Perceived Quality and Emotional Value among Iranian Consumers' Strategies

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Abstract

The purpose of this paper is to examine the direct and indirect effects of product-oriented variables (i.e. customer's need for uniqueness (NFU), and attitudes toward Korean products), and brand-specific variables (i.e. perceived quality and emotional value) on purchase intention toward a US brand versus a local brand that are available in the Iran market. Data obtained from 142 consumers in Iran were analyzed using Structural Equation Modeling (SEM). This study finds that Iranian consumers' need for uniqueness positively influences attitudes toward Korean products. Attitudes toward Korean products positively affect perceived quality and emotional value for a foreign brand in a better way. Also By increasing acceptance of perceived quality and emotional value of foreign brands consumers are more motivated to buy foreign brands. As Iran is witnessing multitude of US retailers in its market, this paper aids in the better understanding of the Iranian consumers and their perceptions toward US and local home appliances brands.

Keywords: Brand awareness, Country of origin, Home appliances, costumer behavior, purchase process.

Introduction

Nowadays, customer's ability to select local and foreign brands has been increased in developing countries. In competitive environment sellers of both local and foreign brands gain profit through exploring the reason of customers' behavior in selecting the products they intend to buy. In Iran different levels of income have caused emerging a board range of local and foreign products to sell. Despite the fact that there are noticeable people who are living in low quality of life and their income is below the minimum amount of a normal life, most of them are interested to buy foreign brands so as to gain high levels of personality and to differentiate their style of life. Maybe that occurs due to their tendency to live in style of modern countries like US. This kind of behavior is more usual within young and teenager people (Kumar and Kim, 2008). Consumers choose products and brands to receive emotional benefits (e.g., display of status, wealth, and prestige) as well as utilitarian benefits (e.g., quality and low price) (Batra et al., 2000). Using foreign brands to exhibit one's social standing is more prominent in developing countries where higher income disparities and status mobility exist (Kottak, 1990). In Iran, has been increased the import foreign goods from western countries (e.g. Korea, China, Japan). As a result, western products and brands are becoming increasingly popular in Iran, creating intense competitions between local products and foreign products (Field, 2005). In spite of the popularity of foreign home appliances among Iranians, there is no empirical research on understanding consumer perceptions toward foreign home appliances brands and more specifically Korean home appliances brands. Many Korean retail companies and brands are expanding their businesses into Iran, making their products and brands easily available to the typical Iranian consumer. Some of the Korean home appliances brands available in Iran are LG, Samsung and Daewoo. Iranian consumers are purchasing these brands in modern shopping formats such as malls and department stores.

In this vein the main question is why people choose local or foreign brands. In this paper we aim to survey the reasons of preferring one brand versus another one. In face we explore consumer's

behavior and effects of personal characteristics (tendency to differentiation and buying foreign brands) and the characteristics of brands (perceived quality and emotional value) in buying foreign brand in comparison with local brands.

Conceptual background: the cognitive-affective model of buying intentions

Several researchers recognize that cognitive and affective states influence purchase behavior (Li et al., 1994). This recognition relates to the basic understanding that consumers are rational and emotional as well (Hirschman, 1984). This understanding extends to the cognitive affective model of buying intentions, in which both cognitive response (perceived quality) and affective response (liking) influence willingness to buy (Li et al., 1994). Li et al.'s (1994) model utilizes price, brand, and country-of-origin as influential factors of cognitive and affective responses. Verlegh and Steenkamp (1999) also argue that consumers not only perceive cognitive cues but also perceive emotional meanings from products originating from another country. This study investigates the direct influences of both perceived quality (cognitive component) and emotional value (affective component) on Iranian consumers' purchase intention (buying intention) toward a U.S. brand and a local brand. Holbrook and Hirschman (1982) suggest that individual differences have an effect on cognitive and affective factors, which in turn affect behavior. This study uses the need for uniqueness and attitudes toward Korean products as individual differences that relate to the cognitive affective model. Need for uniqueness is a trait or personality characteristic that is inherent in a person (Tian et al., 2001), while consumers learn attitudes over time (Wells and Prensky, 1996) and become more susceptible to marketing efforts (Roper, 1966). Existing attitudes toward a country might affect how consumers evaluate a particular product category from that country and a particular brand from that country (Häubl, 1996). This study proposes that need for uniqueness (inherent characteristic) influences attitudes toward Korean products, which in turn influence the cognitive and affective responses toward a U.S. versus an Iranian local brand.

