THE MODERATING EFFECT OF STORE IMAGE ON THE INDIRECT RELATIONSHIP BETWEEN SOCIO-SENSORY EXPERIENCE AND THE PURCHASE INTENTION VIA SOCIAL VALUE

Article · January 2017

1 author:

Ronald Bonuke
Moi University

26 PUBLICATIONS 8 CITATIONS

Some of the authors of this publication are also working on these related projects:

- customer retention View project
- supply chain View project
THE MODERATING EFFECT OF STORE IMAGE ON THE INDIRECT RELATIONSHIP BETWEEN SOCIO-SENSORY EXPERIENCE AND THE PURCHASE INTENTION VIA SOCIAL VALUE

Clement Gichunge Nkaabu
PhD Candidate, School of Business and Economics, Moi University; Kenya
clemnkaabu@gmail.com

Ernest Saina
School of Business and Economics, Moi University; Kenya
ernestsaina2017@gmail.com

Ronald Bonuke
School of Business and Economics, Moi University; Kenya
bonukeronald@yahoo.com

Abstract
The purpose of this paper is to investigate how social-sensory experience influences purchase intention; moderated and mediated by store image and social value. The study is based on a sample of 420 respondents drawn from three retail stores belonging to three tier one retail chains in Nairobi-Kenya. Structural equation modeling is used to test the relationships between social-sensory experience, social value, and store image and purchase intention in a moderated mediated context. The software SPPS with process macro is used to compute the moderated mediated relationship using bootstrapping. The results show that store image moderates the mediated relationship between social-sensory experience and purchase intention via social value. The study contributes to the study on consumer behavior by demonstrating the complex interactions of key influencers in the consumer decision making process. Managers need to ensure that store environments are designed in a manner that they will offer a complete and memorable customer experience with every visit and encounter.

Keywords: Social-sensory Experience, Social Value, Purchase intention, Experiential Marketing
INTRODUCTION

Marketers and researchers have long recognized the complex nature of consumer decision making. This follows the realization that seemingly simple consumer decisions are a culmination of complex interactions of key influencers and triggers. Whereas traditional marketing regarded the functional benefits as the key driver of consumer decision making, recent studies have shown that the benefits that consumers desire and get attracted to are not merely utilitarian but also of emotional and social nature (Pine and Gilmore 1998). This has propelled experiential marketing to the centre of consumer behavior research. Furthermore according to Shim et al., (2015 p2) “Since the early 1980s, researchers in psychology and consumer sciences have been paying attention to experiential and hedonic aspects of consumerism, focusing on the multisensory, fantastic, imaginary, entertaining, and emotional dimensions of consumer behavior”.

This study advances the research on the complex nature of consumer decision making by assessing the effect of experiential marketing on purchase intention moderated and mediated by store image and perceived value. However since experiential marketing has been dimensionalized into emotional experience, social experience and sensory experience, (Yang & He, 2011) and perceived value into social, hedonic and utilitarian value (Rintamaki et al., 2006), this specific study singles out the social-sensory dimension of experiential marketing and social value dimension of perceived value. In view of this, the study seeks to assess the effect of social-sensory experience on purchase intention, moderated and mediated by store image and social value. Indeed this study is a response to a call by Cronin et al., (2000), who emphasizes on the need to use complex models to study consumer decision making.

This study seeks to build greater understanding of the interactions of key purchase intention influencing factors i.e. social-sensory experience, store image and social value in a moderated and mediated relationship within the context of a retail sector. Notably, the study introduces the construct of Social-sensory experience which arose after factor-analyzing the items used to measure three dimensions of experiential marketing, in which the social and sensory items loaded together onto a single factor.

The theories of experience economy (Pine & Gilmore 1998), Stimulus-Response model (Meherusian & Russell 1974), and the theory of planned behavior (TPB) (Ajzen 1991), form the theoretical foundation of this study. These theories have been used in related studies (Prasher et al., 2017: Kim& Chung, 2011). The retail sector was specifically chosen since it one of the fastest growing sectors world over and particularly here in Kenya, with three tier one Kenyan retailers chosen for the study.
LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Relationship among social-sensory experience, social value, and purchase intention

Experiential marketing may be defined as the means to create a memorable experience that engages the customer in an inherently personal way, such that he/she feels as being part of them while exhilarating the senses and providing him/her with sufficient information to make a decision (Gilmore& Pine, 2002). It entails engaging the targeted audiences with a personalized connection using emotions and direct involvement that bring credible and memorable experiences (Khan & Rahman 2015). Yang and He (2011) identified three dimensions of experiential marketing; emotional experience, social experience and sensory experience. The focus of this study is the social experience whose emphasis is the effect of the relationships with others and society in ones’ consumption experience. A study by Yang & He (2011) on the Goal, Customer experience and purchase intention in a retail context in china established that the two dimensions of experiential marketing; emotional experience and social experience significantly affect purchase intention, while the third dimension; sensory experience had an indirect influence.

