

The Role of Customer behavior and customer good retailers in the purchase of certain products and brand loyalty

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ABSTRACT

Literature review on the quality of luxury goods reveals two distinct movements: first, the growing number of consumers who use these products and, secondly, producers react to these changing consumption patterns by offering luxury goods. This belief is because of the high quality of the goods and positive mental perceptions of the consumers from the quality attribute of these products. Therefore, when consumers consider the value judgments of quality factors, the concept of quality needs to be divided into two groups: Intrinsic quality attribute which relates to the physical aspects of the product and Extrinsic quality attribute which are related to the product but it is not physically a part of it. And, since customers pay much attention to the quality brands of the products, it is required that consumer satisfaction, loyalty, and buying intention of the consumer to the intrinsic and extrinsic quality of the products for increasing the buying amount and repeating this purchase are examined more, because these products because of having certain advantages, can be a beginning to compete with other brands. For a detailed investigation of the role of the intrinsic and extrinsic attributes of luxury goods on consumer perceptions, imported luxury car called Mercedes Benz, Sedan model (E-Class), was selected so that it would be easier to detect the distinction that the consumers make between intrinsic and extrinsic attribute, and investigate how this product effect on consumers' satisfaction and loyalty, and, finally, their buying intention for this product. Regarding the aim, the present study is practical, and regarding the method, it is descriptive-analytic. The population of the study is people who use Mercedes Benz, Sedan model (E-Class) in the city of Tehran, and whose satisfaction and loyalty to the brand was randomly selected to be investigated. Analysis of the findings of the study by SPSS Software, edition 17, show that all the components of the research have been confirmed and there is a significant and positive relationship between being customer-oriented by luxury goods sellers, and loyalty and satisfaction of buyers and consumers of these kinds of goods.

Keywords: Behavior of the Consumer, customer satisfaction and Loyalty, Buying Intention, Customer Relationship Management, Luxury Goods.

1-Introduction

By passing traditional economy and intensity of competition in new dimensions, customer has become the main part and axis of all the activities of organizations in a way that, from the perspective of competition, the survival and continuity of the life of organization depend on the identification of new costumers, attracting them, and preserving old ones. Here, management and marketing scholars suggest preserving customers and finding proper ways to relate with them under the name of customer relationship management. (Elahi and Haidari, 2008).

Studies have shown that the luxury goods market in recent decades has dramatically altered, and, nowadays, new targets have been considered for the import and export of these commodities (Botonaki & et al, 2006). Today, the traditional concept of production and consumption in global markets have changed, and the concept of consumption and, subsequently, production let consumers have active role in the production (Kupiec & Revell, 1998). It caused producers to pay much attention to the consumers, and, actually, caused consumers to have an important role in the production.

In this study, it has been attempted to identify the perceptions that the consumers have about intrinsic and extrinsic attributes of the luxury goods of Mercedes Benz, Sedan model (E-Class), and the influence that this product has on the satisfaction and loyalty of the consumer, and finally investigate how it affects on the buying intention of the consumer.

Generally, in this study we want to examine the issue that "How the perceptions of the consumer from the quality attribute affect on his behavior?" and, specifically, we seek to answer the following questions:

- 1 – Do the perceptions of the consumer from the intrinsic and extrinsic attributes of luxury goods affect on his satisfaction and loyalty?
- 2 – Does the satisfaction of the customer cause his loyalty?
- 3 – Do the satisfaction and loyalty of the customer from luxury goods affect of his buying intention?

2 - Theoretical Framework

Quality is an important principle in the customer's perspective, and in consumer's perception of quality, quality attributes are important for the consumer, and quality approach based on the consumer contains the subjective elements rooted in consumer preferences (Ottesen, 2006). Recently, models of consumer behavior about the quality of the products have considered the perceived quality of the models.

Classification of the quality attribute was first done by Olson and Jacobi (1972), and, gradually, many researchers welcomed and used this classification in their researches. Scholars such as Steen Kamp (1989), Glitch (2000), Snoj et al. (2004), Hansen (2005), Fandos and Flavia (2006) and Spijel et al. (2007) followed the classification of quality attribute.

The quality attribute refer to all information stimuli available for the consumer before usage (Hoffman, 2000). Of all quality attributes available for the consumer, only some of the essential features have been used in the provision of quality.

