Perceived Value Dimensions of Shopping Tourism

Ratna Roostika
Universitas Pembangunan Nasional "Veteran" Yogyakarta
Email: ratna.roostika@upnvyk.ac.id

Abstract

Superior customer value is essential to win competition. The perception of customer value has grown in interest since it has been found to have stable impacts on satisfaction, behavioural intentions and ultimately business performance. Considering that the most common definition of perceived value refers to the trade-off between benefits and sacrifices, thus, this study adopts the second-order formative conceptualization of perceived value and examined its links to satisfaction and loyalty. Four main tourist shopping locations in Yogyakarta were used to collect the data. By applying Partial Least Squares to test the model in the tourism shopping context, the results indicate that perceived value has positive relationships with satisfaction and loyalty. Additionally, it was found that the total contribution of perceived value and satisfaction on loyalty were only small.

Key words: Customer perceived value, customer behavior, satisfaction, loyalty.

Abstrak

Nilai pelanggan yang unggul sangat penting untuk memenangkan persaingan. Penelitian yang mengulas persepsi dari nilai pelanggan sekarang ini semakin berkembang sehubungan dengan penelitian-penelitian sebelumnya yang konsisten menunjukkan pengaruhnya terhadap kepuasan, niat berperilaku dan akhirnya kinerja dari suatu bentuk usaha bisnis. Sehubungan dengan adanya mayoritas pemahaman bahwa persepsi nilai dikaitkan dengan perbandingan antara manfaat dan pengorbanan, maka penelitian ini mengadopsi konsep second-order formatif dan menganalisis hubungannya dengan kepuasan dan loyalitas. Empat lokasi berbelanja turis di Yogyakarta dipilih sebagai tempat untuk mengumpulkan data. Dengan mengaplikasikan Partial Least Squares, model di analisa dalam konteks perilaku berbelanja turis/pengunjung. Hasil menunjukkan hubungan positif antara persepsi nilai dengan kepuasan dan loyalitas. Namun demikian, total kontribusi persepsi nilai dan kepuasan hanya kecil.

Kata kunci: Persepsi nilai pelanggan, perilaku pelanggan, kepuasan, loyalitas

1. Introduction

The tourism industry has played a major role in Indonesia's economic development. Among many tourism activities, shopping is one of the most popular activities and interesting tourist attractions. Many tourists consider shopping to be one of important reason for travel (Lo, 2007). When travelling away from home tourists purchase souvenirs, such as local handicrafts, collectables, and food products, to take home for memories of the location visited. Tourists are also interested on purchasing not only the local souvenirs but also non-souvenir items. Previous research shows that approximately one third of total tourism expenditures were spent on shopping (Wong & Law, 2003). It cannot be denied that the local communities also enjoy the economic benefits of shopping activities in the tourism area as it generates employment. Furthermore, Shopping enables tourists with an opportunity to interact with local people and broaden their experiences in learning about

local culture. As shopping tourism becoming more popular way of attracting tourists, enhancing the shopping experience is not only necessary to attract domestic and international visitors, but also it should be able to support the economy of the local communities around the tourism area.

The current tourism retail environment is characterized by intense competition. In order to impress and motivates tourists, those who deals with retail tourism products and services must understand what consumers' needs and wants for shopping. Among various marketing variables, service quality, perceived value, and satisfaction have been identified as three major antecedents affecting tourists' behavioural intentions (Petrick, 2004; Baker & Crompton, 2000). In the tourism sector, service quality and satisfaction are commonly used to understand how tourists evaluate their tourism experiences and how this relates to tourists' behaviour. Baker & Crompton (2000) argue that in the tourism sector, quality improvement and satisfaction may result in the retention of tourists and further an increase in their patronage or relationship, which ultimately enhances profitability.

There is somewhat a different objective between common shoppers and tourism shoppers. Tourism shopping concerns more on the elements that are different from routines such as relaxation, luxury, escaping from work tension and often accepting a challenge to go to the country of origin for purchasing unique products. Tourism shopping is not only concern on the functionality of the products but the environment may increase the emotion and further influence tourists' behaviours. Bloch, Ridgway, and Dawson (1994) identified that a shopping environment offering a favourable climate, an area for social interaction, a safety feeling, varieties of merchandise and family activities may generate more positive emotional attachments. This positive emotion has been argued to influence several important outcomes such as increased time spent in the location, increased spending, increased unplanned purchasing and increased liking to the location (Jones 1999). It is therefore important to realize that in the tourism sector, tourists are not only concerning on the functional aspects, but research should also consider on the broader aspects such as emotional aspects. This clarifies that only concerning on perceived quality and satisfaction is not sufficient to understand the behaviours of the tourists. Customer perceived value is currently gaining experts' interest in explaining the customer behaviours and loyalty.