Additionally, previous studies have successfully linked experiential marketing to perceived value. Moreover, perceived value reflects an experience, in that it does not reside solely in the product purchased, the brand chosen, or the object possessed but rather in the derived consumption experience (Nsairi, 2012). Indeed, this was confirmed by Gentile et al., (2007) who identified five experiential dimensions that contribute to value perceptions. These are ; sensorial, emotional, cognitive, lifestyle and relational experiences. Furthermore, Gentile et al (2007) established that a relevant part of value proposed to customers and actually recognized by them is linked to experiential features.

Perceived value on its part may be defined as a consumer’s perception of the net benefits gained in exchange for the costs incurred in obtaining the benefits (Chen& Dubinsky 2003). Though previously perceived value has been operationalised as a uni-dimensional construct (Chen& Dubinsky 2003; Galarza & Gil, 2008) there has been a shift to the use of multi-dimensional approach in defining the perceived value construct (Babin& Babin 2001: Sweeney & Souta 2001). According to Rintamaki et al., (2006), the perceived value construct may be decomposed into utilitarian (monetary savings and convenience), social (status and self esteem), and hedonic value dimensions (entertainment and exploration). This study is based on the mediating influence of the social value. Perceived value has been regarded as one of the most important predictor of repeat purchase intention (Parasuraman & Grewal 2000), and a better predictor of repurchase intention than either satisfaction or quality (Cronin et al., 2000).

Considering the arguments presented above, we propose the following hypotheses.
Hypothesis 1. Social-sensory experience is positively related to purchase intention
Hypothesis 2. Social-sensory experience is positively related to social value
Hypothesis 3. Social value is positively related to purchase intention
Hypothesis 4. Social value mediates the relationship between social-sensory experience and purchase intention

The moderating role of store image

Store image may be defined as the complex of a consumer’s perception of a store on different salient attributes (Bloemer & Ruyter 1998). It is formed on the basis of a shopping experience or on external information on the retailer from sources such as commercials, news, or word-of-mouth (Mazursky & Jacoby, 1986). These impressions tend to have a significant impact on store patronage or frequency of shopping at a particular store, with the likelihood that a consumer will shop at a given store increasing as the individual's perceptions of the store become more positive (Darley & Lim, 1999). Scholars have established that store image is related to perceived value of merchandise and that perceived value shapes the customer’s behavior (Žemgulienė, 2013).

In view of the above arguments, the following hypothesis may be proposed.
Hypothesis 5. Store image moderates the relationship between social-sensory experience and social value such that the positive effect of store image varies at different levels of social value
Hypothesis 6. Store image moderates the indirect relationship between social-sensory experience and purchase intention via social value such that the positive effect of store image varies at different levels of social value.

Figure 1. Conceptual Framework

Key: H stands for Hypothesis, H1/ H2/ H3 represents direct effects, H4 represents mediated effects, H5 represents moderated effects, H6 represents moderated mediation.
METHODOLOGY

Population and Sampling
The study adopted a quantitative design in line with positivism studies with the objective of collecting large data sample to generate findings that are statistically significant and generalisable. The study targeted all the shoppers who shop at three Nairobi based branches of the three tier one Kenyan retailers. These retailers were chosen because of their nationwide representation; an approach that was also used by (Tih & Lee, 2013) in their study on the consumer’s perceptions of retail owned brands. Previous researches have however used single malls that reflected cultural diversity (Michon et al., 2008), general representation of the consumer (Putro & Haryanto, 2015) and highest turnover (Rintamäki et al., 2006). Wu et al., (2011) however chose to base their study on two largest supermarket chains but went further to pick four stores from each chain. This study combined all these factors in the selection of Nairobi County as the study environment and the choice of the retailers and their specific branches. Nairobi County is found appropriate for this study due to its cosmopolitan nature and its cultural diversity. Furthermore, the branches were selected because of their location and that the catchments they serve reflect high levels of cultural and class diversity necessary for this study. Proportionate stratified random sampling was used to select a representative sample from the supermarkets and where each supermarket contributed a proportionate sample based on the retail chain’s branch network to realize a total sample of 420. In this regard, the number of respondents from Nakumat, Tuskys and Naivas were 164, 147 and 109 respectively. However; only 386 usable questionnaires were subjected to analysis. A total of 34 questionnaires were partially filled and hence were not included in the analysis consistent with Wei et al., (2009).

