

## Grocery consumer relational perceptions in green consumption context

A percepção do consumidor numa ótica relacional no contexto do consumo de produtos verdes

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### Abstract

An exchange perspective of the relationship customer-grocery recognizes the important role that both the seller and the shopper assume in their relationships. Today consumers are increasingly considering green consumption, which has led to a situation where retailers expend substantial resources in response to this challenge. However, this consumption has remained lackluster justifying the need for greater knowledge about consumers' behaviour. The purpose of this paper is to characterize groups of customers based on their perceptions of value, satisfaction with retailers as well as on risk perceived associated with their environmentally consumption practices. As a result of cluster analysis, we obtained a consumers' typology differing in their relational benefits, satisfaction and risks perceptions. Some suggestions are given to retailers and also recommendations about the need to closely consider their product offerings to ascertain what aspects contribute to the value considered by shoppers.

**Keywords:** Consumer perceived value, relational satisfaction, environmentally sustainable consumption, segmentation.

### Resumo

Uma perspetiva social ou comportamental do relacionamento entre clientes e retalhistas de produtos de mercearia reconhece a importância que as interações entre vendedor e comprador assumem ao longo do tempo. Esta interdependência aposta no desenvolvimento de relacionamentos e ganha relevância em mercados em que existe envolvimento entre os diversos atores presentes. Embora tradicionalmente em mercearias esta dinâmica seja diminuta, os retalhistas nesta área têm vindo a envolver substanciais recursos na proximidade e contacto com o cliente particularmente em produtos onde o risco psicológico percebido é maior como é o caso dos chamados "produtos verdes". O objetivo deste artigo é obter tipologias de consumidores e caracterizar estes grupos neste contexto e numa ótica relacional com base nas suas percepções de valor, satisfação e risco percebidos. São ainda apresentadas algumas sugestões e recomendações para os retalhistas com base nas conclusões obtidas.

**Palavras-chave:** Consumidor, valor percebido, satisfação relacional, consumo ambientalmente sustentável, segmentação.

### 1. Introduction

In Portugal, environmental quality has improved. Although considering the decline in economic activity, a set of structural changes contributed to a better quality of the environment (Instituto Nacional de Estatística, 2013). On example is the reduction of inorganic fertilizers consumption in agricultural areas and the increased of recycling. In addition, Portugal is the second EU country with the highest burden of environmentally related taxes in total revenues from taxes and social contributions and the third largest on the weight of environmentally related taxes in GDP (Instituto Nacional de Estatística, 2012). The use of pollution taxes by government can influence business behaviour, in order to control environmental impacts (Huang & Rust, 2011).

The sustainability as a "development that meets the needs of the present without compromising the ability of future generations to meet their own needs", cited in Report of the World Commission on Environment and Development (United Nations, 1987), has influenced the practices implemented at enterprise level. This was due to a growing concern in the recognition of the concept of sustainability

and seeks to generate benefits for their consumers (Chabowski, Mena & Gonzalez-Padron, 2011), although sometimes still exist gaps in the consumer's level of knowledge all about the requirements for organic and green products standards (McCarthy & Murphy, 2013).

The utilitarian and hedonic shopping value plays a crucial role in understanding and explanation on shopping satisfaction (Irani & Hanzae, 2011). The product variety and the physical aspect of the store are important to consumers feel the utility value. On the other hand, the hedonic value represents the emotion expressed by the individual when shopping.

Accordingly, the consumer perceived value is a concept very important to understand the state of relationship between consumer and retailer. This concept is considered as a trade-off between benefits and sacrifices e.g. (Woodruff, 1997), or as the perception of psychological satisfaction of the transaction (Lichtenstein, Netemeyer & Burton, 1990).

Thus, this study intends to identify groups of young adults consumers based by the perceived value that underlie their



relationship satisfaction with retailers and characterised regarding the risk of environmentally unsustainable consumption in those relationships, the state of relational satisfaction and consequently, about the consumers' repurchase intention.

Despite the increasing amount of research in the literature, the research gap between attitude and behaviour in green consumption still remains. This paper makes a contribution to this stream of research considering the few studies that focus research on shopper's value in use with the retailer relationship approaching this problem.

## 2. Literature review

### 2.1 Consumer perceived value

The concept of consumer value has been crucial to understand the buying behaviour of consumers, representing a growing concern for consumers, businesses and retailers (Kainth & Verma, 2011).

In a retail perspective, recognizing the importance of the different dimensions of value should allow retailers to develop positioning strategies more sophisticated (Sweeney & Soutar, 2001). For this reason, managers can achieve a competitive advantage and is essential to the existence of a strong emotional bond between company and customer (Kainth & Verma, 2011).

