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Factors Influencing Purchase Intention for Organic Products

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ABSTRACT: The demand for organic products is growing in response to an increasing concern for environmental concern and safety issues, therefore, research on factors influencing purchase intention for organic products are important to marketing practice and academia. The objective of this study was to examine the relationship among perceived value, attitude, purchase intention for organic products. Furthermore, this study investigated the moderating effect of organic labels on the relationship between perceived value and attitude toward organic products and between attitude and purchase intention for organic products.This study utilized online survey via convenience sampling method and collected 271 valid responses from China and Taiwan.The results showed that quality, price, emotional, and social dimensions influence positively on perceived value of organic products, which increases attitude toward organic products, thereby enhance purchase intention for organic products. Additionally, the result found that organic labels have a positive moderating effect on the relationship between attitude and purchase intention for organic products while there is no significant moderating effect of organic labels in the relationship between perceived value and attitude toward organic products. The findings provided implications and suggestions for marketing practice.

Keywords: organic products, perceived value, attitude, purchase intention, organic labels

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I. INTRODUCTION

There is a growing recognition that households' consumption is a major contribution to the problem of environmental degradation (Limnios, Schilizzi, Burton, Ong, & Hynes, 2016; Thøgersen, de Barcellos, Perin, & Zhou, 2015), thus, the rise in environmental concern has led to increasing the size and the scope of environmentally friendly consumption and marketing (Chan, 2001).

Over the past decade, the global organic food industry grew gradually and became an important sector within a considerably steady and mature food market (Baker, Thompson, Engelken, & Huntley, 2004). Some countries demonstrate annual average growth rates of the organic food industry of up to 30% (Krystallis&Chryssochoidis, 2005). The global organic food sales amounted from 15.2 billion in 1999 to 62.9 billion in 2011 (Daunfeldt, &Rudholm, 2014). The U.S. plays an important role in the global organic food market. The organic food sales of the U.S. increased from 3.6 billion in 1997 to 43.3 billion in 2015 and still ranked top in the organic food industry (Ag Professional, 2013). The food organic sector gained a substantial market share in the U.S. organic market; in contrast, the non-food organic sector accounted for only one-ninth of

the U.S. organic market but was prospected well in the future (Ag Professional, 2013).

Earlier research regarding environmental concern mainly focuses on the developed economies, i.e., U.S. and Europe (ex., de Ferran&Grunert, 2007; Honkanen, Verplanken, & Olsen, 2006; Thøgersen, 1999, 2011), so far, research on conscious consumer behavior of organic products on emerging markets is still little (Chan, 2011; Khare, 2015; Tang, Wang, &Lu, 2014, Thøgersen et al., 2015). Earlier research (Chan, 1999) suggested that Chinese consumers' ecological concerns are rather low though they expressed strong emotional attachment to ecological issues. Recent research showed that (ex., Tang et al., 2014) environmental concern positively influenced Chinese consumers' purchase intention for low-displacement vehicles. Due to the importance of merging markets' huge population and increasing income, using emerging markets to understand a broader understanding of conscious consumption behavior of organic products would be of substantial importance to practitioners.

Organic food products are usually symbolized by an organic certification issued by an independent accredited institution for organic product testing (Bauer, Heinrich, & Schäfer, 2013). For example, the certification of organic labeling is strictly controlled by the United State Department of Agriculture (SUDA) and monitored by the National Organic Program (NOP). From growing, processing, packaging, and to labeling, USDA inspected every stage of production chain of the products in order to ensure conforming to organic standards (Global Organics, 2016). As a result, the identification of organic products is subject to the certification of organic labels from the production's view of point. From the perspective of consumers, this study investigating whether the organic labels have a positive moderating effect on the relationship between perceived value of and attitude toward organic products and between attitude toward and intention for organic products helps to understand of the importance of decision-making process of customers' organic products.

The paper will first present a literaturereview in perceived value of, attitude toward and purchase intention for organic products, followed by theconstruction of the research frameworkand hypotheses to be tested. Next, methodologyand results, and finally, the section with discussionand results are presented.

II. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Perceived value

Marketing literature defines perceived value as the perceived net gains associated with the products or services acquired (Zeithaml, 1988), that is, perceived value is a judgment by the customer of the comparison between the benefits and the costs. Similarly, Monroe & Krishnan (1985) postulates that buyers' perceptions of value are formed on a mental trade-off between perceived quality (or benefits) and perceived sacrifice (selling price). Buyers gain the net perceived value of a deal by comparing the perceived quality to perceived sacrifice.

