satisfied with their shopping experiences in the shop, it is possible that customers would return to buy again. However, the possibility of customer repurchase will be higher when satisfied customers perceived shopping values to the shop. Practitioners therefore need to take product and in-store service
value into consideration in developing marketing strategy that would help increase repurchase rate.

References


