Fashion Apparels: Influences of Values and Lifestyles on Customer Loyalty

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ABSTRACT

This study investigates customers' satisfaction and perceived product quality on customer loyalty among apparel consumers in Malaysia. It also attempts to determine the moderating impact of values and lifestyles (VALS) on the relationship between customer perceptions (customers' satisfaction and perceived product quality) and customer loyalty. A questionnaire derived from previous studies was completed by 450 apparel consumers in Malaysia. Multiple regression and hierarchical moderator regression were used to test the hypotheses. Findings show that both customer satisfaction and perceived product quality are positively correlated with customer loyalty, while VALS moderates the relationship between customer perceptions and customer loyalty. This study gives an insight that VALS will influence perceptions and behaviours of customers. Based on this study, marketers will understand the importance of identifying the different levels of VALS among consumers and design different marketing strategies to attract them.

INTRODUCTION

Consumer behavior is an important marketing concept. It is defined as the behavior consumers display in searching for, purchasing, using, evaluating and disposing of products, services and ideas (Schiffman et al., 2005). Marketers often observe their customers to recognize their needs, behaviors, and factors that influence their purchase decisions (Grant & Stephen, 2005; Watchravesringkan & Shim, 2003). They believe that understanding customers could assist them in predicting their purchasing behaviors and influence their behaviors. Another important marketing concept is consumer perception. It is defined as the process by which an individual receives, selects and interprets stimuli to form meaningful and coherent pictures of the world (Hewer & Hamilton, 2012; Schiffman et al., 2005). For the purpose of this study, both consumer behaviors and perceptions of fashion apparel consumers in Malaysia are examined and to identify its influence on customer loyalty. This paper also seeks to investigate the moderating effects of values and lifestyles (VALS) on customer satisfaction, perceived product quality (PPQ) and customer loyalty.

Customer Satisfaction and Customer Loyalty:

The concerns of the relationship between customer satisfaction and customer loyalty have attracted widespread attention among researchers (e.g. Gustafsson, Johnson & Roos, 2005; O’Malley, 1998). According to Gustafsson, Johnson & Roos (2005) and Song & Ashdown (2013), overall satisfaction has positively affected customer loyalty intentions across a number of products. This is confirmed by Bolton, Kannan & Bramlett (2000) and Shim & Kotiopulos (1992), whereby they indicate that the degree of customer loyalty is dependent on customers' prior satisfaction.

Loyalty is defined as the reflection of customers' subconscious, emotional and psychological need to find a constant source of value, satisfaction and identity (Rafferty, 2011). There are three general distinctive approaches to measure loyalty: (1) behavioral measurements; (2) attitudinal measurements; and (3) composite measurements (Bowen & Chen, 2001; Noordhoff, Pauwels & Odekerken-Schroder, 2004; O’ Malley, 1998). Behavioral loyalty refers to customers’ previous buying behavior, which also considers their fundamental customers motivations and commitments to the product (Uncles, Dowling & Hammond, 2003). Attitudinal...
loyalty is defined as consumers’ predisposition toward a store as a function of psychological processes which includes attitudinal preference and commitment toward the store (Noordhoff, Pauwels&Odelerken-Schroder, 2004). In this research, customer loyalty is measured by composite measurement; a combination of behavioral and attitudinal measurements. Composite measurements provide a better analytical prediction of customer loyalty because this measurement quantifies customer loyalty in both behavioral and attitude dimensions including consistency of purchase, attitudinal preferences, and propensity of brand-switching (Bowen & Chen, 2001).

**Hypothesis 1:** There is a significant (positive) relationship between customer satisfaction and customer loyalty among consumers of fashion apparel in Malaysia.