The early definition of perceived value as a trade-off between quality and price (Jayanti & Ghosh, 1996; Oh, 1999) was criticized by some scholars that it could not reflect the commonly accepted definition and should be a multi-dimensional construct (Sheth et al., 1991a; Sweeney &Soutar, 2001). Sheth, Newman, & Gross (1991) then developed a five-dimensional framework including functional, social, emotional, epistemic and conditional value.Since epistemic value emphasizes new experiences and conditional value linked to specific circumstances, this study adopted Sweeney and Soutar's (2001) three dimensions of value model by excluding epistemic and

conditional values and measured quality and price of functional value separately to investigate the link of perceived value-attitude-purchase intention of non-food organic products.

Sheth et al. (1991) defined functional valueas the perceived utility of a product or service to attainutilitarian or physical performances that results from attributessuch as quality (e.g., durability and reliability) and price.Functional value is commonly composed of quality and price (Sweeney&Soutar, 2001). Quality is used to represent functional benefits. Research showed that organic food is perceived to provide the functional benefits of safe, healthiness, taste and environmental friendliness to consumers (Bauer et al., 2013;Thøgersen, de Barcellos, Perin, & Zhou, 2015). Following the reasoning, in a context of non-food organic products, this study inferred that organic products provide not only the benefit of environmental friendliness but also materials of non-toxic, safe and health to consumers.

As for price value, high price is commonly regarded as an unfavorable impact on selling products; however, marketing literature indicated that high price is perceived as an indicator of superior quality and consumers are willing to pay a price premium in the pursuit of a higher perceived value of products (Aaker, 2003). Some research showed that consumers are willing to pay a price premium for organic products (Canavari, Bazzani, Spadoni, &Regazzi, 2002; Bauer et al., 2013). Similarly, Ngobo (2011) suggested that consumers are less likely to purchase organic products at lower prices.

While functional characteristics of organic products deliver utilitarian value to consumers, organic products potentially derive psychological value, such as emotional and social value, too.Social value refers to the perceived utility that consumers were associated with social groups that reflect consumers' social image, identification, social self-concept, expression of personality and pursuit of social class membership (Bearden and Etzel, 1982; Holbrook, 1994; Sheth et al., 1991; Sweeney&Soutar, 2001). Emotional value defined as the feelings or affective statesthat provokes from aproduct or service (Sheth et al., 1991; Sweeney &Soutar, 2001).

Prior research showed that organic products offer exceptional perceived hedonism (Bauer,Heinrich, & Schäfer, 2013; Jonas &Roosen, 2005) and enjoyment (Ureña, Bernabéu, &Olmeda, 2008). Hartman&Apaolaza-Ibáñez (2012) suggested that purchasing green products at a premium price makes consumers experience intrinsic personal warm glow benefits of contributing to environmental protection. Additionally, the consumption of green productssignals an image of environmentally friendly behavior providing socially visible, self-expressive value to consumers satisfying the demand of social image and identification (Hartman &Apaolaza-Ibáñez, 2012). Consumers perceived their consumption of organic products could implicitly exhibit their environmental concern and acquire a status-enhancing benefit (Jiang & Kim, 2015; Griskevicius, Tybur, & Van den Bergh, 2010).

H1a:Perceived quality positively influences consumers' attitude toward organic products.

H1b:Perceived price positively influences consumers' attitude toward organic products.

H1c:Perceived social value positively influences consumers' attitude toward organic products.

H1d:Perceived emotional value positively influences consumers' attitude toward organic products.

Perceived Value, Attitude and Purchase Intention

According to Holbrook (1996), the values influencing consumers' behavior areimplicit criteria that make preference and evaluative judgments. The values also serve to direct actions, attitudes, judgments,and comparisons between specific objects and situations. Substantialliteraturesupported the roleof values in the development of environmental beliefs, attitudes, andbehaviors (Gonçalves,Lourenço, & Silva, 2016; Kilbourne & Pickett, 2008).In the context of organic products, this study therefore hypothesized that consumers' perceived value of organic products has a positive effect on attitude toward organic products.

H2: Consumers' perceived value of organic products has a positive effect on attitude toward organic products.

