TYPES OF VALUE AND COST IN CONSUMER-GREEN BRANDS RELATIONSHIPS

Introduction

Growing concerns for the natural environment at seemingly all levels of society have led to a considerable increase in the number of products marketed as environmentally friendly (e.g. Webb, Mohr and Harris, 2008; Jansson, Marell and Nordlund, 2010). The supportive consumer behavior towards green brands is nowadays a market reality that results in an important growth of the sales of such brands (e.g. Bonini and Oppenheim, 2008; Chen, 2010). On the other hand, the academic marketing research still lacks comprehensive insights on the multitude of factors that contribute to positive purchasing behavior toward green brands. Findings on the drivers of the consumer-brand relationship have received limited empirical evidence in the context of green brands; consumer relationships with green brands thus form a very special category of consumer-brand relationships that remains yet unexplored. In this respect, the present paper intends to fill this research gap by offering comprehensive insights on consumer relationships with the green brands and in particular on the types of value and cost that act as antecedents of such relationships.

The present work develops in two parts: in the first part, we postulate that environmental consumer behavior should be embodied in a more realistic choice situation, in which consumers have to base their preferences on different green product-related costs and benefits, that together constitute sources of value (Parasuraman and Grewal, 2000; Oh, 2003). This part of the research draws upon existing literature on the streams of customer value, relationship marketing and environmental behaviour and brings together relevant findings in order to propose an integrated conceptual framework entailing all identified types of value and cost as determinants of Customer Value (CV), various dimensions of Relationship Quality (RQ), as well as the relationship between CV and RQ. In the second part of the work, we empirically test and validate the postulated model with the use of an on-line consumer survey in a number of EU countries with varying degree of green markets maturity (i.e. Norway, Denmark, Germany, Bulgaria, Greece). For reasons of space availability, and since data completion is so far accomplished in one of the above countries, the present paper reports empirical findings from Bulgaria, an Eastern European country where green brands or brand extensions in various fast moving consumer goods’ categories are launched relatively recently. Across all five countries, we selected the category of house cleaning products (i.e. detergents) as ideal for the accomplishment of the model testing task. As emerged from a preliminary pilot survey we conducted, Bulgarian consumers generally are quite familiar with brands of ecological detergents.

Conceptual model development

Our conceptual framework integrates Zeithaml’s (1988) view that value and sacrifice perceptions drive purchase decisions. We apply Holbrook’s (2006) conceptualization of types of value, which is considered the most extensive in comparison to other
conceptualizations (e.g. Sheth, Newman, and Gross, 1991; Sweeney and Soutar, 2001). On the other hand, the marketing literature lacks a similarly inclusive, well-recognized typology of costs, so we conducted a literature review to gather all independently identified types of cost. The overall sequence of effects in our model is that types of value and sacrifice influence perceptions of CV of the green brand, which in turn affects consumer-green brand RQ.

The types of value, as proposed by Holbrook (2006), fall into the broad categories of:

1. **Economic or functional value**: the perceived utility acquired from an alternative’s capacity for functional, utilitarian or physical performance (Sheth et al., 1991), which is also similar to product quality (Dodds, Monroe, and Grewal, 1991; Baker, Parasuraman, Grewal, and Voss, 2002).

2. **Social value**: the perceived utility acquired from an alternative’s association with one or more specific social groups (Sheth et al., 1991; Sweeney and Soutar, 2001).

3. **Hedonic value**: arises from consumers’ own pleasure in consumption experiences appreciated for their own sake as ends in themselves (Mathwick, Malhotra, and Rigdon, 2001; Sweeney and Soutar, 2001), having received little support in the general context of consumer-brand relationships.

4. **Altruistic value**: experienced when engaging in ethically desirable practices in which “virtue is its own reward” (Holbrook, 2006).

All the above presented types of value have a direct effect on the CV component (Blackwell, Szeinbach, Barnes, Garner and Bush, 1999).

In an attempt to be exhaustive in all types of relationship sacrifices that have been identified in the branding literature, we propose the following 4 categories that negatively affect the perceived CV of green brands:

1. **Price**: previous studies examining the impact of price consistently suggest a negative linkage to CV (Dodds et al., 1991; Grewal, Monroe, and Krishnan, 1998).

2. **Effort**: required to purchase the brand (Cronin, Brady, Brand, Hightower, and Shemwell, 1997; Petrick, 2002), as determined by limited availability of the brand to distribution channels (Yoo, Donthu, and Lee, 2000) and the time required to travel and make the purchase (Huber, Herrmann, and Morgan, 2001).

3. **Evaluation costs**: associated with the effort to collect information and evaluate alternative brands (Burnham, Frels, and Mahajan, 2003).

4. **Performance risks** or **uncertainty costs**: perceptions of risk surrounding the brand performance (Sweeney, Soutar, and Johnson, 1999; Jones, Mothersbaugh, and Beatty, 2002).

Although these types of value and cost have received empirical support over various product categories, in the specific context of green brands previous research has not offered a systematic conceptualization of CV. Thus, the only types of value that have been identified are social value (Oliver and Lee, 2010) and altruistic value (Pickett-Baker and Ozaki, 2008; Bhattacharya, Korschun and Sen, 2009). As far as the cost component is concerned, the limited availability of the green brand (Shaw and Clarke, 1999), the lack of
information (de Pelsmacker, Driesen and Rayp, 2005) and the potential sacrifice on product performance (Luchs, Naylor, Irwin, and Raghunathan, 2010) are the only empirically tested types of cost.