From a services marketing perspective, perceived value is a critical variable in consumers' consumption and decision making behavior (Zeithaml, 1988; Bolton & Drew, 1991). It is considered as an important contributor of customer satisfaction (Woodruff, 1997). In the tourism sector, perceived value which consists of a series of value judgments based on emotional and physical responses to a destination attraction influences tourist satisfaction or dissatisfaction of the destination (Swarbrooke, 2002 in Noypayak, 2009). Despite its significance, perceived value is less research in the tourism sector than satisfaction and service quality. In particular, attention has been rarely given to the perceptions of shopping value on tourists behaviours. The critique on service quality aspect particularly was directed to the too much focus on the functional aspects while neglecting the emotional aspects. William & Soutar (2009) argue that shopping value considers not only the functional aspects but also the emotion aspects. Otto and Ritchie (1996) also argued that consumer values in tourism should not focus only on functional attributes but also needs to relate to the emotional and subjective reactions.

This study recognises the importance of analyzing the emotional aspects of tourism shopping behaviours. Similarly researcher also acknowledges that value aspect is complex thus should be identify as with multidimensional construct. Literature on the links between tourists' perceptions of

shopping value, satisfaction and loyalty have been only few. This research therefore aims to examine the extent to which perceptions of the dimensions of perceived value in the shopping environment affect tourists' satisfaction and loyalty.

This paper is organised into four sections. The first section introduces general features of Yogyakarta as tourism and shopping destinations. Next section focuses on the theoretical review and hypothesised model. The research methodology and analyses employed follow the second section. Results and conclusions of the study are then discussed including implications and recommendations for future research.

2. Tourism Sector in Yogyakarta

The numbers of tourists visiting Indonesia and Yogyakarta are increasing slightly from 2006-2010 (see Table 1). Although increasing, the number of international arrivals to Indonesia is still surpassed by its close competitors in the Southeast Asian region, such as Malaysia, Thailand and Singapore. In 2008, Malaysia recorded 22.05 million arrivals followed by Thailand with 14.54 million, and Singapore with 10.1 million arrivals (Muqbil, 2008 in Krisnandhi, 2010). For Yogyakarta, the tourism industry is one of the most important sectors. Yogyakarta is ranked fourth as a tourist destination area in Indonesia, following Bali, Jakarta, and Batam (Krisnandhi, 2010). As major tourist's destination, Yogyakarta offers tangible and intangible tourist products. The tangible offerings include various temples (Prambanan, Boko, etc), various traditional buildings and handcrafts such as batik and ceramics. The intangible cultures are traditional ceremonies, festivals, theatres and dances. These historical and cultural heritages have become the major tourist attractions for both international and local tourists. Most of the tourists go to the Prambanan temple followed by the Sultan's Palace in the heart of the city and Malioboro (a famous shopping destination). Local visitors prefer these destinations (Malioboro) more than do foreign visitors.

Table 1. The Growth of Tourism in Yogyakarta 2006-2010

	Int'l visitors	Growth	Local visitors	Growth	Total visitors	Growth
2006	78,145	-24.49	836,682	-13.52	914,827	-14.58
2007	103,224	32.09	1,146,197	36.99	1,249,421	36.57
2008	128,660	24.64	1,156,097	0.86	1,284,757	2.83
2009	139,492	8.42	1,286,565	11.29	1,426,057	11
2010	152,843	9.57	1,304,137	1.37	1,456,980	2.17

Source: www.visitingjogja.com

3. Theoretical Review
3.1. Perceived Value

In service marketing research, perceived value is becoming a popular area of study (other than service quality and satisfaction) in which it has been identified that to be competitive, it is important to create value for customers (Parasuraman, 1997). The most popular definition of customer value has been provided by Zeithaml (1988) "the consumer's overall assessment of the utility of a product (or service) based on perceptions of what is received and what is given" .In other words, it can be explained as a trade-off between perceived benefits and perceived costs The interest in perceived value was triggered by the fact that customer perceived value significantly contributes to the creation of competitive advantage (Woodruff, 1997; Parasuraman, 1997), is a determinant of customer satisfaction (Andreassen & Lindestad, 1998; Gill, Byslma & Ouschan, 2007), is a key strategic variable which facilitates re-purchase intentions, loyalty and relationship commitment

(Patterson & Spreng, 1997; Andreassen & Lindestad, 1998; Wang, Lo, Chi & Yang, 2004) and is essential for the long-term profitability of organizations (Woodruff & Gardial, 1996).