Theory of Reasoned Action suggested that anindividual's behavior is determined by his intention to perform the behavior and that this intention is, in turn, a function of his attitude toward the behavior (Ajzen& Fishbein, 1980).Empirical studies confirmeda positive association between attitude and purchase intentions(Bredahl, 2001; Chen, 2007; Han, Hsu, &Sheu, 2010; Michaelidou and Hassan, 2010; Lane and Potter, 2007;Sheppard et al., 1988; Tang and Medhekar, 2010; Hartmann &Apaolaza-Ibáñez, 2012; Tang, Wang, & Lu, 2014). For example, Han, Hsu, &Sheu (2010) based on Ajzen's Theory of Planned Behavior (TPB) model to test the formation of hotel customers' intentions to visit a green hotel and the results showed that attitudepositively affected intention to stay at a green hotel.Specifically in the organic context, Therefore, this study hypothesized that consumers' attitude toward organic products has a positive effect on purchase intention for organic products.

H3: Consumers' attitude toward organic products has a positive effect on purchase intention for organic products.

Organic labels as moderating role

One of the credence attributes that are receiving increasing attention from consumersin the production chain is the organic method ofproduction.The organic attributerelated to quality and safety concerns, and embeds many environmental and ethical-related attributes is hard to be identified (Zanoli, Scarpa,Napolitano, Piasentier, Naspetti, &Bruschi, 2012). The cues of organic production are usually identified through certification or labels to enhance consumers' confidence in the production process of organic products and decrease the asymmetric information of consumers in markets (de-Magistris&Gracia, 2014).

Organic labelsare a proof of certificationdemonstratingcommitment with specific requirements in production methods. Previous research suggests that consumers use organic labels to infer positively overall quality (Larceneux, Benoit-Moreau, &Renaudin, 2011) that represents the combination of consumers' perceptions of product attributes leading to favorable attitude toward organic products (Zeithaml, 1988), therefore, this study infers that organic labels positively moderates the relationship between perceived value of organic products and attitude toward organic products. Additionally, organic production is hard to be discerned by purchase or consumption of consumers; organic certification or labels can increase consumers' confidence in

organic attributes and in turn enhance the positive effect of attitude on the intention for organic products. Therefore,

H4: Organic labels have a positive moderating effect on the relationship between perceived value and attitude toward organic products.

H5: Organic labels have a positive moderating effect on the relationship between attitude toward and intention for organic products.

The research model of this study is depicted in figure 1.

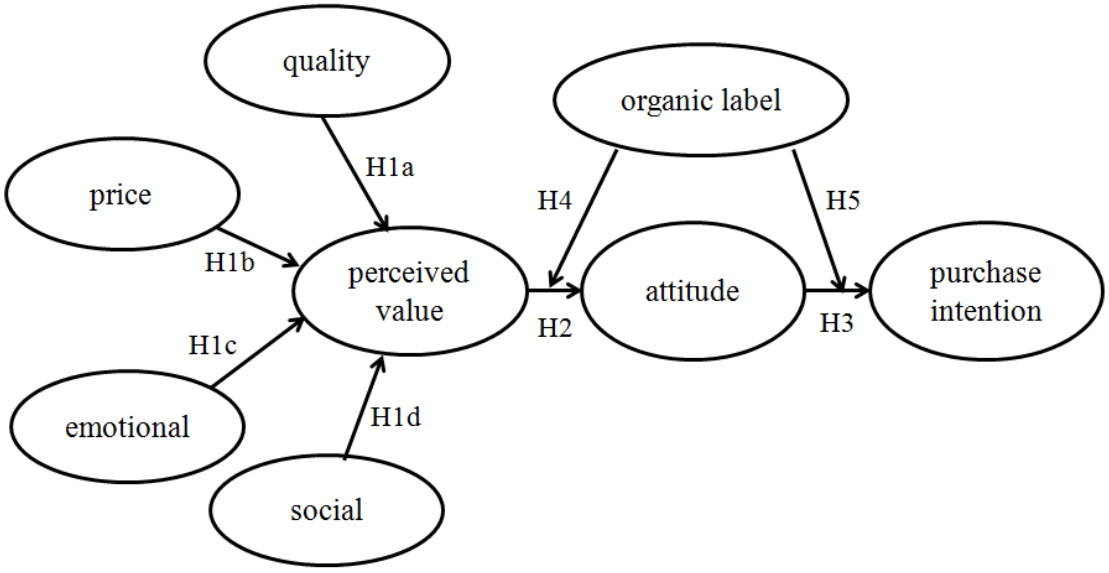

Figure 1: The research framework

III. METHODOLOGY

Self-administered questionnaires are distributed via online.The respondents are limited to those who had experiences ofmobile shopping. A total of 314 responses are collected and 271 responses are usable after removing incompleteresponses.Of these effective responses, 136 are from China and 135 are from Taiwan. This study conducted t test to examine whether there is group difference on construct scores between Chinese and Taiwanese. The result of t test showed that there is no significant difference of construct scores between Chinese and Taiwanese.