2-1 Intrinsic Quality Attributes

These attributes refer to those which are part of the physical product and cannot be changed without changing the physical attribute of the product. Intrinsic attribute is specific to each product. Some of these attributes include color, odor, appearance, and ... (Hansen, 2005).

2-2 Extrinsic Quality Attributes

These attribute refer to those aspects of products that are related to the product, but are not the physical part of it. These different attributes are different from the product itself, but are strongly dependent to it.

Some of these attributes include: brand name, region or country of origin, price and so on (Fandos & Flovian, 2006).

2-3 Customer

Customer is a word which has been defined 100 years ago. However, companies still try to give a new definition of it. According to many scholars, customer is divided as follows (Schafer, Konstan, & Riedl , 2001).

- **Consumer:** One who buys a product or a service in a small scale.
- **Distributor:** One who buys a product or a service in large scales to distribute.
- **Economic Organization:** Every company or organization which buys a product or service from others.
- **Internal Section:** One part of an organization which buys a product or service from the other section of that organization.

Each of these costumers confronts a level of selling, and requires a suitable servicing matching with that level. So, these diverse customers require different marketing strategies.

Customer is the one who defines his own needs; he uses produced goods and services, and wants to pay a good cost for that; but he does this when he can find a value in these goods and services to justify for which he has paid (www.sapient.com).

2.4 Customer Relationship Management

Customer Relationship Management is a business strategy that chooses and manages the most valuable customer relationships. To support marketing strategies, selling and services efficiently, customer relationship management requires working philosophy and culture of being customer-oriented. The tools of customer relationship management, supposing that the company has leadership, strategy, and appropriate culture, can activate customer relationship management efficiently (Thomson, 2002).

2-5 The Culture of Being Customer-Oriented

A set of beliefs and in an economic enterprise, which prioritize customer needs and interests in its organization, and in which the customers have equal status with those of shareholders, directors, and employees, the culture is customer-oriented (Deshponde, 1993).

2-6 Satisfaction

Satisfaction is the result which, after the customer buys something, is gained from the comparison of the expected performance with actual perceived performance and costs which are paid (Beerli et al, 2004).

2-7 The Importance of Satisfaction

Researches has shown that attracting new customers needs 5 to 10 times more cost than retaining existing customers and satisfying them, and if the companies can reduce their lost customer up to 5 percent, their earning will increase 25to 85 percent (Catler, 2006).

2-8 Loyalty

Deep commitment to re-buying or being customer for preferred goods/services in the company (Cosalo, et al, 2007).

2-9 The Importance of Loyalty

Previously, marketing was only looking for new customers and the sales groups were looking for new hunt, but today, marketing means "to increase customers", developing loyalty by managers was considered as a traditional target, particularly loyalty has been considered as a key factor in the success of the company and its support at any time (Becker, 2000).

Several studies have examined the impact of satisfaction on loyalty that, about the luxury goods, - researches of Cronin (2000) and Biong (1993) and Ballester & Aleman (2001), Spijtel et al. (2007) can be noted.

Loyalty is a positive attitude towards a product which is made by the frequent use of the product. Loyalty of consumers to buy a product directly affects on the buying intention.

2-10 Buying Intention

Shopping is a process in which the buyer is trying to buy raw materials, extra parts, services and accessories, in the best quality, excellent price, and the most appropriate quantity, from the best source, and the predictable behavior of the customer reflects the buying decisions in the near future (Aghdaie, 1998).

2-11 Perceived Quality

It is the perception of the customer from the overall quality or superiority of a product or service. In other words, it is believed to be the overall judgment which is based on an understanding of product to its quality attributes (Northen, 2000).

2-12 Consumer's Behavior

It is the physical, biological, mental, and emotional activities that people are involved in when they choose, buy, use and throw away the goods in order to satisfy their own needs. Customer's behavior - contains buying units and transaction processes which involve acquisition, using and throwing of the goods, services, experiences and ideas (Moven and Minor, 2007).

2-13 Luxury Goods

Luxury goods are referred to as products and services which exceeded the size and the amount of satisfying need; mostly, it is a form to show and boast the money, wealth, and capital of one to the others.

Generally, goods, based on affordability, can be divided into three categories:

1. **Mean Goods:** Are goods whose affordability is under zero. Mean goods are goods whose request decreases when the income of customer increases or vice versa.