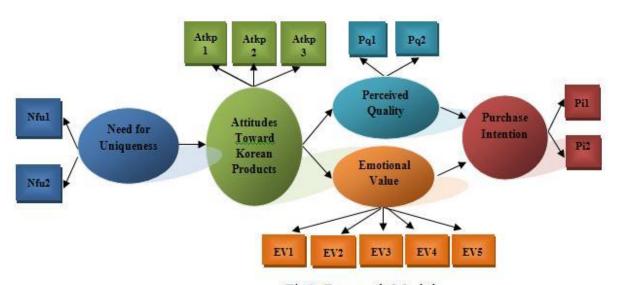


Fig1: Research Model

Theoretical Framework

This paper explores the factors influencing on the selection process of foreign brands versus local brands. Some people tend to see themselves as different from others (From kin, 1970, p521). Certain individuals have a need for separate identity or a need for uniqueness (NFU). Workman and

Kidd (2000) discuss that when individuals feel too similar to others, they will take actions to regain their individuality and uniqueness. Some people need to have separated identity and uniqueness. This kind of consumers express NFU by possessing and displaying original, novel, and unique consumer products for the purpose of developing and enhancing their self-image and social image(Tain et al ,2001). Individuals who have a strong desire to be unique often express their individuality through personalized products such as clothing and accessories (Solomon, 2003). Tepper observed that individuals with stronger needs for uniqueness are more likely to desire consumer choices which may be viewed as "nontraditional" (Burns and Warren,1995). Therefore Iranian people (and also developing and undeveloped countries) have noticeable orientations to foreign brands, because they recognize using foreign brands in higher levels of life and look at them as a symbol of modern life. This fact is severely accepted by people who have more tendencies to be unique compared to other people. These facts are forming the first hypothesis:

 H_1 . As the need for uniqueness increases, Iranian consumers have increasingly positive attitudes toward Korean products.

One of the ways consumers form perceptions about a brand is based upon quality (Doyle, 2001). Individuals interested in foreign brands tend to pay more attention to physical properties and features that are in higher levels of quality (Kaiser, 1998).

In the cognitive–affective model, researchers recognize perceived quality as a cognitive response to a product, which influences product purchase. Some authors associate perceived quality with a brand's country of origin. Cordell (1992) finds that U.S. consumers perceive products originated from industrialized countries such as England and Canada as higher quality than those from less developed countries such as Indonesia and Bolivia. Consumers in several Eastern European countries perceive Western products to be superior in quality than their domestic products (Good and Huddleston, 1995). The quality of products which are not famous brands have had many changes in Iran. This leads Iranian consumers to perceive branded goods to be superior quality, especially if Iranian consumers perceive the country of origin of the product to be the west. Therefore, it can be posited that Iranian consumers with attitudes toward Korean products will have a positive perception of the quality of branded goods, whether it is a US brand or a local brand. This fact forms the second hypothesis:

 H_2 . As attitudes toward Korean products increase, Iranian consumers perceive a U.S. brand to have high quality.

Consumer perception toward a foreign brand versus a local brand not only builds on cognitive components but also on affective components. Affective components include the emotional value that consumers obtain from fun and enjoyable experiences (Holbrook, 1986). Emotional value is defined as the benefit derived from the feeling or affective states (i.e. enjoyment or pleasure) that a product generates (Sweeney and Soutar, 2001). Emotional value toward a brand is associated with positive feelings (e.g. a sense of happiness and pleasure) from using the brand, which increases consumer intention to repurchase the brand(Kumar and Kim,2008). Furthermore, consumers in developing countries see the country-of-origin as a cue to determine a brand's desirability for symbolic, status-enhancing reasons (Batra et al., 2000). Kinra's (2006) study finds that most Indian consumers prefer to purchase foreign brands over local brands because of their status. It is anticipated that Iranian consumers who have greater interest in foreign brand will perceive greater emotional value toward the foreign brand they purchase. According to what mentioned, the third hypothesis could be formed:

 H_3 . As attitudes toward Korean products increase, Iranian consumers will perceive a U.S. brand to have high emotional value.

