

## Chapter 2

# Customer Perceived Value as a Predictor of On-line Clothes Loyalty in a Chinese Sample

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**Abstract** Research on the on-line shopping effects of positive on customer perceived value is limited, especially regarding its relation to the young generation's loyalty. This study examined the effect of the on-line customer perceived value (production perceived value, service perceived value, on-line shopping environment perceived value, and cost perceived value) on customer loyalty (attitude loyalty and behavior loyalty) in a Chinese sample of 280 young generation (e.g., post-80s and post-90s). Results showed that customer perceived value was associated with greater customer loyalty. Customer perceived value emerged as a significant predictor of customer loyalty. The service perceived value and product perceived value had the strongest relationship with loyal attitude. The product perceived value, service perceived value, and cost perceived value were the alertest predictors as customer behavior loyalty. Theoretical and practical implications for customer perceived value on on-line shopping are also discussed.

**Keywords** Customer perceived value · Customer loyalty · China · Young generation · On-line shopping

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## 2.1 Introduction

In recent years, more and more customers are willing to use the Internet as one of main shopping channels, especially in developing country, such as China. Why do customers make full use of the Internet as a retailing platform? Research shows that, compared to traditional environments, e-shopping is considered to be both the more convenient access [1] as well as the more time-efficient mode to realize a purchase due to the minimal efforts. Gu [6] also found that e-product value, e-services value, e-cost value, and on-line environment value are the key perceive value in Chinese e-shopping process.

Value had been considered as important behavior predictors [4] and played an absolutely necessary role in persuading consumers to utilize the firm's offerings [10]. Customer perceived value (CPV) is defined as "the difference between all of the customer's expected benefits and offerings and the perceived choices from customer's evaluations" [7]. Previous empirical studies indicated that perceived value was an unidimensional and global structure of total customer value perceptions. Perceived value had been treated as multidimensional and could be measured by perceived value using various getting (benefits) and giving (sacrifices) dimension too [4]. "Getting and giving" could be considered as the attributes of conventional customer perceived value. According to Kotler [7], customer perceived value (CPV) is viewed as the difference between total customer value and total customer cost. Total customer value contains four factors: product value, services value, personnel value, and image value.

Cheng et al. [3] found that the value contents described above obtained considerable explanatory power. That explained the relevance of value is a decisive factor of the intention to utilize the Internet as an e-shopping environment. The study is endeavoring to identify e-customer perceived value, attempting to clarify the dimension' function and gain insight into the customer purchase process.

- Hypothesis 1: Product perceived value, service perceived value, cost perceived value, and on-line shopping environment perceived value would be significantly related to attitude loyalty and behavior loyalty.

More recent TAM research indicates that "perception of usefulness" and "ease of use" of technology can be helpful to determine "intended usage" [9]. Chu and Cheng [5] found that customer value is the structure and customer loyalty is the implementation. The two coexist for a mutual goal of building a close relationship with customers. It is essential to identify culture-specific features or behavioral responses to customer loyalty so as to provide relevant training to employees in firms that operate in different cultures [2]. Chinese culture insists on the practical and utilitarianism such as fast, easy, and time-efficient [6].

- Hypothesis 2: Product perceived value, service product value, and on-line shopping environment value will positively predict attitude loyalty and behavior loyalty.
- Hypothesis 3: Cost perceived value will negatively predict attitude loyalty and behavior loyalty.

## 2.2 Method

### 2.2.1 Participants

Research participants were 339 college students (post-80 and post-90) from National University and Occupational University in mainland China. Data were collected from some key university in Shanghai, Beijing, Wuxi and Suzhou. Valid copies were recovered with an effective recovery rate of 82.6 %. For the sample, 36.8 % were male, with a mean age of 25.5 years of age. 70.8 % were college graduates, undergraduates, and Doctors; 29.2 % were Vocational and technical college students (3-year-course), and 81.8 % had 2–3 years of on-line shopping experience as on-line practitioners.

### 2.2.2 Measures

Subjects rated all questionnaires (CPVQ and CLQ). All measures were developed originally in English. Adapted Chinese version was examined and compared with the original one for equivalence and agreement [2, 6].

Customer Perceived Value—was derived from the Customer Perceived Value Questionnaire (CPVQ) and measured with the average of 25 items [7]. Each item was on a 5 point scale from 1(strongly disagree) to 5(strongly agree). High-internal consistency is supported by alpha coefficients of 0.73–0.83. The internal consistency reliability was 0.78 for all four subscales. Previous research has reported reliability of  $\alpha = 0.80$  [6].