2. **Necessary Goods:** Are goods whose affordability is between 1 and zero. Necessary goods are goods whose request change percent are less than income change percent, and the direction of the changes is positive (if the income increases, the request will increase too, but not like income change).

3. **Luxury Goods:** are goods whose affordability is more than one. Luxury goods are goods for which request change percent is more than income change percent (by increasing the income, the request will increase too, but it is more than income changes).

Affordability of goods changes with the amount of the income of the consumer in a way that in low-income levels they are considered as luxury goods; in average-income levels they are considered as necessary goods; and in high-income levels they are considered as mean goods. For low-income people, most goods are luxury goods, but in high-income levels, most goods are mean, and completely available for them (Ahmadi, 2010).

1 - Conceptual model of the Research

Conceptual model of the research was gained after reading the two articles by Fandos and Flavia (2006) and the article of Spijel et al (2007) as the following:

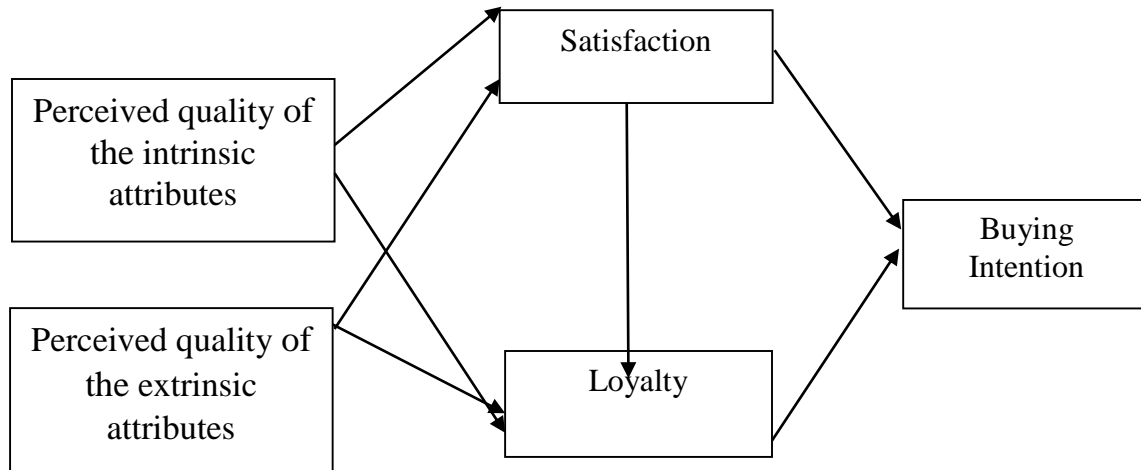


Table 1: Conceptual Model of the Research

4 – Methodology

The present study, regarding aim, is practical, because it used the existing scientific context and background to study the needs of the market. Regarding the method, it is of non-experimental descriptive – analytical type. It is descriptive because it uses the questionnaire, and it is analytical because, in addition to describing the status quo, it tests hypotheses based on the predictable. Study population are those who use Mercedes Benz, sedan model (E-Class) in Tehran, who have randomly been given 20 questionnaires. The questionnaire had been designed in the form of six major influential components that influenced consumer behavior. It is scientifically valid (Wilson, Bateman, and Vygham questionnaire, version 2002) which used Cronbach's alpha to assess reliability; its value is 0.9 which indicates the reliability of the questionnaire.

5 - Research Hypothesis

Based on the influential factors identified in the literature review and the used questionnaire, six hypotheses are presented below:

First Hypothesis: perceived quality of the intrinsic attributes of luxury goods has positive and meaningful impact on the satisfaction of the consumer.

Second Hypothesis: perceived quality of the intrinsic attributes of luxury goods has positive and meaningful impact on the loyalty of the consumer.

Third Hypothesis: perceived quality of the extrinsic attributes of luxury goods has positive and meaningful impact on the satisfaction of the consumer.

Fourth Hypothesis: perceived quality of the extrinsic attributes of luxury goods has positive and meaningful impact on the loyalty of the consumer.

Fifth hypothesis: the satisfaction of the consumer of luxury goods has positive and meaningful impact on the loyalty of the consumer.

Sixth Hypothesis: the loyalty of the consumer of luxury goods has positive and meaningful impact on the buying intention of the consumer.