Along with the growing interest on research concerning perceived value, dimensions of perceived value are identified. Sheth, Newman, & Gross (1991) proposed a five-dimensional construct of customer perceived value consisting of social, emotional, functional, epistemic, and conditional responses. Babin et al. (1994) in Sweeney and Soutar (2001) developed a specific measure of shopping value that includes utilitarian and hedonic components. Sweeney and Soutar (2001) introduce four dimensions namely PERVAL (emotional, social, price/functional value for money and functional value/performance/quality). In tourism sector (cruise) Petrick (2002) developed SERVPERVAL scale which includes five dimensions: quality, monetary price, behavioural price, reputation, and emotional response. Sanchez, Callarisa, Rodrıguez, and Molinere (2006) also developed dimensions for use in a tourism context (GLOVAL) but to date, their study has not been replicated. Perceived value can be analyzed with either unidimensional measure or a multidimensional scale. However, the validity of unidimensional measure is always criticized due to its assumption that consumers have a shared meaning of value (Williams & Soutar, 2009). The multidimensional scale is preferred as it can overcome the validity problem.

A multidimensional value perspective is said to be more appropriate for research in service sectors (Zeithaml, 1988; Sheth et al., 1991; Sweeney & Soutar, 2001; Petrick, 2002). Holbrook (1994) argue that in the service sector, the sociological and psychological aspects of consumption are more important concerning the higher interaction between producers and consumers, and the heterogeneous nature of the service experience. Due to the greater risk and uncertainty, value perception on service is different from perceptions on goods (Zeithaml, 1988). It is argued that only measuring a functional value perspective may be too simplistic for consumption experiences in the service sectors (Baker & Crompton 2000).Tourism researchers also have begun to address the need for adopting a multidimensional value perspective and its scale for measuring the relationship between perceived value and other post-consumption constructs, such as satisfaction and behavioural intentions (Petrick, 2002). Further, Sweeney and Soutar (2001) state that Sheth et al. (1991) work's provides the best foundation for extending existing value constructs. This is because Sheth's value framework has been validated through an intensive investigation in the variety of fields. As previously mentioned, Sheth et al. (1991) value dimensions cover five aspects which are social, emotional, functional, epistemic, and conditional responses.

Functional value is defined as the ''perceived utility acquired from an alternative's capacity for functional, utilitarian or physical performance'' (Sheth, et al., 1991, p. 160) and is seen as a primary driver of consumer choice. Functional value is often related to the attributes of the services such as reliability, durability and monetary value (Zeithaml, 1988; Woodruff, 1997). *Emotional value* is "the perceived utility acquired from an alternative's capacity to arouse feelings or affective states" (Sheth, et al., 1991, p. 161). Emotional value refers to the benefits derived from obtaining services/products that stimulate feeling and/or affective states (Whittaker, Ledden, & Kalafatis, 2007). Emotional value represents the affective aspect of customer value (Roig, Garcia, Tena, & Monzonis, 2006). *Social value* is "the perceived utility acquired from an alternative's association with one or more specific social groups" (Sheth, et al., 1991, p. 161). Social value derives mostly from usage of products/services when they are shared with others (Sheth, et al., 1991, p. 161). Social value represents the benefits derived from social interactions, hence the improvement of self-image among other individuals. Social value and emotional value together are considered to provide

further relational benefits (Whittaker, et al., 2007). *Epistemic value* is "the perceived utility acquired from an alternative's capacity to arouse curiosity, novelty, and/or gained knowledge" (Sheth, et al., 1991, p. 162). Sheth, et al. (1991) claim that new products/services may arouse curiosity and curiosity will encourage the purchase of certain products/services. Epistemic value refers more to offerings that give experience from curiosity, novelty and satisfaction from obtaining particular knowledge (Whittaker, et al., 2007). The final dimension, *the conditional value*, is "the perceived utility acquired by an alternative as the result of the specific situation or set of circumstances which impact choice" (Sheth, et al., 1991, p. 162). Conditional value is value benefits according to the condition. It is dependent on context and only occurs in a specific situation (Pura, 2005). The situation could be seasonal, emergency or special once-in-a-lifetime occasions (Sheth, et al., 1991). For this reason, conditional value is rarely applied in the customer value model, because it must be attached to a specific condition to provide value. Recognizing the importance of analyzing perceived value as a multidimensional construct in the service sectors such as tourism context and in employing the best foundation for customer value framework, therefore this study adopts Sheth's et al. value framework and thus the measurement as proposed by Sheth's et al. (1991), Sweeney and Soutar (2001) and William and Soutar's (2009). Given these issues, it is clear that in the tourism context the multidimensional value perspective should be employed.

In addition, there have been many debates about the characters of the constructs when they are being examined in structural equations. More specifically, when a construct is proposed, from the conceptual point of view, it is necessary to identify whether the construct is a formative or a reflective one (Diamantopoulos & Winklhofer, 2001; Jarvis, Mackenzie, & Podsakoff ,2003). Anderson and Gerbing (1988) contend that the decision to treat whether it is formative or reflective concept is important since a proper specification of a measurement model is essential prior to assigning the meaning of the relationships implied in the structural model. Ruiz, Gremler, Washburn, and Carrion (2008) argue that most examinations of perceived value, particularly research that uses a trade-off model (benefit versus sacrifice) which specified it as reflective model failed to conceptualize the construct correctly. Instead, perceived value is considered better represented as a higher-order formative construct that contains benefits and sacrifices (Lin, Sher, & Shih, 2005; Ruiz, et al., 2008). A thorough discussion regarding justification of customer perceived value as a formative higher-order construct can be found in Lin et al. (2005).