The study developed by Fazlzadeh, Sahebalzamani, & Sarabi (2012) focuses on grocery stores, in a retail context, noted that a majority of the competitive advantage of a retailer directly depends on the amount of information obtained from consumers. In these sense, the findings showed that the perceptions of image quality and economic value offered by the retailers only in the supermarkets had a positive and significant impact on satisfaction. On the other hand, the services and convenience offered by stores had a positive and significant impact on the satisfaction offered by the supermarket and hypermarket.

Initially, Sheth, Newman & Gross, (1991) considered five dimensions: functional, emotional, social, epistemic and conditional. Later, Sweeney & Soutar (2001) did not consider two of the dimensions mentioned above: conditional and epistemic, reducing the scale to four value dimensions: emotional, social, functional and monetary, forming the PERVAL scale. This scale was tested and based on consumer perceptions regarding the consumption of durable goods, in a buying retail situation, in order to be determined consumer values which lead to the consumer purchasing behaviour (Ercsey, 2012). In conditions where the value is much more important to the consumer, this means an opportunity for retailers to explore all value dimensions of customer, before deciding on the most appropriate market approach (Sweeney & Soutar, 2001).

The emotional value can be considered as the knowledge or experience that the consumer has to develop and maintain relationships with retailers, which is defined as the experience result of the exchange of sensory stimuli, information and emotions between companies and customers (Sweeney & Soutar, 2001).

The social value is seen as an image based on the reputation and credibility. Thus, the perceived value should incorporate as important elements of social citizenship and corporate identity (Seifi, Zulkifli, Yusuff & Sullaiman, 2012).

The functional value is considered a more rational value dimension, with the perceived utility achieved from the capacity to be able to find an alternative for functional performance (Sheth et al., 1991).

Finally, the monetary value that is as a sub-dimension of the functional value and what is known as "value for money" and is defined as the aggregate utility of the product, due to the decrease in their perception of the costs to long and short term (Sweeney & Soutar, 2001).

### 2.2 Environmentally sustainable consumption

Environmentally sustainable consumption focuses on formulating equity strategies that favour higher quality of life, efficient use of natural resources and effective satisfaction of human needs, while promoting the development of social equity (Pogutz & Micale, 2011).

Organic foods are considered environmentally safe, produced using environmental methods, not involving pesticides and chemical fertilizers in their development, as well as having genetically modified organisms. Consumers perceive organic food as healthier and of better quality. Despite the costs associated with buying organic foods, but consumers understand that is correct, because they pay to protect the environment (Paul & Rana, 2012).

It is necessary to understand how people's ordinary decisions and behaviours can be influenced toward greater sustainability. Moreover, environmentally conscious businesses need to better understand consumer behaviours, principally if they want to appeal to more mainstream consumers. Also social norms can act on environmentally conscious behaviour, and consideration must be made of precisely how a norm may impact an individual's behaviour (Moncure & Burbach, 2013), as well as how significant macro-environmental phenomenon as Global Warming or Climate Change influence consumers through reference group judgements (Dos Santos, 2013).

The sustainability development is seen as a development process that reconciles aspects related to economy, society and environment. In others words, the main objectives of the corporation may still be to reducing risks and create revenues for its stakeholders. Thus, the sustainability should be cross-functional, because all functions of the company are affected and contribute to an overall policy of social responsibility. In a relational perspective, the retailers should adopt this policy of sustainable development to convey a positive image, for there to be a positive review and a relational proximity with consumers (Cacho-Elizondo, 2010).

## 3. Methodology

The target population consists of Portuguese young adults consumers aged between 22 and 45 years with educational qualification equal or higher than 12th grade. The data collection was done through the administration of a

questionnaire. Most respondents were interviewed; however a quarter of the sample was obtained by an on-line self-administered questionnaire. The quota sampling was adopted and the proportional strata were defined by region, age groups, gender and educational qualification (Instituto Nacional de Estatística, 2002). The survey took place between June and October 2013.

We initially proceeded to the Principal Component Analysis (PCA) to reduce the number of variables related to the perceived value by the consumer. Then, a hierarchical cluster analysis was performed using the hierarchical method Complete Linkage.

#### 4. Results

##### 4.1 Sample characterisation

The sample consists of 327 respondents, where approximately 59% are female. A total of 43% of respondents live in regions of Greater Lisbon. About 41% of respondents live in a family without children up to 14 years and the majority have a BA/ BSc (52%) and is employed (67%). In terms of, household income, about 36% of respondents earns less 1500€ per month.

With regard to the shopping habits, the majority of respondents decides what to buy and does most of the household shopping (66%). This analysis reveals that these consumers probably have a concern in addressing frequently the same spot of shopping, that is, to keeping the relationship satisfaction with a specific retailer.

##### 4.2 Segmentation Analysis

The initial set of 15 variables of perceived value that support the relationship between consumer and retailer was reduced to only four dimensions by a PCA. The PCA solution was assessed by oblimin rotation method and it explains 77.8% of total variance. The PC names are as follows: "Functional value", "Social value", "Monetary value" and "Emotional value".