6 - Testing the Hypotheses

In order to compare the means of variables, we should first examine the normality of the variables by the Kolmogorov-Smirnov test, and if they are normal, we should use t test to evaluate research hypotheses. Kolmogorov-Smirnov test results which indicate the normality of the variables are shown in the table below:

Table 1: Kolmogorov-Smirnov test results on studying the normality of variable distribution

Variables under Study	Number	t	P Amount	Test Result
The influence of intrinsic attributes on the satisfaction of the consumer	22	1.109	.171	Normal
The influence of intrinsic attributes on the loyalty of the consumer	22	.744	.637	Normal
The influence of extrinsic attributes on the satisfaction of the consumer	22	.524	.947	Normal
The influence of extrinsic attributes on the loyalty of the consumer	22	.835	.488	Normal
The influence of consumer satisfaction on the loyalty of the consumer	22	.514	.954	Normal
The influence of the loyalty of consumer on the buying intention of the consumer	22	.551	.921	Normal

According to the above table, it is shown that the P amount for checking the normality of the two groups is more than 0/05 in all cases; therefore, the normality of the distribution of data is accepted. Now we can use the t test to test the hypotheses:

First hypothesis: perceived quality of the intrinsic attributes of luxury goods has positive and meaningful impact on the satisfaction of the consumer.

As the variable of the influence of intrinsic attributes on the satisfaction of the consumer is normal, so, to compare the means of this variable with the fixed number of 3, we use one-sample t-test:

Table 2: one-sample t-test results of the influence of intrinsic attributes on the satisfaction of the consumer

Number	Mean	Standard Deviation	t	Degrees of freedom	P Amount	95% confidence interval for the difference between the mean and the number 3
22	2.2071	0.61176	-6.079	21	.000	(-1.06 and -0.52)

According to the results shown in the above table, it can be seen that the mean of this variable is 2.207, and the P amount to compare this variable with 3 is less than 0/05, so the hypothesis H0 which tells there is no difference in mean with 3 is rejected, and according to the gained confidence interval, it can be mentioned that the mean is significantly less than 3, so the first hypothesis with 95 percent confidence is accepted.

Second Hypothesis: perceived quality of the intrinsic attributes of luxury goods has positive and meaningful impact on the loyalty of the consumer.

As the variable of the influence of intrinsic attributes on the loyalty of the consumer is normal, so, to compare the means of this variable with the fixed number of 3, we use one-sample t-test:

Table 3: one-sample t-test results of the influence of intrinsic attributes on the loyalty of the consumer

Number	Mean	Standard Deviation	t	Degrees of freedom	P Amount	95% confidence interval for the difference between the mean and the number 3
22	2.3712	0.67638	-4.360	21	.000	(-0.92 and -0.32)

According to the results shown in the above table, it can be seen that the mean of this variable is 2.37, and the P amount to compare this variable with 3 is less than 0/05, so the hypothesis H0 which tells there is no difference in mean with 3 is rejected, and according to the gained confidence interval, it can be mentioned that the mean is significantly less than 3, so the second hypothesis with 95 percent confidence is accepted.

Third hypothesis: perceived quality of the extrinsic attributes of luxury goods has positive and meaningful impact on the satisfaction of the consumer.

As the variable of the influence of extrinsic attributes on the satisfaction of the consumer is normal, so, to compare the means of this variable with the fixed number of 3, we use one-sample t-test:

Table 4: one-sample t-test results of the influence of extrinsic attributes on the satisfaction of the consumer

Number	Mean	Standard Deviation	t	Degrees of freedom	P Amount	95% confidence interval for the difference between the mean and the number 3
22	2.6429	0.75561	-2.217	21	.038	(-0.69 and -0.022)

According to the results shown in the above table, it can be seen that the mean of this variable is 2.64, and the P amount to compare this variable with 3 is less than 0/05, so the hypothesis H0 which tells there is no difference in mean with 3 is rejected, and according to the gained confidence interval, it can be mentioned that the mean is significantly less than 3, so the third hypothesis with 95 percent confidence is accepted.

Fourth Hypothesis: perceived quality of the extrinsic attributes of luxury goods has positive and meaningful impact on the loyalty of the consumer.