3.2.   Customer Satisfaction

Capabilities in providing products or services that best satisfies customers will not only keeps customers longer, but also generates positive word-of-mouth promotion. Satisfaction is one of the most relevant variables when analyzing tourists' behaviour as it influences the choice of destinations, the purchase of products or services and the decision to return (Jang & Feng, 2007). In the tourism literature, different perspectives on satisfaction have been proposed. The most prominent among them was the disconfirmation paradigm (Oliver, 1980). In tourism context, satisfaction is primarily referred to as a function of pre-travel expectations and post-travel experiences. When experiences compared to expectations, it will result in some positive feeling (gratification), then the tourist will be satisfied. On the other hand, when they result in feelings of displeasure, the tourist is dissatisfied. Further, in discussing customer satisfaction, one of the most frequently raised questions is concerning on whether satisfaction should be measured as cognitive or emotional processes (Cronin & Taylor, 1992; Oliver, 1993). Woodruff (1997) suggested that satisfaction should be defined to reflect both cognitive and emotional processes, since satisfaction

(or dissatisfaction) is an emotional feeling which developed as a response of cognitive process (confirmation or disconfirmation).

A number of satisfaction studies have been undertaken in the tourism sector (eg. Baker & Crompton, 2000). These studies focused mostly on measuring the quality of tourists' experiences. In fact, the tourism sector is more than quality and satisfaction aspect. In the tourism sector, research concerning on the affective and experiential factors that make up a substantial portion of consumer satisfaction is needed (Otto & Ritchie, 1996). Tourism satisfaction includes tourist's emotional state of mind after an experience. Perceived value is therefore relevant as variable that influence satisfaction. Bojanic (1996) research in this case shows a strong positive correlation between perceived value and satisfaction in a tourism context.

3.3.   Loyalty
The ultimate goal for service providers and retailers is to ensure that customers will revisit and repurchase, which is one of the characteristics of loyal customers. It is believed that ability to retain existing customers has a much lower cost than winning new ones. Loyal customers are tend to recommend friends, relatives or other potential customers to a product/service in which they act as free word-of-mouth advertising agents (Shoemaker & Lewis, 1999). Loyalty can be defined and assessed by both attitudinal and behavioural measures. Oliver (1999) stated that the attitudinal perspective refers to a specific desire to continue a relationship with a service provider, while the behavioral perspective refers to the concept of repeat patronage. In the tourism context, there is a high dependency on the word-of-mouth (WOM) information as the base for decision making. This WOM information is logical because of the experiential nature of services, where WOM communications are viewed as a more reliable and trustworthy sources of information. Consequently, WOM is commonly used as the primary sources by which consumers gather information about services (Bolton & Drew, 1991). Gallarza and Saura (2006) found moderate to strong links between value, satisfaction and loyalty in the tourism sector. They suggested that their study should be replicated in different tourism contexts.

3.4.   The Relationships
Several studies have examined the direct and indirect relationships between value, quality, satisfaction and post-purchase consequences, such as customer loyalty, positive word of mouth, price premiums and repurchase intentions (eg. Cronin & Taylor, 1992; Chen & Tsai, 2007). Williams and Soutar (2009) stated that in many studies, the relationships between these constructs were complex. Patterson and Spreng (1997) found value's impact on repurchase intentions was not clear, as consumers may have previous experience and familiarity that may affect their repurchase intentions. Other findings showed that customer satisfaction is positively influenced by value (Bolton & Drew, 1991; Woodruff, 1997) and that value is negatively impacted by perceived price (Zeithaml, 1988). In the tourism sector, the satisfied tourists may revisit a destination, recommend to others, or express other favorable comments about the destination. On the other hand, dissatisfied tourists may not return and may not recommend it to others. Bojanic (1996) research shows a strong positive correlation between perceived value and satisfaction. Gallarza and Saura (2006) found moderate to strong links between value, satisfaction and loyalty. They suggested that their study should be replicated in different tourism contexts. To better understand tourist behaviours and to supports past studies, both perceived value and satisfaction is analyzed to be the direct and indirect antecedents of loyalty. This logic follows previous study that have been conducted by Cronin et al. (2000) and Williams & Soutar (2009). Based on the previous literature review, the conceptual

framework and the relationships among perceived value, satisfaction and behavioural intentions is illustrated in Figure 1. This study proposes four hypotheses:

H1: Perceived value has a direct positive influence on loyalty
H2: Perceived value has a direct positive influence on satisfaction
H3: Satisfaction has a direct positive influence on loyalty
H4: Satisfaction mediates the relationship between perceived value and loyalty

4. Research Methodology
4.1. Measures

This research is done in an attempt to investigate the nature of perceived value of a shopping destination as perceived by visitors/tourists. Based on the literature review, the framework of perceived value dimensions in this study follows Sheth, et al., (1991). More specifically, items selected for the perceived value constructs were primarily adapted from prior studies to ensure content validity. Six dimensions were proposed to represent perceived value namely functional value/quality (William & Soutar, 2009; Noypayak, 2009), emotional value (Noypayak, 2009), monetary value (William & Soutar, 2009), social value (William & Soutar, 2009), novelty value (William & Soutar, 2009) and interpersonal value (Noypayak, 2009). The interpersonal value dimension was added since it represents the close interactions between tourists and the local such as friendliness, willingness to help, respect towards guests and smile. A unidimensional measure of satisfaction (4 items) was adapted from William & Soutar (2009) and loyalty (5 items) was adopted from Cronin, Brady, & Hult (2000) and William & Soutar (2009). Likert scales (ranging from 1 to 5), with anchors ranging from ''strongly disagree'' to ''strongly agree'' were used for all questions. After pre-testing the measures, these items were slightly reviewed and modified to accommodate suggestions received during the pre-testing stage.

4.2. Sample and Data

Data were collected from tourists visiting main tourist's shopping destinations in Yogyakarta including Malioboro street, Kasongan, Kotagede and Art Market Bantul. Malioboro street is located in downtown Yogyakarta. It considered as the most famous street for tourism shopping among local and international tourists. Kasongan is particularly known as the centre of traditional- made pottery and Kotagede is known as its silver craft productions. Bantul is known as its export-based small business centre where varieties of handicrafts such as leather products, batik, home accessories, etc are produced. Purposive sampling was employed. The respondents in this study were those who came to the chosen locations for the specific reason of doing shopping. To ensure the objectives of the research, respondents were initially asked regarding their residency status (local or non-local community) and their main reason to come to the selected locations. It was not necessary that respondents should have already bought some products, however, it was required that they have involved in some transactions or gathering information before purchasing decisions. This was to ensure that respondents will be able to express their perceptions and valuations on their shopping experiences.

4.3. Data Analysis

Based on the proposed model, perceived value was conceptualized as a second-order formative construct. Jarvis, et al., (2003) identified four alternatives of second-order factor specifications and the model proposed in this study employs the type II specifications. The use of Jarvis, et al.'s type II specification to model perceived value was in line with numbers of previous

studies for example Lin, et al., (2005), Whittaker, et al., (2007), and Ruiz, et al., (2008). More specifically, Lin et, al., (2005) stated that "perceived value should be conceived of an overall abstraction and specified as a second-order construct with first-order value components as formative indicators, each manifested by multiple reflective indicators" (p.325). PLS (Partial Least Squares) was chosen as a statistical tool to analyze the data for these following reasons: 1). the proposed model employs formative conceptualization of perceived value, 2) the existence of mediating variable (requires advance multivariate analysis/cannot simply be assessed using multiple regression), 3) the tendency for the data to be negatively skewed in the customer satisfaction measurement and study involving perceptions (this has been identified by Anderson & Fornell, 2000), 4) relating to the potentially skewed data, PLS can accommodate this nature of data since PLS does not require normally distributed data. In order to assess the statistical significance, Smart PLS (Ringle, Wende & Will, 2005) was used with bootstrap analysis using 200 sub-samples. The use of PLS has received support from literature in satisfaction studies (Westlund, Cassel, Eklof & Hackl, 2001). Since the model involved formative formulation, multicollinearity was checked for all customer value components and there were no evidences of multicollinearity. By using PLS, the measurement model was evaluated by examining the individual loadings and weights of each item, internal composite reliability (ICR), average variance extracted (AVE), AVE Square root and discriminant validity through cross loading (Chin, 1998).

5. Results
5.1. Descriptive Analysis

Out of the total 450 valid data, 36% respondents were male and 64% female. Majority of the respondents were those whose age between 26-35 years old (39.1%) and between 36-45 years old (33.6%) which made up 72.7% of the total respondents. The international tourists were only accounted less than 10%. The employment backgrounds of the respondents were 50.2% from private sectors, followed by 43.1% entrepreneurs, 3.8% government employees and 2.9% others. The reasons for visiting the tourism shopping areas were to buy food products (24.4%), any kinds of souvenirs (23.3%), filling the time (15%), for leisure (13%) and the rest were other reasons. Based on the descriptive data, those who enjoy shopping in Yogyakarta can be categorized as majority young to middle age independent female. Since food products and any kinds of souvenirs were mostly chosen, suppliers and producers of these products should be able to capture these opportunities. Similarly, since some of the shoppers were also spending time for only filling time and get some leisure activities, shopping environment should be well managed in terms of cleanliness, accessibility, comfort and security.