Data Collection Procedure
To obtain the respondents, the study used a store intercept approach targeting only those shoppers exiting the supermarket and who show proof of purchase. This approach was used in studies such as (Michon et al., 2008; Madahi & Sukati, 2016). Moreover, the shoppers were first screened to establish that the visit is not the first in that particular supermarket. The store intercept method conforms to purposive sampling approach since the sample must conform to a predetermined criteria (Cooper & Schindler, 2003). The data for the study was gathered through a structured questionnaire over a three day period running from Thursday to Saturday in the three outlets. This is because according to Diallo et al., (2015) shopping motives vary by time of day and day of the week hence the need for data collection to also span multiple times and different days.
Measurements

All the items used in measuring the four constructs adopted a 5-point Likert-type scale indicating the extent of agreement or disagreement with a given statement, namely, 1 “Disagree strongly”, 2 “Disagree”, 3 “Neither disagree nor agree”, 4 “Agree”, and 5 “Agree strongly”.

The measurement of purchase intentions was done using five items adapted from Anggie & Haryanto, (2011). The dimension; sensory experience was measured using four items and social experience four items, all adapted from Yang & He, (2011). Social value was measured using six items adapted from (Rintamäki et al., 2006). The store image was measured using five item measures adapted from Chang and Wang, (2014) and as previously used by Grewal et al., (1998).

ANALYSIS AND RESULTS

Measurement model

Confirmatory factor analysis

The study conducted a factor analysis with all the items for the four constructs subject to a factor loading threshold of 0.5 and above with any item with factor loadings less than 0.5 being candidates for dropping (Shaharudin et al., 2011; Hair et al., 2010). These items were factor analyzed with the construct configuration obtained through principal component analysis (PCA). Whereas all the items of store image, purchase intention and social value loaded onto their respective constructs, the four items of social experience and four of sensory experience loaded onto one single component which was consequently labeled social-sensory experience. Notably, the factor loadings for all the items range from 0.826 to 0.894 meeting the minimum requirement of 0.5.

Reliability

The study also found it important to assess the reliability of the tool that was used to collect information so as to determine the internal consistency of the tool. Moreover, reliability is closely related to validity since a tool cannot be reliable if it lacks validity (Tavakol & Dennick, 2011). The study results as shown in table 1 used composite reliability and Cronbach’s alpha to determine the internal consistency of the research tool. Furthermore, these results also shows that the composite reliabilities (CR) of the constructs range from between 0.83 to 0.94 which is within the recommended minimum of 0.6 (Bagozzi & Yi, 1988; Fornel & Lacker 1981) whereas those of Cronbach’s Alpha coefficients range from 0.915 and store image is 0.92 which is above the threshold of 0.7. These results confirms that the survey instrument is reliable to measure all constructs consistently and free from random error (Sasmita & Suki 2014).
Convergent validity

In addition, the researcher computed the Average Variance Extracted (AVE) for all the four variables to establish whether the constructs adhered to the requirements of convergent validity. To compute the average variance extracted for the construct, the researcher used the squared multiple correlations from the confirmatory factor analysis (O’cass & Grace 2008). According to Fornel & lacker (1981), a score of 0.5 and above is acceptable meaning that the constructs account for more than 50% of the explained variance. The results as shown in table 1 shows the AVE’s of store image was 0.75, purchase intention 0.76, Social-sensory experience 0.59, and social value 0.55, hence confirming good convergent validity.

Table 1. Internal Consistency Reliability

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>No. of questions</th>
<th>Composite Reliability</th>
<th>Cronbachs alpha</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase Intention</td>
<td>5</td>
<td>0.94</td>
<td>0.919</td>
<td>0.76</td>
</tr>
<tr>
<td>Store Image</td>
<td>5</td>
<td>0.94</td>
<td>0.915</td>
<td>0.75</td>
</tr>
<tr>
<td>Social value</td>
<td>6</td>
<td>0.88</td>
<td>0.918</td>
<td>0.55</td>
</tr>
<tr>
<td>Social-sensory</td>
<td>8</td>
<td>0.92</td>
<td>0.92</td>
<td>0.59</td>
</tr>
</tbody>
</table>

Discriminant Validity

The researcher also sought to establish whether there existed discriminant validity in the model (Beneke., Flynn et al., 2013; Yuan & Wu, 2008). Moreover, Matzler et al., (2006 p.4) citing Fornel & Lacker (1981) argue that “the average variance shared between a construct and its measures should be greater than the variance shared between the constructs and other constructs in the model”. In this regard, Matzler et al., (2006 p.4) further contends that discriminant validity is suggested to be present “when the diagonal elements (square root AVE) are greater than the off-diagonal elements in the corresponding rows and columns”. As table 2 shows, squared roots of the average variance extracted are higher than all the correlations with the other constructs suggesting satisfactory levels of discriminant validity (Lin & Chuan, 2013).