As the variable of the influence of extrinsic attributes on the loyalty of the consumer is normal, so, to compare the means of this variable with the fixed number of 3, we use one-sample t-test:

Table 5: one-sample t-test results of the influence of extrinsic attributes on the loyalty of the consumer

Number	Mean	Standard Deviation	t	Degrees of freedom	P Amount	95% confidence interval for the difference between the mean and the number 3
22	2.4015	0.55075	-2.217	21	.038	(-0.84 and -0.35)

According to the results shown in the above table, it can be seen that the mean of this variable is 2.401, and the P amount to compare this variable with 3 is less than 0/05, so the hypothesis H0 which tells there is no difference in mean with 3 is rejected, and according to the gained confidence interval, it can be

mentioned that the mean is significantly less than 3, so the fourth hypothesis with 95 percent confidence is accepted.

Fifth hypothesis: the satisfaction of the consumer of luxury goods has positive and meaningful impact on the loyalty of the consumer.

As the variable of the influence of satisfaction of the consumer on the loyalty of the consumer is normal, so, to compare the means of this variable with the fixed number of 3, we use one-sample t-test:

Table 6: one-sample t-test results of the influence of consumer satisfaction on the loyalty of the consumer

Number	Mean	Standard Deviation	t	Degrees of freedom	P Amount	95% confidence interval for the difference between the mean and the number 3
22	2.3485	0.66251	-4.613	21	.000	(-0.94 and -0.35)

According to the results shown in the above table, it can be seen that the mean of this variable is 2.34, and the P amount to compare this variable with 3 is less than 0/05, so the hypothesis H0 which tells there is no difference in mean with 3 is rejected, and according to the gained confidence interval, it can be mentioned that the mean is significantly less than 3, so the fifth hypothesis with 95 percent confidence is accepted.

Sixth Hypothesis: the loyalty of the consumer of luxury goods has positive and meaningful impact on the buying intention of the consumer.

As the variable of the influence of loyalty of the consumer on the buying intention of the consumer is normal, so, to compare the means of this variable with the fixed number of 3, we use one-sample t-test:

Table 7: one-sample t-test results of the influence of loyalty of the consumer on the buying intention of the consumer

Number	Mean	Standard Deviation	t	Degrees of freedom	P Amount	95% confidence interval for the difference between the mean and the number 3
22	2.5170	0.66737	-3.394	21	.003	(-0.77 and -0.187)

According to the results shown in the above table, it can be seen that the mean of this variable is 2.51, and the P amount to compare this variable with 3 is less than 0/05, so the hypothesis H0 which tells there is no difference in mean with 3 is rejected, and according to the gained confidence interval, it can be mentioned that the mean is significantly less than 3, so the sixth hypothesis with 95 percent confidence is accepted.

Finally, it can be mentioned that all the hypotheses are confirmed. In the table below, the results of all the hypotheses are shown to compare the hypotheses together.

Table 8: the output of hypothesis tests and their comparison

One-Sample Test						
	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
First hypothesis	-6.079	21	.000	-.79293	-1.0642	-.5217
Second hypothesis	-4.360	21	.000	-.62879	-.9287	-.3289
Third hypothesis	-2.217	21	.038	-.35714	-.6922	-.0221
Fourth hypothesis	-5.097	21	.000	-.59848	-.8427	-.3543
Fifth hypothesis	-4.613	21	.000	-.65152	-.9453	-.3578
Sixth hypothesis	-3.394	21	.003	-.48295	-.7788	-.1871

Conclusion

Economic survival and the growth of market in today's dynamic environment require various economic enterprises. Effective operations of these enterprises lead to the greater efficiency and better economic performance. Efforts of industrial workers, especially in the production of luxury goods, can occur both positive and negative aspects in three levels of individual, enterprise, and countries. So, manufacturers require to have a good knowledge of the factors and processes affecting the global economy to, first of all, improve their performance and, secondly, to benefit, in a best way, from their results in different economic activities. In this context, the present tries to identify the influencing factors on consumer behavior about satisfaction and loyalty to the luxury goods, and, also, on the other hand, the sellers of these goods, being customer-oriented, in Tehran, were identified and tested. After investigating the literature review of the subject, six effective factors on the behavior of the consumer were considered, and based on them, some hypotheses were organized. Testing these hypotheses by the questionnaire confirms all the hypotheses and indicates that there is a positive and significant relationship between the rate of communication management with costumer (being costumer-oriented) of the seller of the luxury goods and loyalty and satisfaction of the users of these kinds of goods. At last, it is suggested that in the future studies, in order to examine the generalization of the findings of this study, the validity of them about other goods and in different markets get experimented.

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