Previous studies found that consumers respond to brands during the decision making process in two ways – cognitive and affective (Morris et al., 2002) that have been referred to as the "thinking and feeling" aspects (Sweeney and Soutar, 2001). Purchase intention refers to a consumer tendency to purchase the brand routinely in the future and resist switching to other brands. Consumers may intend to purchase a particular brand because they perceive the brand offers the right features, quality, or emotional benefits. The perception of high quality may lead consumers to recognize the differentiation and superiority of a particular brand and thus encourages them to choose that brand over competing brands (Yoo et al., 2000). In fact, positive relationship between quality and tendency to buy is applicable for Iranian consumers for recognizing if they buy a local or foreign brand. This fact is forming the fourth hypothesis:

 H_4 . As the perception of a U.S. brand's quality increases, Iranian consumers increase their intention to purchase the U.S. brand.

Emotional value toward a brand is associated with positive feelings (e.g. a sense of happiness and pleasure) from using the brand, which increases consumer intention to repurchase the brand (Stauss and Neuhaus, 1997). A consumer may not only consider the quality aspects of a particular brand, but he/she may also purchase a brand if it satisfies his/her emotional needs as well (Kumar and Kim , 2008). In other words, consumers who feel good and are pleased with the purchase of a brand may re-purchase the brand even when provided with other options (Gobe, 2001). Therefore when emotional value of Iranian consumers toward a brand increases, intention of them to buy a special brand increases accordingly. This fact is forming the fifth hypothesis:

 H_5 . As the perception of a U.S. brand's emotional value increases, Iranian consumers increase their intention to purchase the U.S. brand.

Methodology

Instruments

The instruments include items for individual characteristics (i.e., need for uniqueness and attitudes toward Korean products) and brand - specific variables (i.e., perceived quality, emotional value, and purchase intention). Each item was rated on a 5-point Likert scale ranging from "completely disagree" and "completely agree" for each of 14 questions. Chronbach's Alpha was conducted to test the reliability of gathered data with the questionnaire. The results illustrated that the Alpha coefficient equals 0.917 that is considered acceptable as an indication of good reliability for this research.

The scale items for NFU were adapted from Tian et al (2001). The scale items for attitudes toward Korean products were developed by the researcher, perceived quality, from Deek and Kim(2007); emotional value from Sweeney and Soutar (2001); and purchase intention from Kumar et al (2008). Table 1 illustrates the scale items and the corresponding reliabilities.

Sample

Customers of the most popular shopping centers in one citie of Iran (Kashan) are surveyed. As collected data demonstrated all of consumer surveyed, used both local and foreign brands. In this research brands of refrigerator are selected for surveying. For local brands of refrigerator, "Emersan" and "Golsan" and also for foreign brand "Samsung" is selected. Since it's not possible to ask all members of Statistical Society to fill the questionnaire, Simple random sampling is used. The reason behind using this method is that we assumed that there is no difference between customers of any shops in citie of Kashan. What is more, customers usually ask many shops and gathering sufficient information before buying anything. As a result, Statistical Society is assumed harmonized and Homogeneous using Kokran formula (for unlimited societies) so as to estimate the Volume of sample. Considering value α =0.05 and d=0.082 ,Volume of sample is 142.

Results

The proposed model consisted of one exogenous variable (NFU) and four endogenous variables (attitudes toward Korean products, perceived quality, emotional value, and purchase intention). Structural equation modeling with LISREL 8.5 was used to analyze the data and parameters were estimated using the maximum likelihood method. The structural models were tested for home appliances brands.

Measurement model

The research model consisted of five latent variables with 14 observed variable which is shown in Table 1. The measurement models showed acceptable model-data fit: χ^2 422.8, (df = 67, p<0.001), χ^2 /df ratio = 6.3, comparative fit index (CFI) = .93, and root mean square errors of approximation (RMSEA) = .045. The construct validities of the latent constructs were evaluated by both convergent and discriminated validity. For home appliances brands, all path weights were significant (p<0.001). Considering the significance of 0.05, the research model is accepted. The composite reliabilities of all constructs were greater than the minimum criteria of 0.70 (Nunnally and Bernstein, 1994), indicating adequate convergent validity (Table 1).