5.2. Assessments of Validity and Reliability

Most results from the measurement model (outer model) to examine its validity and reliability performed satisfactory findings. Assessment of convergent validity is measured by using the loadings, ICR and AVE. The assessment of discriminant validity was assessed with cross loadings and AVE square root. All loadings were greater than 0.6 (Chin, 1998) and all the weights were significant at 0.001 level. ICR ranged from 0.7933 to 0.8544 which were within the recommended value of 0.80 (Nunnally, 1978), even though price with ICR = 0.7933 is slightly lower (see Table 2). All the AVE scores were within the 0.5 score, as recommended by Fornell & Larcker (1981), except loyalty with only 0.4635. The cross loadings showed that each indicator also loaded higher with its corresponding latent variable (see Table 3). The last procedure, the square root of the AVE, was demonstrated by comparing the square root of the AVE for each constructs with the correlations between the construct and other constructs in the model. The evidence of

discriminant validity is shown when the square root of the AVE of each construct is larger than the correlations between the construct and any other constructs (Staples, Hulland & Higgins, 1999). The square root of AVE in this study have also shown a satisfactory level where all larger than the correlations between the construct and any other constructs (see Table 4). The outer model as can be seen in Figure 1 showed that all first-order components of customer value had significant contributions to the higher-order construct with the path coefficients ranged from 0.1766 to 0.280.

Table 2. AVE, ICR, R^2, and Alpha

	AVE	Composite Reliability	R Square	Cronbachs Alpha
Emotion	0.5521	0.8312	0	0.7292
Functional	0.4969	0.8302	0	0.7464
Interpersonal	0.5207	0.8442	0	0.7693
Loyalty	0.4635	0.8118	0.278	0.7112
Novelty	0.5726	0.8425	0	0.7517
Price	0.4926	0.7933	0	0.6656
Satisfaction	0.5453	0.8265	0.0482	0.7242
Social	0.5781	0.8452	0	0.7582

Table 3. Croos loadings

	Emotion	Functional	Interpersonal	Loyalty	Novelty	Price	Social	Satisfaction
Was delighted	**0.7376**	0.3501	0.467	0.248	0.1418	0.1195	0.0935	0.0746
As in a different atmosphere	**0.7831**	0.3152	0.3996	0.2394	0.262	0.1644	0.1527	0.0516
Was a memorable	**0.7351**	0.2615	0.3555	0.2124	0.183	0.1812	0.2064	0.0156
Was relaxed	**0.7148**	0.3419	0.5237	0.3109	0.0922	0.0697	0.0299	0.0555
Cleanliness	0.4157	**0.7518**	0.528	0.3101	0.2656	0.2244	0.1934	0.1562
Quality of infrastructure	0.2979	**0.794**	0.448	0.2363	0.3233	0.2112	0.2627	0.1084
Quality of safety & security	0.3692	**0.7211**	0.424	0.2747	0.1871	0.1256	0.0578	0.0924
Acceptable standard of quality	0.2132	**0.6219**	0.1875	0.2116	0.266	0.1883	0.2366	0.1094
Consistent quality	0.1652	**0.6183**	0.2288	0.1848	0.2346	0.1923	0.222	0.1471
Offer real and friendly smile	0.3628	0.3457	**0.6696**	0.2194	0.2189	0.1482	0.1338	0.1072
Sympathetic and reassuring	0.3937	0.2624	**0.7058**	0.2614	0.2266	0.1759	0.265	0.1064
Receive prompt services	0.4264	0.4208	**0.7644**	0.3356	0.2083	0.1721	0.1451	0.1751
Can be trusted	0.4707	0.4501	**0.7534**	0.2641	0.2486	0.1483	0.1484	0.1209
Show genuine care	0.4508	0.4456	**0.7108**	0.3427	0.2482	0.1904	0.116	0.0933
Would recommend this place to others	0.2108	0.2208	0.2644	**0.6613**	0.3123	0.2709	0.2367	0.2308
Would come back to this place in the future	0.2612	0.2496	0.2873	**0.7214**	0.2254	0.1826	0.1885	0.2268
Would tell others about shopping experience	0.2399	0.2219	0.2112	**0.664**	0.1613	0.1232	0.1784	0.1769
Would say positive things	0.2607	0.2445	0.3034	**0.703**	0.2693	0.1911	0.1122	0.1938
Remain loyal to this place	0.1802	0.253	0.2755	**0.6516**	0.2135	0.1288	0.1352	0.2127
Made me feel adventurous	0.1688	0.2949	0.2179	0.2706	**0.7687**	0.4598	0.5599	0.0712
Fulfill my curiosity	0.1673	0.1354	0.1521	0.1677	**0.7158**	0.3807	0.4409	0.0928
Was an authentic experience	0.1739	0.2322	0.2638	0.2773	**0.7949**	0.3546	0.4452	0.1717
Doing a lot of things	0.1888	0.4044	0.3145	0.333	**0.7452**	0.3781	0.4122	0.1353
Reasonably priced	0.117	0.2216	0.2708	0.1842	0.3804	**0.7734**	0.3373	0.0521
Good one for the price paid	0.07	0.0156	0.0022	0.1177	0.2513	**0.6073**	0.2326	0.0978
Good return for money	0.1347	0.0759	0.047	R 0.1898	0.3792	**0.6382**	0.4662	0.1672
Value for money	0.1657	0.3327	0.2328	0.2395	0.4191	**0.772**	0.3231	0.1795
Gives me social approval	0.13	0.1942	0.1401	0.1844	0.4128	0.3534	**0.7828**	0.1687
Makes me feel acceptable to others	0.1545	0.2278	0.1796	0.1767	0.4397	0.2799	**0.7973**	0.062
Improves the way I am perceived	0.0912	0.1077	0.1344	0.1603	0.348	0.286	**0.6796**	0.0529
Give me a good impression from other people	0.1178	0.2727	0.2087	0.2338	0.6187	0.5135	**0.7761**	0.1667
Was exactly what I needed	0.0773	0.1431	0.1968	0.1946	0.1625	0.2437	0.2039	**0.6712**