**Perceived Product Quality and Customer Loyalty:**

There are also many papers that study on the relationship between PPQ and customer loyalty (e.g. Mitra&Golder, 2007; Wong &Sohal, 2003). According to Swanson and Davis (2003), quality means conformance to customers’ specifications. In this study, PPQ is defined as a customer’s perception on the quality of fashion apparel including attributes such as retail outlet, comfortable fabrics, variety of color selections, great attractiveness, and updated styles and trends. Quality clothing products are expected to meet customers’ demands and expectations. In Delong et al. (2004) and Wong and Sohal (2003), they found a significant positive relationship between PPQ and customer loyalty. In other words, quality of products and services are the key issues for a company to develop a higher level of customer loyalty.

**Hypothesis 2:** There is a significant positive relationship between PPQ and customer loyalty among consumers of fashion apparel.

**Values and Lifestyles:**

The study carried out by Allen (2001) shows direct and indirect relationships between human values and consumer products or brand preferences; consumer values are one of the significant factors to influence consumer behavior. Hensel (2011), Hall & van den Broek (2012) and Tolonen (2013) imply that consumer values result from society’s culture and ethnicity, and the values may affect the prioritizing of needs to be satisfied through the procurement of certain consumer goods.

According to Kucukemiroglu (1999), lifestyle is defined as the behavior of individuals, a small group of interacting people, and large groups of people (e.g. market segments) acting as potential consumers. There are various prior researches that emphasize on the impacts of one’s lifestyles on their attitudes or behavior toward a range of activities (e.g. Fraj&Martinez, 2006; Walker & Li, 2007; Yang, 2004). Values and lifestyles are found to influence consumers’ decision-making processes on fashion apparel through an indirect effect (Cassill&Drake, 1987; Williams&Currid-Halkett, 2011). Therefore, lifestyles are believed to have moderating effects on the relationship between customers’ perceptions and purchase behaviors on fashion apparel products.

**Hypothesis 3:** Values and Lifestyles will significantly moderate the relationship between (a) customer satisfaction, (b) PPQ; and high customer loyalty

**Methodology:**

A series of pre-tests were conducted to refine the questionnaire and assists to evaluate the questions’ validity and expected reliability of the data. Sampling frame for this study is constraint to Klang Valley, Malaysia, which is the hub for most activities in Malaysia. People from all over Malaysia moved to Klang Valley and it represents the cross cultural and diversity of Malaysians. It represents more than 18 percent of Malaysian population (Department of Statistics Malaysia, 2008). A sample size of 450 was defined to obtain a more generalized set of data. In order to ensure that each targeted individual in Klang Valley has an equal chance of being selected in the survey, probability sampling method was utilized in the sampling selection. For this research, multi-stage probability sampling was used as a sampling technique to select the probability sample. There are three stages involved in this sampling technique: (1) cluster sampling, (2) simple random sampling, and (3) systematic sampling. Respondents were found to be normally distributed.

In this research, personally administered questionnaires were used to collect the needed information. The questions used to measure the variables were adapted from a number of previous researches (i.e. customer satisfaction- Gomez, Arranz&Cillan, 2006; Laroche, Kalamas&Cleveland, 2005; Soderlund, 1998; Stock, 2005; PPQ- Choi, Kim, Kim & Kim, 2006, customer loyalty- Choi, Kim, Kim & Kim, 2006; McMullan, 2005; Wong &Sohal, 2003 ; VALS- Fraj&Martinez, 2006; Kucukemiroglu, 1999; Sun, Horn & Merritt, 2004; Yang, 2004). Respondents were asked to indicate their degree of agreement or disagreement with the items, which are related to their perceptions and behaviors on apparel products. A five-point Likert scale is used that allows the respondent to indicate how strongly he or she disagrees or agrees with the given statements.

**Results/Findings:**

A pilot test was conducted to evaluate the questionnaire validity and the expected reliability of the data was
gathering. Factor analysis and reliability test were conducted to ensure the reliability of the variables. In this study, internal consistency method (Coefficient Alpha test) was used to assess the reliability score of the data. Cronbach’s alpha is one of the most widely used internal consistency reliability test (Hair et al., 2006; Saunders, Lewis & Thornhill, 2007).