Many scholars generally accept the role of CV as a central element in relationship marketing (Ravald and Gronroos, 1996; Oh, 2003) providing evidence for its positive effect mostly on satisfaction and trust. Still, the exact effect of CV on the multi-faceted construct of RQ remains unexplored. RQ is regarded as a higher-order construct composed of several key components reflecting the overall strength of relationships between brands and consumers (Dorsch, Swanson and Kelley, 1998). This construct has been applied in both relationship marketing and branding fields, which has led to the development of two distinct conceptualisations. Research in the field of relationship marketing proposes the three core variables of satisfaction, trust and commitment as key interrelated components of RQ (Hennig-Thurau, Gwinner and Gremler, 2002; Palmatier, Dant, Grewal and Evans, 2006). At the same time, borrowing from the human relationship literature, Fournier (1998) suggests a five-dimensional conceptualisation of RQ, which captures more aspects of the consumer-brand relationship, although the concept of satisfaction is absent. Examining those two conceptualizations, it becomes apparent that they share some common dimensions (i.e. trust, commitment, love/passion), whereas Fournier’s approach describes two additional aspects of the relationship strength (i.e. self-brand connection and intimacy).

Since previous research has already provided support for the link of CV to various dimensions of RQ individually, it is reasonable to assume that CV may also exert influence to the higher-order construct of RQ consisting of satisfaction, trust, commitment, intimacy, love/passion and self-brand connection.

**Testing of the postulated conceptual model**

For the purpose of testing the above-described model, we developed an on-line questionnaire. Participants’ recruitment took place with the method of mall-intercept in Sofia, the capital city of Bulgaria. Prerequisite for survey participation was past experience with an ecological brand in the house cleaning category (i.e. ecological detergents). A total number of 231 mall shoppers accepted the invitation and filled in the on-line questionnaire. From those, 160 shoppers (69.3%) had bought an ecological detergent at least once in the past, so they had a certain experience of a green product in the examined category.

According to instructions received, the participants selected their favorite green detergent brand (or a green detergent brand they had experience with) and, having this brand in mind, answered the items following the configuration of the model. We used well-established scales to measure the constructs, i.e. types of value and price by Sweeney and Soutar (2001); altruistic value by Sanchez-Fernandez, Bonillo and Holbrook (2009); effort by Yoo et al. (2000) and Petrick (2002); evaluation costs by Burnham et al. (2003); and performance risk by Sweeney et al. (1999). To estimate RQ we applied Fournier’s (1994) conceptualization for the intimacy, love/passion and self-brand connection dimensions, while satisfaction, trust and commitment were measured by Hennig-Thurau et al. (2002),
Partial Least Squares (PLS) was applied to estimate the causal models (SmartPLS; Hansmann and Ringel, 2004). Following Hulland’s (1999) procedure, model analysis and interpretation took place in two stages, concerning the measurement model and the structural model respectively. To assess significance of PLS estimates, 500 bootstrap runs were performed with replacement of the original data set.

**Results and Discussion**

Figure 1 presents the results from the PLS for the structural model. All constructs showed satisfactory item reliabilities and loadings are higher than 0.70. All constructs showed high internal consistency, as composite reliabilities (CR) were above 0.80 and average variance extracted (AVE) for each construct was above 0.50 (Fornell and Larcker, 1981). Moreover, the square root of the AVE exceeded the intercorrelations of any construct with the other constructs in the model, in support of discriminant validity (Fornell and Larcker 1981; Hulland 1999).

![Diagram of PLS Results from the Structural Model]

Note: **p < .001, based on $t_{(499)}$, two-tailed test; $t_{(0.01, 499)} = 3.31$.

**Figure 1. PLS Results from the Structural Model**

The results postulate that types of value have positive and significant effect on CV of the green brand. On the other hand, the types of cost are best modeled as two different...
dimensions; the first dimension includes price and effort which are the most commonly identified types of sacrifice perceived by the consumer at any times, either being in a relationship with another brand or not. The second factor, consisting of performance risk and evaluation cost, represents risk experienced when the consumer considers breaking his relationship with the previous alternative and building another with the new brand. However, neither of the types of sacrifices explored have a statistically significant effect on perceptions of overall brand value. Moreover, the CV of the green brand has a positive and significant effect on RQ. The only path with no significant effect is between risk and CV. The percentages of explained variance (R^2 values) for CV and RQ are 0.63 and 0.46 respectively. Given the high percent of explained variance, together with the statistical significance of most path coefficients of the model, it can be concluded that the PLS model fits the data very well.

Findings indicate that the CV framework may be a useful construct to understand the relational consumer behavior towards green brands. Consumers seem to experience all proposed types of value when building a relationship with a green brand, especially emotional and economic value. On the other hand, price, effort, perceived cost to collect sufficient information about the green brand and risk to sacrifice product performance of the existing option do not seem to impact on the estimations of CV in a consumer-green brand relationship in the specific research context. This finding calls for further empirical testing and investigation of other links and direct effects among constructs, for example certain types of value and cost may lead directly to behavioral outcomes without forming judgments of CV and RQ (e.g. Zeithaml Berry and Parasuraman, 1996; Cronin, Brady and Hult, 2000). Finally, findings support the role of overall CV of the green brand as an antecedent to RQ, which is in accordance to relationship marketing literature.

As explained above, this paper reports some early findings from a wider research currently running across various EU countries with different levels of maturity characterizing their green market; results are thus limited to the specific product category and country. Moreover, the very nature of CV as a subjective construct implies that it is context specific. Application of the model across different product categories and generalizability of findings may provide practitioners with knowledge on the value and sacrifice factors, as well as the dimensions of RQ that are the most important in targeting green consumers, developing the brand offering and positioning and designing relationship marketing strategies.

References

References available upon request