The questionnaire contains three following sections. Thefirst is about the measurement of perceived value, attitude toward organic products, purchase intention for organic products, and organic label cognition.Perceived value is asecond-order formative construct including quality, price, emotional andsocial dimensions. Theconstructs are measured on a five-point Likertscale rangingfrom 1=strongly disagree to 5=strongly agree. The second isabout consumer experience in purchasing organic products including channels of purchasing organic products, information source regarding organic products and recognition of organic label. The last isdemographic characteristics, such as age, education, anddisposable incomes per month, marital status and occupations.

IV. RESULTS

Analysis of measurement model

This study used PLS to test the reliability and validity ofthe constructs(Barclay, Higgins, & Thompson, 1995; Carmines& Zeller, 1979). One attitude item was deleted due to low loadings. As seen in table 1, the resultsshowed that composite reliability for each of the latentvariables exceeded 0.7, suggesting good reliability (MacKenzie, Podsakoff, & Podsakoff, 2011). TheAVE (average variance extracted), a measure of convergentvalidity, for each construct was greater than the recommended threshold 0.5 (Fornell, &Larcker, 1981). Additionally, all theindicators had loadings greater than the recommended 0.7(Carmines& Zeller, 1979), and that indicators loaded well on their respectiveconstructs. These test results demonstrate good convergentvalidity. The construct correlations were lower than thesquare root of AVE of their respective constructs (Fornell, &Larcker, 1981) and allthe indicators loaded well on their own construct and poorlyon other constructs, suggesting good discriminant validity.

Table 1: CR, AVE and Correlations of the Constructs

	CR	AVE	1	2	3	4	5	6	7
1.Attitude	0.94	0.84	0.92						
2.Intention	0.97	0.90	0.80	0.95					
3.Organic label	0.95	0.86	0.53	0.57	0.93				
4.Quality	0.95	0.81	0.72	0.73	0.57	0.90			
5.Price	0.92	0.76	0.69	0.74	0.60	0.78	0..87		
6.Emotional	0.96	0.86	0.66	0.69	0.51	0.84	0.73	0.92	
7.Social	0.97	0.87	0.53	0.53	0.29	0.65	0.64	0.71	0.94

Diagonal elements are the square root of AVEs and off-diagonal elements are correlations

Perceived value is a formative second-orderconstruct in the model, the assessments of measurementquality of second-order construct is conducted in two stages,at the first-order construct level and at the second-orderconstruct level. The measurement assessment of first-orderreflective constructs is executed in the previous section. Atthe second-order construct level, using the weights of thefirst-order constructs on the second-order constructs to assessthe contribution of each first-order construct to thesecond-order construct (Chin, 1998; Hair, Black, Babin, & Anderson, 2012). As seen in table 2, All thefirst-order constructs weights are higher than 0.1 andsignificant, demonstrating empirical support for thefirst-order constructs relevance for the construction of theformative second-order construct and a appropriate level ofvalidity (Andreev, Heart, Maoz, &liskin, 2009). Moreover, the examination of multicollinearitybetween the first-order constructs is desirable, excessivemulticollinearity can destabilize the second-order construct(Diamantopoulos&Winklhofer, 2001). The variance inflation factor (VIF) was used to check the potential problems of multicollinearity. With values among 2.20 to4.33, far below the cut-off of 5(Hair,Sarstedt,Ringle, & Mena, 2012) suggesting

thatmulticollinearity is not a problem. Therefore, H1a-H1d were supported.

Tabel 2: Weights, t value and VIF of first-order constructs on the second-order construct

Second-order construct	First-order construct	weights	t value	VIF	Hypotheses	Conclusion
Perceived value	Quality	0.29	44.14	4.33	H1a	Supported
	Price	0.26	42.68	2.81	H1b	Supported
	Emotional	0.30	48.79	4.15	H1c	Supported
	Social	0.27	36.64	2.20	H1d	supported

Hypotheses Testing Results

Figure 2provides the results of the structural model.As earlier mentioned, H1a-H1d were supported and the weights were shown at figure 2. Regarding the relationships of antecedents of value ofinformation disclosure, benefits (β=0.49, P<0.01) and risk(β= -0.22, P<0.01) of information disclosure influencedvalue of information disclosure positively and negativelyrespectively, supporting H1 and H2. Prior privacy experiencepositively influenced risk of information disclosure (β=0.34,P<0.01), supporting H3.