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Was a good experience	0.033	0.067	0.093	0.2277	0.0899	0.0545	0.0634	**0.7379**
Was happy with decision	0.0544	0.1472	0.124	0.3037	0.1124	0.093	0.0882	**0.831**
Was a wise choice	0.0188	0.1508	0.053	0.1521	0.0829	0.1203	0.0873	**0.7039**

Table 4. AVE Square Root

	Emotion	Functional	Interpersonal	Loyalty	Novelty	Price	Satisfaction	Social
Emotion	**0.743**	0	0	0	0	0	0	0
Functional	0.4267	**0.7049**	0	0	0	0	0	0
Interpersonal	0.5856	0.5374	**0.7216**	0	0	0	0	0
Loyalty	0.339	0.3494	0.3967	**0.6808**	0	0	0	0
Novelty	0.2313	0.3636	0.3192	0.3531	**0.7567**	0	0	0
Price	0.181	0.2681	0.2315	0.2697	0.5208	**0.7019**	0	0
Satisfaction	0.0666	0.1732	0.1676	0.3079	0.1562	0.1769	**0.7384**	0
Social	0.1634	0.2744	0.2224	0.2523	0.6148	0.4846	0.1545	**0.7603**

5.3. Test of Hypotheses

The structural model (inner model) in PLS was assessed by examining the path coefficients, t-statistics and r-squared value (Chin, 1998). R-squared is used to indicate the strength of the predictive model. Figure 1 represents the results of the hypotheses (H1 to H4) and the corresponding *Beta coefficients.* The proposed model shows only 27.8% of the variance in loyalty was explained by customer perceived value and customer satisfaction. All the path coefficients in the inner model were positive and significant at 0.001 level. These were shown by t-statistics having value above 1.96 in all of the path coefficients produced. Customer perceived value contributed the stronger to loyalty with β=0.439 than satisfaction. The direct effect on satisfaction was only weak but significant with β=0.219. Similarly, the direct effect of satisfaction on loyalty was significant but also weak with β=0.212. Having the overall tests on measurement model provide significant results and thus hypotheses H1-H4 are supported. This means that: 1) there are positive direct influence between perceived value and satisfaction to loyalty (H1 and H3), 2) there is a positive direct influence between perceived value to satisfaction (H2), and thus also 3) satisfaction mediates the relationship between perceived value and loyalty (H4). As can be seen from Figure 1, satisfaction is only partially mediates the relationship between perceived value and loyalty since perceived value still showed an effect on loyalty.
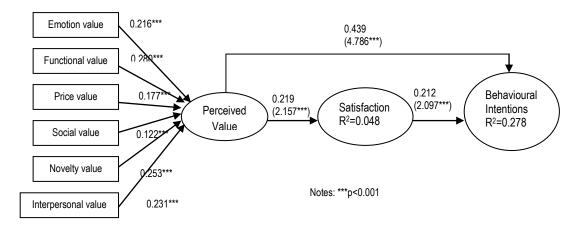

Figure 1. Research Model with PLS Results

6. Discussions And Conclusions

There have been many debates about the characters of the constructs when they are being examined in structural equations. More specifically, when a construct is proposed, from the

conceptual point of view, it is necessary to identify whether the construct is a formative or a reflective one (Diamantopoulos & Winklhofer, 2001; Jarvis, et al., 2003). Anderson & Gerbing, (1988) contend that the decision to treat whether it is formative or reflective concept is important since a proper specification of a measurement model is essential prior to assigning the meaning of the relationships implied in the structural model. Ruiz et al. (2008) argue that most examinations of service value, particularly research that uses a trade-off model (benefit versus sacrifice) which specified it as reflective model failed to conceptualize the construct correctly. Instead, service value is considered better represented as a second-order formative construct that contains benefits and sacrifices (Lin, et al., 2005; Ruiz, et al., 2008). A thorough discussion regarding justification of customer value as a formative higher-order construct can be found in Lin et al. (2005).