Reliability analyses show the following Cronbach’s alpha values: customer satisfaction (.83), PPQ (.86), customer loyalty (.85), and values and lifestyles (.87). All the reliability test results show alpha values exceeding .80. Hence, the reliability of the data is assured. The internal consistency exceeding .80 also supports the validity of the questionnaires used.

In order to test for the effect of customer satisfaction and PPQ on customer loyalty and the moderating effect of VALS, hierarchical moderated regression analysis was carried out. The hierarchical moderated regression analysis was broken into three different equations; the basic model (equation 1), the basic and the moderating model (equation 2) and the interaction model (equation 3). The general forms of the hierarchical moderated regression models for this study are:

\[
Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + e \quad \text{Equation 1}
\]

\[
Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3W_1 + e \quad \text{Equation 2}
\]

\[
Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3W_1 + \beta_4X_1W_1 + \beta_5X_2W_1 + e \quad \text{Equation 3}
\]

Where

\[
Y = \text{customer loyalty}
\]

\[
X_1 = \text{customer satisfaction}
\]

\[
X_2 = \text{PPQ}
\]

\[
W_1 = \text{values and lifestyles}
\]

\[
e = \text{error term}
\]

Table 1 shows the summary of the hierarchical moderated regression results measuring the relationships between the variables.

<table>
<thead>
<tr>
<th></th>
<th>Step 1</th>
<th>Step 2</th>
<th>Step 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>0.126**</td>
<td>0.049*</td>
<td>0.810**</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>0.698**</td>
<td>0.698**</td>
<td>1.177**</td>
</tr>
<tr>
<td>Perceived Product Quality</td>
<td>0.203**</td>
<td>0.172**</td>
<td>0.508**</td>
</tr>
<tr>
<td>Values and Lifestyle</td>
<td></td>
<td>0.114**</td>
<td>0.265*</td>
</tr>
<tr>
<td>Satisfaction*VALS</td>
<td></td>
<td></td>
<td>0.196**</td>
</tr>
<tr>
<td>Quality*VALS</td>
<td></td>
<td></td>
<td>0.283**</td>
</tr>
<tr>
<td>(R^2)</td>
<td>0.342</td>
<td>0.372</td>
<td>0.451</td>
</tr>
<tr>
<td>(R^2)</td>
<td>0.340</td>
<td>0.372</td>
<td>0.450</td>
</tr>
<tr>
<td>(p)-value (F-test Statistics)</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Based on the coefficient (\(\beta\)) of each variable listed in Table 1, the fitted model for the equations are:

\[
\hat{Y} = 0.126** + 0.698X_1** + 0.203X_2**
\]

\[
\hat{Y} = 0.049* + 0.698X_1** + 0.172X_2** + 0.114W_1**
\]

\[
\hat{Y} = 0.810** + 1.177X_1** + 0.508X_2** + 0.265W_1* + 0.196X_1W_1** + 0.283X_2W_1**
\]

The regression analyses (as in equations 1, 2 and 3) show customer satisfaction, PPQ and customer loyalty are positively related at \(p < .01\) level. Thus, hypothesis 1 is supported. The interaction terms, namely satisfaction*vals and quality*vals have also contributed significantly to customer loyalty (\(F = 53.64; p = .000\)). The regression findings from Table 3 shows that the inclusion of the moderating effect of VALS explain greater variations where the adjusted \(R^2\) value is at .451, which indicates that 45.1% of the variation in customer loyalty is explained by customer satisfaction, PPQ and the moderator, VALS as compared to the basic regression model of only .342 or 34.2% variation. The inclusion of the moderator is significant at \(p < .01\). Therefore, there is evidence to support the interaction effect of VALS on the relationship between customer loyalty and the independent variables, namely customer satisfaction and PPQ. Hence, hypothesis 2 is supported.