Customer loyalty—Customer loyalty Questionnaire (CLQ)—derived from Parasuraman et al. [8] research, includes two dimensions with the average 6 items: attitude loyalty (3 items,  $\alpha = 0.75$ ; “I would like to acclaim this shop as the one of the best on-line shops”) and behavior loyalty (3 items,  $\alpha = 0.70$ ; example item, “I will buy clothes on this on-line shop even though the price increases slightly”). The internal consistency reliability was 0.79 for all two subscales. Previous research has reported reliability of  $\alpha = 0.85$  [2].

### 2.2.3 Procedure and Data Analysis

Data were analyzed using SPSS version 15.0. Descriptive statistics, Pearson correlation, and hierarchical multiple regression analysis were used in the study.

**Table 2.1** Means, standard deviations, reliability estimates, and Pearson correlations (*n* = 280)

Variables	<i>M</i>	<i>SD</i>	Cronbach $\alpha$	1	2	3	4	5	6
Sex									
Age education	25.5	5.9							
1. Product perceived value	18.59	4.13	0.73	1					
2. Service perceived value	26.63	4.75	0.78	0.41***	1				
3. Environment perceived value	17.04	3.84	0.76	0.34***	0.55***	1			
4. Cost perceived value	18.85	3.92	0.84	−0.17**	−0.11	0.01	1		
5. Attitude loyalty	9.19	2.32	0.75	0.38***	0.39***	0.30***	−0.15*	1	
6. Behavior loyalty	8.36	2.18	0.70	0.29***	0.28***	0.25***	−0.19**	0.52***	1

\**P* < 0.05, \*\**P* < 0.01, \*\*\**P* < 0.001

2.3 Results

Correlations between scores on the four dimensions of customer perceived value and two dimensions of customer loyalty were significant (see Table 2.1).

Hierarchical regression results showed that the control variables explained a combined 6.9 % of variance for attitude loyalty and 7.3 % for behavior loyalty. Product perceive value and service perceive value combined 20.6 % of variance (*F* = 36.05; *p* < 0.001) for attitude loyalty. Product perceive value, service perceive value, and cost perceived value explained a combined 13.2 % of variance (*F* = 26.29; *p* < 0.001) for behavior loyalty (see Table 2.2).

2.4 Discussion

The results indicated three dimensions of customer perceived value were positively correlated with attitude loyalty and behavior loyalty. Consistent with previous research [2, 3, 6], Chinese young generation specially focused on the perceived cost value. If the customer found they do not need more energy and time, there will be extra satisfaction on the on-line shop. The attitude loyalty and behavior loyalty will be more obvious.

The robust linkage between product perceived value and behavior loyalty is well established. Product perceived value is the strongest predictor of behavior loyalty. Rational factors play an important role including product perceived value, service perceived value, and cost perceived value. On the other hand, fraud product is also unacceptable in China. Trust is the essential factor which builds reliable

**Table 2.2** Hierarchical regression analysis for prediction of customer loyalty (*n* = 280)

Variables	Attitude loyalty				Behavior loyalty			
	$\beta$	<i>p</i>	$R^2$	$\Delta R^2$	$\beta$	<i>p</i>	$R^2$	$\Delta R^2$
Step1: Control variables								
Sex	0.06	<0.05			0.05	<0.05		
Age	0.33	0.004			0.32	0.004		
Education	0.00	0.46			0.01	94		
Control variables			6.9				7.3	
Step2: Product perceived value	0.279	<0.001	0.206	0.057	0.199	<0.001	0.086	0.086
Step3: Service perceived value	0.262	<0.001	0.149	149	0.156	<0.001	0.115	0.029
Step4: Cost perceived value	–	–	–	–	–0.133	<0.001	0.132	0.017
Step5: Environment value	–	–	–	–				
Full model								
<i>F</i>		36.05				26.29		
<i>P</i>		<0.001				<0.001		

\**P* < 0.05, \*\**P* < 0.01, \*\*\**P* < 0.01

relationship between C2B. Because consumers can easily compare information and find other websites that provide similar products or services [11], once they found the purchase is reliable, they prefer to trust that on-line shop. That is also cost savings actually.

2.5 Compliance with Ethical Standards

The study had obtained approval from the Institute of psychology, Chinese Academy of Sciences Ethics Committee.

All subjects participated in the experiment had signed the informed consent.

All relevant ethical safeguards had been met in relation to subject protection.

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