Table 1: measurement item and reliabilities for brand

Latent Variables	Item (measurement Variables)	Parameter	λ	T	Cronbach α
Need for uniqueness(NFU)	nfu1	λ_{11}	1.004	17.62	.84
	nfu2	λ_{21}	.996	17.49	
Attitudes Toward Korean products(ATKP)	ptkp1	λ_{12}	1.11	23.63	.80
	ptkp2	λ_{22}	.970	20.75	
	ptkp3	λ_{32}	.920	21.24	
Perceived Quality(PQ)	pq1	λ_{13}	.993	29.29	.75
	pq2	λ_{23}	1.007	29.67	
Emotional Value(EV)	ev1	λ_{14}	1.009	23.01	.86
	ev2	λ_{24}	1.002	20.98	
	ev3	λ_{34}	1.019	23.31	
	ev4	λ_{44}	.926	15.98	
	ev5	λ_{54}	1.044	16.13	
Purchase Intention(PI)	pi1	λ_{15}	.916	24.05	.89
	pi2	λ_{25}	1.084	28.46	

Data analysis

Research model derived through hypothesis, is analyzed based on structural equation. Since factors employed in the model are independent in an equation, they are dependent to each other in other equations. This fact causes all equations to be interdependent and all of them should be considered simultaneously.

According to the first hypothesis, Iranian consumers' NFU increases, their attitudes toward Korean products will increase. As it is mentioned in table 2 and figure 2, the value of influence of (NFU) over (ATKP) equals to 0.133 and according to T value (1.99) the first hypothesis is supported.

Based on second hypothesis, Iranian consumers who have a higher level of attitudes toward Korean products will perceive a US home appliances brand to have higher quality than those who have a lower level of attitudes toward Korean products. As it is mentioned in table2 and figure 2, the value of influence of (ATKP) over (PQ) equals to 0.793 and according to T value (15.05) the second hypothesis is supported.

Table 2: Relationship of factors on each other

Relationship	Parameter	Structural	T	Comparison to	Significance
		Value		Critical Value	Value
NFU → ATKP	$_{12}\lambda$	**.133	1.987	1.99>1.96	Acceptable
ATKP →PQ	23β	**.793	15.056	15.05>1.96	Acceptable
ATKP→EV	24β	**.695	9.879	9.87>1.96	Acceptable
PQ → PI	35β	**.623	7.845	7.84>1.96	Acceptable
EV→PI	45β	**.233	3.019	3.01>1.96	Acceptable

Notes: **P<0.001

Considering the third hypothesis, Iranian consumers who have a higher level of attitudes toward Korean products will perceive a US home appliances brand to have higher emotional value than those who have a lower level of attitudes toward Korean products." As it is mentioned in table 2 and figure 2, the value of influence of (ATKP) over (EV) equals to 0.695 and according to T value (9.87) the third hypothesis is supported.

According to the fourth hypothesis, Iranian consumers who perceive a US home appliances brand to have higher quality will have a higher purchase intention toward the US home appliances brand than those who perceive a US home appliances brand to have lower quality. As it is mentioned in table 2 and figure 2, the value of influence of (PQ) over (PI) equals to 0.623 and according to T value (7.84) the forth hypothesis is supported.

Considering the fifth hypothesis, Iranian consumers who perceive a US home appliances brand to have higher emotional value will have a higher purchase intention toward the US home appliances brand than those who perceive a US home appliances brand to have lower emotional value. As it is mentioned in table 2 and figure 2, the value of influence of (EV) over (PI) equals to 0.233 and according to T value (3.01) the fifth hypothesis is supported.

Prioritizing factors in consumer's point of view

As shown in Table 3, factor (ATKP) affects factor (PQ) more than other factors due to attraction of foreign brands that causes customer recognize them of higher quality and buy them.

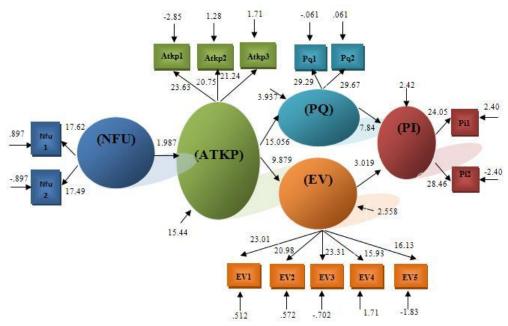


fig 2: T value for each of factor

Table 3: Important factors in consumer' point of view

Relationship	Parameter	Structural	T	Comparison to	Significance
		Value		Critical Value	Value
ATKP →PQ	23β	**.793	15.056	15.05>1.96	Acceptable
PQ→ PI	35β	**.623	7.845	7.84>1.96	Acceptable
ATKP→EV	24β	**.695	9.879	9.87>1.96	Acceptable
EV→PI	$_{45}\beta$	**.233	3.019	3.01>1.96	Acceptable
NFU →ATKP	12λ	**.133	1.987	1.99<1.96	Acceptable