To portray the interactions between the variables and VALS more clearly, two graphs are drawn. To draw the graph, the bases of customer satisfaction, PPQ and moderator variable are initially recoded into three categories namely, low, moderate and high by dividing the respondents into three approximately equal groups using the following percentile (0-33 percent = Low; 33.1-66 percent = Moderate; and 66.1-100 percent = High).

As observed in Figure 1, panel a for low level of VALS, as the level of customer satisfaction moves from low to moderate, the level of customer loyalty increases. Nevertheless, the reading remains the same as the level of satisfaction moves from moderate to high. At the moderate level of VALS, as the level of customer
satisfaction increases from low to moderate, the level of customer loyalty increase as well. However, as the level of customer satisfaction increases from moderate to high, the level of customer loyalty increases at a declining rate. Similar to moderate VALS level, for high VALS level, as the level of customer satisfaction moves from low to moderate, the level of customer loyalty increases. As the level of customer satisfaction increases from moderate to high, the level of customer loyalty increases at a declining rate. From panel a, the findings suggest that the level of customer loyalty for consumers with high and moderate level of VALS tend to diminish even if the level of customer satisfaction is increasing. This may be because the high and moderate VALS level consumers tend to pay more attention on the latest fashion trends. Besides, they are also more likely to make purchases of the clothing products from the retailers who offer the latest fashion styles. Hence, their levels of loyalty are increasing at a decreasing rate. However, for the customers who possess low level of VALS, they are relatively easier to be served, as they are less particular on the styles and fashion trends. As a result, their level of loyalty continues to increase when the satisfaction level increases.

**Panel a.** Moderating effects of values and lifestyles on the relationship between customer satisfaction and customer loyalty

**Panel b.** Moderating effects of values and lifestyles on the relationship between perceived product quality and customer loyalty

![Graphs showing moderating effects](image)

Fig. 1: Moderating Effects of Values and Lifestyles.

On the other hand, Figure 1, panel b shows that for low level of VALS, the level of PPQ does not have much impact on the level of customer loyalty. For moderate level of VALS, as the level of PPQ increases from low to moderate, the level of customer loyalty increases. However, as the level of PPQ increases from moderate to high, the level of customer loyalty increases at a declining rate. This is similar to high level of VALS, whereby as the level of PPQ moves from low to moderate, the level of customer loyalty increases. As the level of PPQ increases from moderate to high, the level of customer loyalty increases at a declining rate. From panel b, the findings suggest that the level of customer loyalty for consumers with high and moderate levels of VALS tend to diminish even if the level of perceived quality of product increases. This may be because the high and moderate VALS levels consumers are more sensitive to how others view them and more particular on the perceived quality of products. Hence, they are more likely to switch to another retailer who offers the latest styles of clothing and they are relatively less likely to show loyalty on a particular retail outlet. Hence, their levels of loyalty are increasing at a decreasing rate when the level of PPQ increases. Figure 1 also shows that for low level of PPQ, the respondents with a low level of VALS have the highest level of customer loyalty, followed by the respondents with high and moderate level of VALS. The respondents with a low level of VALS may be less particular on the quality of products. Hence, they have higher level of customer loyalty on the perceived low quality products. As they are less particular on the perceived quality of product, their level of loyalty continue to increase when the level the level of PPQ increases.

**Managerial Implications and Implications:**

Based on the findings, there is a significant positive relationship between customer satisfaction and customer loyalty at p < .00 level. Hence, hypothesis 1 is supported. The above findings are consistent with other researches such as Bolton, Kannan&Bramlett (2000), Sivadas& Baker-Prewitt (2000) and Wissinger (2009). This implies that customers who are satisfied with their past transactions will tend to re-patronize that particular retail outlet in the future. This is also consistent with Jones and Sasser (1995), who verify the important link between customer satisfaction and customer loyalty.

