Customer Value Perceptions: Testing of a Conceptual Model in the Frame of Own-Country Geographic Indication Foods

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ABSTRACT

This paper investigates Customer Value (CV) perceptions towards own-country Geographic Indication (GI) food products. CV perceptions are the outcome of the trade-offs between perceived Values and Costs from the purchase or consumption of a product. The objective is to examine if the perceived gains from purchasing of GI foods would exceed any perceived losses and shed light on the exact type of perceived values and costs that define CV for GI foods. Despite doubts in relation to specific search and experience parameters of GI foods that impact on the development of a good consumer-product relationship, it is the positive perceptions about products’ quality, likeability and social status that mainly formulate CV. Concerns in relation to GIs’ price-availability are too mild, not subtracting much from the overall CV indicating that consumers are driven by more self-centred motives. For market success, GI food producers need to build stronger associations in consumers’ mind between GI foods and their altruistic value in terms of the ethical character of their production.

KEYWORDS

Consumers, Costs, Geographic Indications, GI Foods, Perceptions, PLS, Relationships, Values

INTRODUCTION

Concerns stemming from social ethics (e.g. environmental degradation, or misuse of natural resources), as well as more self-relevant issues (e.g. food ‘scares’ and the quest for more palatable food) have led to a keener interest of citizens in small-scale, local food production (Krystallis et al., 2012). Not only are modern consumers concerned about functional quality aspects of their foods (e.g. safe, nutritious, tasty food), but they also place more attention to ethical parameters of food production.

DOI: 10.4018/IJFBMBM.2016010101

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process, for which consumers want to understand more. Within this context, Geographic Indication (GI) - certified foods (i.e. also called ‘local’ foods) are examples of an alternative food production system that is flourishing in recent years (Krystallis et al., in press). GI foods are small-volume products that come from a unique, specific region or area and have special characteristics or qualities that are depicted from the relationship developed over the years between the products and the areas they originate in. In this context, a motivation for purchasing GI products reflects the willingness to support local producers and preserve local values. Often, consumers transform their cultural values or affection towards certain ethnicity or social group into purchasing behaviour, which in turn favours particularly local or national GI products (Aprile, Caputo, & Nayga, 2012; Chryssochoidis, Krystallis, & Perreas, 2007).

Use of GI labelling, such as the European Designation of Origin Labels (i.e. PDO / PGI / TSGs), ensures that the customers are aware of product origin, which can be a crucial factor impacting positively consumers’ decision-making during the purchasing process (Chrysochou, Krystallis, & Giraud, 2012; Fotopoulos & Krystallis, 2003; Krystallis, Barchellos, Kügler, Verbeke, & Grunert, 2009). A main benefit of the GIs is the higher consumer involvement they stimulate on behalf of small or niche markets. Consumers interested in supporting small-scale production, or those simply looking for more filling hedonic experiences in food consumption, would perceive GI foods as products whose perceived gains would justify any sacrifices that consumers may have to make in association with GI purchasing and consumption. This trade-off between perceived gains and perceived losses define perceived Customer Value (CV) towards GI foods.

Broadly defined, CV is the overall assessment of the value of a product based on trade-offs about ‘what perceived benefits a customer receives for what he or she has to give up from the acquisition or use of a product’ (Zeithaml, 1988). The marketing literature considers the concept of customer value as the foundation for effective marketing activity. Further, many streams of marketing literature, including relationship marketing, pricing, consumer behaviour and strategic marketing discuss customer value (see for a review de Chernatony, Harris, Dall, & Rile, 2000). The conceptual basis of this work is the CV model, an inclusive conceptual framework whose individual parts are well-established and extensively covered in the marketing literature. Papista and Krystallis (2012) initially proposed the CV model in the frame of customer adoption of ‘green’ products. The model integrates Zeithaml’s (1988) and Holbrook’s (2006) views that value and cost perceptions drive purchase decisions. Against this background, the objective of this work is to explore CV perceptions in relation to GI foods. More specifically, to examine if the perceived gains (i.e. benefits or ‘values’) from the purchasing of GI foods would exceed any perceived losses (i.e. sacrifices or ‘costs’), and shed light on the exact type of perceived values and costs that define Consumer Value in relation to GI foods.

**THE CV MODEL: DEFINITION AND CONCEPTUALIZATION**

Broadly defined, CV is customers’ overall assessment of the value of a product based on perceptual trade-offs about what benefits are expected to be received (i.e. individual types of values) against what it should be given up (i.e. individual types of costs) for the acquisition, purchase or use of a product (Zeithaml, 1988). Various scholars have further elaborated on the initially cognitive nature of the values part of CV by adding value components of more affective nature, besides the utility-derived ones suggested by economic theory (i.e. quality-price considerations), such as hedonic and altruistic (or ethical) values. In general, the CV approach underlies a ‘bottom-up’ attitude formation mechanism (Perrea, Krystallis, & Chrysochou, submitted), where perceptions of (expected or actual) values and costs about a product formulate a general attitude (the Customer Value) towards the product or the methods used in its production. In turn, this general attitude gives birth to a number of relational (i.e. trust, satisfaction, and commitment with the product) and behavioural outcomes (i.e. purchase intention). Figure 1 offers a visual illustration of the CV model.
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