Table 2. Cross loadings of the constructs within the model

<table>
<thead>
<tr>
<th>Variable</th>
<th>PI</th>
<th>SESO</th>
<th>SV</th>
<th>SI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase Intention</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social-Sensory Experience.</td>
<td>0.87</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Value (SV)</td>
<td></td>
<td>0.77</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Store image</td>
<td></td>
<td>0.74</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Nb/ Square roots of AVE in diagonal and italicized
Results of hypotheses tests

Process macro model 7 was used to test the hypothesized relationships and the results are shown on table 3. With regard to hypothesis 1 (H1), on the direct and positive relationship between social-sensory experience and purchase intention, the results were (p<0.000, β=0.2904). Since the p-value associated with Social-Sensory experience is less than 0.001, hypothesis 1 is supported and hence concludes that Social-Sensory experience is significant in predicting purchase intention. H2 concerns with the direct and positive relationship between social-sensory experience and social value and the results were (p<0.000, β=0.3399). Since the p-value associated with Social-Sensory experience is less than 0.001, hypothesis 2 is supported and hence concludes that Social-Sensory experience has a positive and direct relationship with social value. On its part, H3 concerns with the direct and positive relationship between social value and purchase intention and the results were (p<0.000, β=0.2993). Since the p-value associated with social value is less than 0.001; hypothesis 3 is supported and hence concludes that there exists a direct and positive relationship between social value and purchase intention.

Moreover, H4 tested the positive mediating effect of Social value on the relationship between social-sensory experience and purchase intention. The indirect effect of social-sensory effect on purchase intention via social value is computed by multiplying effect of social-sensory experience on social value with the effect of social value on purchase intention (0.3399*0.2993 =0.1017***). The outcome as shown in table 3 is a beta value (β=0.1017, p=0.0000). Since the p-value associated with the indirect effect of social-sensory experience on purchase intention via social value is less than 0.001, hypothesis 4 is supported and hence concludes that there exists a significant mediating effect of social value on the relationship between social-sensory experience and purchase intention.

On its part, H5, dealt with the positive moderating effect of store image on the relationship between social-sensory experience and social value. The results of the interaction effect of store image on the relationship between social-sensory experience and social value as shown in table 3 has a beta value (β=0.0819 p=0.0203). Since the p-value associated with the interaction effect of store image is less than 0.05, hypothesis 5 is supported and hence concludes that there is a significant moderating effect of store image on the relationship between social-sensory experience and social value. The hypothesis that store image has a moderating effect is further exhibited and confirmed by the interaction results shown on figure 2. As the figure shows, at the lower level of social-sensory experience, the average effect on social value for the customers with low store image perceptions is 3.0; while for those with high store image perceptions is 4.0. Furthermore, when the level of social-sensory experience increases,
the effect on social value increases for both the customers with low and those with high store image perceptions. However the increase is much higher for those customers with high store image perceptions than those with low store image perceptions confirming interaction.

Figure 2: The Moderating Effect of Store Image on the Relationship between Social-sensory Experience and Social Value

Finally, H6 tested the positive moderating effect of store image on the indirect relationship between social-sensory experience and purchase intention via Social value. Conditional indirect effect of moderated mediation occurs when the strength of an indirect effect depends on the level of some variable, or in other words, when mediation relations are contingent on the level of a moderator (Preacher, Rucker & Hayes, 2007). The conditional indirect effects of social-sensory experience on purchase intention via social value, moderated by store image were computed using bootstrapping and its result as shown in table 3 is a beta value ($\beta=0.0245; \text{B}_{tr} 0.0045, \text{B}_{ul} 0.0516$). A decision to accept the alternate hypothesis is made if the confidence interval does not contain 0 (Preacher et al., 2007). Since the 95 percent bootstrap confidence interval, based on 5000 bootstrap samples does not includes a ‘0’, hypothesis 6 is supported and hence conclude that there is a moderated mediation, thus supporting the interpretation that store image significantly moderates the mediated effect of social sensory experience on purchase intention via social value.
## DISCUSSIONS AND CONCLUSIONS

The competitive reality in the retail sector world over and the increasing assertiveness of the shopper has made it imperative that retailers endeavor to create a competitive edge. This is not only through the wide array of merchandise offered but also the attempts to offer rich and complete customer experiences. Understanding the complex nature of consumer decision making and the key factors that influence the decision making process is thus, and will remain a key concern for both researchers and practitioners. In this regard, this study examines the influence of social-sensory experience on consumer’s purchase intention via social value moderated by store image in a retail context.