Applying the Complete Linkage method to the consumer perceived value dimensions, four clusters were identified and characterised in terms of the type of perceived value between consumer and retailer.

First segment has about 48% of consumers and is named "Prudent", because they elements appreciate the functional value and monetary value. These consumers opt for more rational, rather than emotive, dimension of the relationships, because they believe that quality of the relationship is essential to preserve the satisfaction with the store. The consumers need look for perceived performance of service, while pondering about the monetary value which for some authors can be argued as associated to price as functional subfactor and contribute to perceived value (Sweeney & Soutar, 2001).

In the second segment are concentrated 36% of consumers. This is a group where consumers only prize the emotional value. These consumers manage their relationship with the store through the feelings, experiences and emotions. This is the segment of "Intimates" consumers.

Third cluster has about 9% of all consumers and was named "Influenced". This designation was attributed, because these consumers truly value the social factor. They believe that shopping in a certain store give them a higher reputation or a social status. They are driven by the choices made by others (mainly the public figures or elements of their social group) such as the store or retailer where they will make their daily shopping.

Finally, the fourth and last cluster has around 8% of consumers and is named "Pragmatic". They primarily seek functional value, but also the social and monetary values. These consumers want the best, but also want to be socially acceptable. Although of less importance, they also ponder the monetary value. "Pragmatic" group considers that emotional side is dispensable to have a relational satisfaction.

Regarding the risk of environmentally unsustainable consumption, relational satisfaction and repurchase intention, the segments are characterised as follows.

In terms of risk of environmentally unsustainable consumption, the "Prudent" consumers consider more the place of origin of the products they buy (Portuguese products) over time in their relationships with retailers. In average, the consumers declare that this relationship has been satisfactory and they intend to continue buying at this retail store in a regular basis; however they somewhat agree that they stop buying in a regular basis if a problem occur.

In the "Intimates" segment, the individuals are increasingly unanimous that the origin of the products they buy are considered over time in relationship. The satisfaction that consumers has with its retailers is not the best, but they consider that frequently shopping at their store is worthwhile. Then, there is a lower probability of these consumers stop buying regularly in the store, if a problem occurred, when compared to the other segments.

The "Influenced" group runs the risk of buying products which do not need, with the involvement attained in the relationship, over time. Usually, the influenced consumers often buy things, thinking how they are viewed by others. There is a trend and consumers follow it, resulting in purchase intentions. In this group of consumers, the relational satisfaction is good and consumers believe that is exactly what they expected. In this sense, the consumers frequently keep buying in the same store.

The "Pragmatic" group is more apprehensive than others. They present greater agreement on actions which concern the relationship between them and the retailer. They care very much about the products origin and recognize it has impact on their satisfaction levels. The consumers are very satisfied and strongly recommend to their friends to make routine shopping in this store. As a result, they intend to proceed buying in the same retailer.

#### 5. Conclusion

This study identified four segments, the "Prudent", "Intimates", "Influenced" and "Pragmatic".



“Prudent” and “Pragmatic” segments are looking for a very functional relationship, which is in line with the consumer grocery idea as a self-service concept. The “Prudent” consumers want a perfect balance between quality and price, i.e., they expect that perception of service provided it to be excellent to the point of being a fair payment or sacrifice (Whittaker, Ledden, & Kalafatis, 2007). In the other hand, the “Pragmatic” segment wants to have a good experience in their shops, in accordance with their needs and trends. Thus, the social value is an image based on the reputation and credibility (Seifi et al., 2012).

In contrast, the “Intimates” segment does not agree that this concern is taken into account over time in the relationship. Second, “Intimates” segment appreciates more emotional value. These consumers appreciate the trust in the relationship. The trust is based on quality perceived from the most basic feelings and result from the first moments of contact that occurred in each transaction between the consumer and retailer (Moliner, Sánchez, Rodríguez & Callarisa, 2007).

The “Influenced” group has a more similar position with respect to the prudent consumers, however they are more concerned with the place of origin of the products. In addition, the influenced consumers agree that the involvement in the relationship through time can induce to a risk of environmentally unsustainable, i.e., the consumers have a risk of purchase products that do not need. Belk (1975) defines “Influenced” consumers by the reasons that influence their behaviour, such as: physical environment of store atmosphere.

These findings provide useful managerial guidelines for decision-making in grocery retailing. In particular, this study emphasizes the key role of exchange in relationships and the dimensions of perceived value considered by the shoppers in relational practices with the retailers critical to understand their patronage behaviour. For those that functional and monetary value is important information-based strategies that impact consumer expertise must be available from retailers in verbal form threw relational encounters in a way that can be built trust in relationships and comparable performances vs. price can be achieved. Regarding the customers who value the social dimension, the retailer should emphasize store's reputation (retail chain) particularly with regard to its social responsible program. Retailers should also understand that customers do not buy their products by themselves but for what they allow in their use, so that their offers have to take into account the emotional dimension associated with groceries consumption.

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