Discussion

This study demonstrates that Iranian consumers' NFU, attitudes toward Korean products, emotional value and perceived quality are direct and indirect antecedents of purchase intention.

The positive relationships that attitudes toward Korean products have with perceived quality and emotional value for "Samsung" brand support the previous findings that consumers evaluate products from developed countries positively in terms of product quality (e.g., Jaffe and Martinez, 1995) and emotional benefits (e.g., Kinra, 2006). On the other hand, Iranian consumers with more positive attitudes toward Korean products the local brand to have low quality and emotional value. Emotional value, drives Iranian consumers' purchase intention. Iranian consumers may suspect quality assurance of local home appliances brands when variations in quality occur. However, other aspects such as aesthetics or fashion trends could take precedence over quality in forming Iranian consumers' purchase intention toward a specific local home appliances brand. Emotional value is a

significant predictor of Iranian consumers' purchase intention for foreign brand. This finding supports Chaudhuri and Holbrook's (2001) finding that brand affect (emotional response) directly influences the willingness to repurchase the brand. It also supports previous finding that Indian consumers are more oriented toward emotional value than functional value for shopping (Sinha's, 2003). This study clearly demonstrates that emotional value and perceived quality plays a critical role in forming Iranian consumers' purchase intention toward an home appliances brand, whether it is a U.S. brand or a local brand.

Conclusion and implications

Using the cognitive-affective model as the framework, this study demonstrates an impact of affective component (emotional value) on purchase intention for two brands. This study also responds to the existing call for more studies on need for uniqueness (Workman and Kidd, 2000). Research on need for uniqueness appears primarily in fashion consumer behavior studies (e.g., fashion opinion leadership), with samples from U.S. consumers (e.g., Clark and Goldsmith, 2005). This study finds that need for uniqueness informs attitudes toward Korean products among Iranian consumers. This study also provides valuable strategic implications for both existing Iranian home appliances retailers or manufacturers and US home appliances retailers or manufacturers who plan to enter the Iranian market. The results suggest that consumers' NFU has a positive influence on purchase intention for "Samsung" brand through attitudes toward Korean products, perceived quality and emotional value. Thus, U.S. retailers could focus on the unique and perceived quality and emotional aspects of U.S. home appliances brands in order to appeal to Iranian consumers, especially the younger generation. In a retail setting, stores can convey the feelings of enjoyment and pleasure and deliver the experience of fun by offering a wide assortment of products and an appealing ambience.

Iranian retailers and manufacturers must note that attitudes toward Korean products have a negative effect on perceived quality and emotional value for the local brand. Considering that positive perceptions of quality and emotional value are important for the long-term success of a brand (Yoo et al., 2000). Iranian manufacturers and retailers need to reshape their consumers' attitudes toward local brands through marketing and promotional campaigns. Although established consumer attitudes are not easy to alter (Aaker, 1996). Iranian retailers may benefit from employing aggressive marketing strategies to improve consumer perception of their brands in terms of quality and emotional appeal. For instance, endorsements of brands by Iranian celebrities in advertisements may create positive consumer attitudes toward the advertisement and the brand itself (Bhushan, 2004). Also, Iranian retailers may make an effort to boost image and reputation to influence consumer perception of product quality and to elicit a positive emotional feeling (Dawar and Parker, 1994). Other possible strategies for Iranian retailers to improve Iranian consumers' perception toward local brands include strategic alliances, licensing agreements, and joint ventures in order to sell under U.S. brand names associated with higher status and prestige. Finally, Iranian retailers and manufacturers should invest more in research and development and implement more stringent control for quality improvement of local brands. This study only includes need for uniqueness as an antecedent that determines attitudes toward Korean products. To provide a broader view and better prediction, future research could investigate other variables that impact the formation of consumers' attitudes toward Korean products.

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