There is also a significant positive relationship between PPQ and customer loyalty among the apparel consumers in Malaysia at p < .00 level. Hence, the hypothesis 2 is supported. Based on this finding, the
customers’ favorable judgment of the quality of products has a positive effect on the customers’ purchase decision on apparel outlets. Malaysia, a country with increasing disposable income and a purchasing power, the focus on fashion apparels increased to show consumers’ status and lifestyle. However, high perceived quality of product is developed among the consumers who are able to identify the differences and superiority of the product as compared to the competitors’ brands. Customer perceptions on the quality of product will significantly influence their behaviors including purchase decisions.

Fashion apparel industry is a rapidly developing industry, which consist of many consumers who buy their clothing products more frequently than other durable products. Therefore, it is very important for the apparel retailers to ensure that the customers have high PPQ toward their apparel products, as this will help them to retain these customers. Based on the research findings, there is a significant moderating effect of VALS on the relationship between customer satisfaction, PPQ and the dependent variable, customer loyalty at p < .00 level. The hierarchical test showed that the percentage of variance explained by the variables has increased when VALS is entered as the moderator in this model and is significant at p < .00. In other words, VALS moderates the effect of customer satisfaction and PPQ on customer loyalty. Hence, Hypothesis 3 is supported.

Besides, the level of consumer loyalty for consumers with high and moderate levels of VALS will diminish when the level of customer satisfaction is increasing. In other words, the high and moderate VALS levels consumers are relatively more likely to switch to other apparel outlets compared to the consumers with low VALS level. In contrast, for the low level of VALS consumers, their level of customer loyalty will continue to increase when the level of satisfaction is increasing. This indicates that they are likely to be more loyal to the brands that offer them good satisfaction. Nevertheless, their degree of loyalty is relatively less than those with high and moderate levels of VALS consumers in this study. This may be due to the fact that the low level of VALS consumers are relatively less particular on the characteristics of the apparel products and have relatively low interest in searching for the new fashion styles. Hence, they will tend to show loyalty on the apparel retail outlets that offer the products that satisfy their needs and wants. Even though some of them are satisfied to a particular clothing product, they will still hunt for better bargains as some of the low VALS level consumers like to continuously search for the more valuable products. This implies that VALS has significant moderating effects on the relationship between customer satisfaction and customer loyalty.

On the other hand, the level of customer loyalty for consumers with high and moderate levels of VALS will tend to diminish when the level of perceived quality of product is increasing. Malaysians, who are living in a collectivist society, have higher tendency to be very sensitive to how others view them (Ndubisi, 2005; Singelis & Sharkey, 1995). When it comes to perception of values and lifestyle, the cultural and background systems of consumers are crucial (Shen et al., 2003) and for the case of Malaysia, the impact of how others perceive and evaluate fashion apparels. There is an interpersonal influence in the consumption process of apparels (Kim & Hong, 2011). In a collectivist society, individuals influence others in their apparel consumption behaviors (Kaiser, 1997). Hence, they are more likely to switch to another retailer who offers the latest styles of clothing and they are relatively less likely to show loyalty on a particular retail outlet. Therefore, their levels of loyalty are increasing at a decreasing rate when the level of PPQ is increasing.

Furthermore, for the high perceived quality of products, the consumers with a high level of VALS will have higher level of loyalty compared to the moderate and low VALS levels consumers. In contrast, for the products with low perceived quality, the consumers with low level of VALS have the highest level of loyalty followed by high and moderate levels of VALS. This may be due to the fact that the consumers who possess low level of VALS level are less particular and easier to please in terms of the quality of products in general. Moreover, when the moderator VALS is added into the model, there appear to be a threshold of PPQ for affecting customer behavior. In this study, when PPQ rose above a certain threshold, loyalty climbed rapidly. On the contrary, when PPQ fell below a different threshold, the average level of consumer loyalty will decline rapidly as well. Hence, this study indicates that VALS has significant moderating effects on the relationship between PPQ and customer loyalty.

REFERENCES