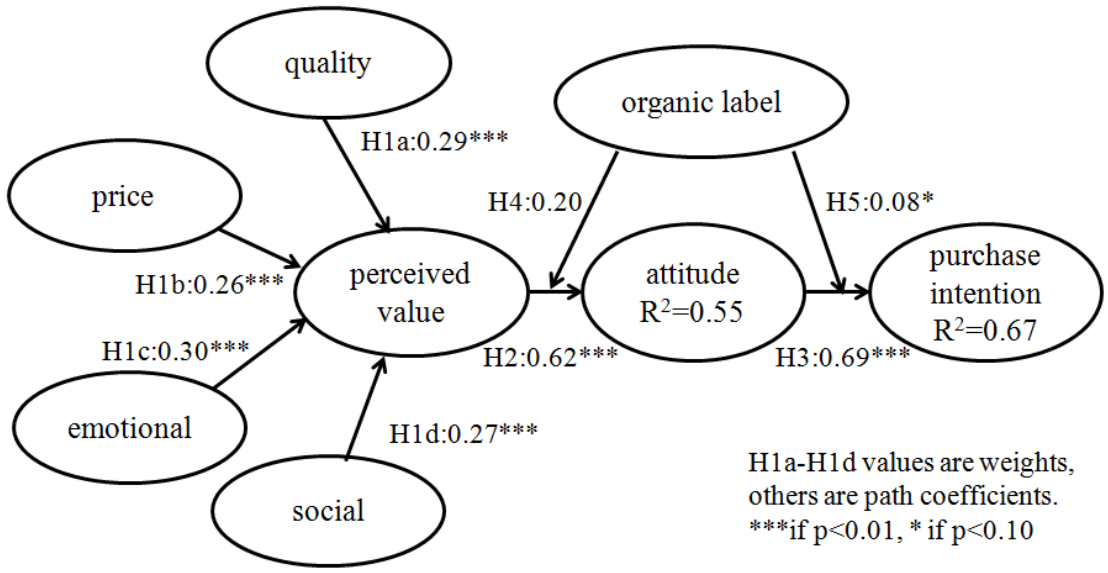

Figure 2: PLS Results

As predicted, H2 and H3were supported: perceived value of organic products increases attitudetowardorganic products (β=0.62, P<0.01), which in turn enhances purchase intentionfororganic products (β=0.69, P<0.01).

As to the moderating effects of organic label, the organic label has a significantly and positively moderating effect on the relationship between attitude and purchase intention(β=0.08, P<0.10) supporting H5, however, the organic label has no significantly moderating effect on the relationship between perceived value

and attitude, not supporting H4. One explanation that organic label does not add perceived value on attitude toward organic product in the present study may be that respondents have not enough knowledge and familiarity with organic label or details about organic standard.

V. DISCUSSION AND CONCLUSION

This study contributes to preliminary but important insights in effective promotion of non-food organic products.The study concludes that the main influentialfactors on perceived valueof organic products include psychological values and functional values, and perceived value increases attitude toward organic products, thereby enhance purchase intention for organic products. In addition to the functional benefits, providers of organic products couldappeal psychological benefits to add value of organic products, and in turn lead to a positive effect on attitude and purchase intention for organic products. Furthermore, the result that organic label increases the positive effect of attitude on purchase intention for organic products provides that linking organic label concept to attitude toward organic products could be an effective marketing strategy to increase purchase intention for organic products. The result that organic label does not add perceived value on attitude toward organic product implies that consumers may not have enough trust and knowledge on organic label, therefore, it need more marketing and education in organic labelto encourage consumers' purchase for organic products.

Future research can take this study further by addressingseveral limitations of this study. First, the data for this studywere drawn from a convenience sample and generalizationsof the results must be made with caution, researchers could seek to obtain larger, more representative samples which encompass more geographic regions of China. Second, this study did not use a specific or existing organic label to examine the effect of organic label on the link of value-attitude-intention, future studies investigating perceived attributes (ex., information, trust, familiarity etc.) involvingorganic labels could facilitate understanding for the moderating roles of organic labels on the link of value-attitude-intention of organic products.Finally, future research would be to expand upon the product categories or the mix effects with organic labels and origin of production together. Retail outlets may influenceattitude and purchase intention for organic products.

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