Consistent with the study arguments and results from previous studies such as Yang & He (2011) social-sensory experience was found to have a positive and strong relationship with the consumer’s purchase intention. This therefore affirms experiential marketing and specifically social-sensory experience as one of the most important predictors of repeat purchase intention. This implies that retailers ought to heavily invest in creating pleasurable and memorable experience to entice and retain shoppers.

Social-sensory experience was also found to be significantly and positively related to social value. Indeed, this is consistent with the results by Gentile et al., (2007) who identified five experiential dimensions of sensorial, emotional, cognitive, lifestyle and relational experiences that greatly contribute to value perceptions. Moreover, he established that a relevant part of value proposed to customers and actually recognized by them is linked to experiential features. The implication of the study results is that retailers ought to enrich the value proposition through incorporating memorable customer experiences.

### Table 3. Results of regression analysis with Social Value as the mediator and Social-Sensory Experience as the predictor

<table>
<thead>
<tr>
<th>Variable</th>
<th>Social Value</th>
<th>Purchase Intention</th>
<th>Indirect Effect</th>
<th>Moderating Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>3.89***</td>
<td>3.123</td>
<td>0.3399*0.2993</td>
<td>0.0819</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>=0.1017***</td>
<td></td>
</tr>
<tr>
<td>Social-Sensory</td>
<td>0.3399***</td>
<td>0.2904***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Value</td>
<td>0.2993***</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Store Image</td>
<td>0.5722***</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SOSE*SI</td>
<td>0.0819</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R²</td>
<td>0.5588***</td>
<td>0.4203***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bootstrapping results for conditional indirect effect</td>
<td>0.0245</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Additionally, social value emerged as having a significant and positive relationship with purchase intention. These results are consistent with the study by (Cronin et al., 2000) and Parasuraman & Grewal 2000), who established that Perceived value is one of the most important predictors of repeat purchase intention and better than either satisfaction or quality. The implication of these results to retailers is the imperative to identify basis of social value from the customers’ perspectives and thereafter incorporate them in the retail package.

The moderating effect of store image in the relationship between social-sensory versus social value is also supported in literature. The study by Žemgulienė, (2013) established that store image is related to perceived value of merchandise and that perceived value shapes the customer’s behavior. These results imply that retailers need to invest a lot in building positive and compelling images to attract shoppers.

Since the mediation and the moderation paths were both significant, it was expected that the moderated mediation effect would be equally significant. Indeed this was found to be holding in this study since store image emerged a significant moderator in the social-sensory experience versus purchase intention relationship via social value. This therefore challenges retail managers to ensure that customer experiences and value propositions should be offered in an environment that evokes positive images in the minds of the shoppers to enhance likelihood of making repeat visits and purchases.

In summation, all the six hypothesized relationships were found to be statistically significant though in varying degrees of intensity. The fact that social value was found to be strongly and positively related to purchase intention and also to social-sensory experience confirms the pivotal role that perceived value and specifically social value plays in the study model.

LIMITATIONS AND FUTURE RESEARCH
The study is limited in that it did not confine itself to particular category of products but rather to the entire range of products that were on offer in the selected supermarkets. Probably a comparative study singling out specific product categories would yield different results. Moreover, the study was conducted in an emerging market; Kenya and specifically in the capital city Nairobi. The results may thus not necessarily equally apply to different markets or environments. Future studies would thus do well to focus on assessing behavior under different product categories such as groceries, boutiques, electronics etc, and also under different markets and cultures.

This study used only one dimension of experiential marketing; social-sensory experience. Notably, experiential marketing has numerous dimensions and these may be of
interest for future studies. Furthermore, the study used only used one dimension of perceived value; social value while literature reveals that perceived value is a highly multi-dimensional construct. In this regard, future studies may consider conducting a similar study but using different dimensions of perceived value. There may also be a scope for further testing of the moderating effect of store image possibly on the social value versus purchase intention path since this study only evaluated the effect on the social-sensory versus social value path.

REFERENCES


Gilmore, J. E., & Pine, B. J. (2002). The Experience IS the Marketing. Strategic Horizons LLP.


Žemgulienė, J. (2013). Relative importance of retail store image and consumers characteristics on the perception of value and willingness to pay a premium price. Regional Formation and Development Studies, 1(9), 157–165.