By conceptualising perceived value as a formative second-order construct, this study re-examines the relationship of perceived value with satisfaction and loyalty. On the basis that all links were found to be significant, this study suggests the importance of perceived value and satisfaction constructs on tourists' shopping loyalty. The management of the tourism sector needs to seek ways in which they can increase tourist's perceptions of value and satisfaction with exciting shopping experiences in order to evoke positive behavioural intentions expressed by all visitors, such as positive word-of-mouth and loyalty. The findings also support Sheth's et al. (1991), Sweeney and Soutar's (2001) and William and Soutar (2009) works who stated the importance of the multidimensional aspect of perceived value and found positive relationships between perceived value and loyalty. The mediating nature of satisfaction between perceived value and loyalty was also confirmed. The significant relationship between perceived value, satisfaction and loyalty in this study confirmed previous findings from Bojanic (1996) and Gallarza and Saura (2006) in tourism. Nevertheless, having the fact that the R^2 of the loyalty was only small (0.278), this should bring to the attention for cautiously involving other variables that may better contribute to loyalty. Service quality was not included in purpose since it has been covered in the functional value aspect. An interesting finding was found in that even though significant, the result of the non-direct relationship between perceived value and behavioural intention was 0.4851, which was a slight increase from the direct relationship (0.4387). This means that in this case, even though the non-direct relationship is slightly stronger, however, perceived value has much higher influence on behavioural intention as compared to satisfaction. The direct causal effect of perceived value to behavioural intentions should have determined the behavior intentions more than satisfaction. This suggests that the efforts directed specifically at improving elements of perceived value in shopping experience might be expected to have a greater impact on the shoppers' behavioural than satisfaction per see. It is important to note that the previous marketing literature has recorded inconsistencies in the relationships among these service quality, perceived value, satisfaction, and behavioural intentions constructs (Cronin, et al., 2000). Williams and Soutar (2009) stated that in many studies, the relationships between these constructs were complex. As a consequence, results from this study should be carefully comprehended as different contexts or situations have different findings.

In addition, from Figure 1, it can be seen that among the six dimensions that built perceived value, functional value with Beta coefficients (0.280), novelty value (0.253) and interpersonal value (0.231) are the top three contributors of perceived value, whereas social value is the least. This informs that in Yogyakarta tourism shopping sector, functional value is considered the highest in contributing to value as perceived by visitors. This covers cleanliness of the environment, well maintained infrastructure, quality of services, etc. Recognizing that Yogyakarta is known as student city where many young generations are studying here, as well as bundled with rich heritages, history

and culture, this allows Yogyakarta with atmosphere of high creativities and unique experiences for Tourists. In some part, this can be the reason why novelty value which represents the feeling of fulfilling curiosity can be satisfied by visiting and or shopping in Yogyakarta. Interpersonal value which is a new dimension used in this study is previously used by Noypayak (2009) study in Thailand. This dimension is considered relevant to Yogyakarta tourism context since Thailand culture is almost similar to Indonesia. It is believed that friendliness of local people, the close interactions between tourists and the local, willingness to help, respect towards guests and smile are all generates emotional attachments for tourists. Friendliness and being polite are of a very typical attitude expressed by the local Yogyakarta culture. Interpersonal value is different from social value as proposed by Sweeney & Soutar (2001). Social value considers more on receiving positive social acknowledgement from others. In this study, social value was contributing least to perceived value as compared to other dimensions of value. This implies that in tourism shopping, social value is less concerned than other dimensions. It can also be understood since the shopping areas chosen for this study were not a luxurious and exotic place, where everybody can have access to these places easily. Novelty value, interpersonal value and emotional value have significant contribution to perceived value. This finding is in corresponding with Bloch et al. (1994), Jones (1999) and Williams & Soutar (2009), where emotional aspects is critical. It is therefore important to realize that in the tourism shopping sector, tourists are not only concerning on the functional aspects, but also the emotional aspects should be highly fulfilled. The functional and emotional aspects together may evoke positive feelings and further will influence positive behaviours.

This study has important practical and theoretical implications. Theoretically, besides suggesting the use of multidimensional construct, researchers who model perceived value should consider the formative conceptualization as misspecifications of the construct may cause an inappropriate conclusion. Practically, the multidimensional measure of perceived value adapted to this study allows government and business players in the tourism shopping sector to understand how they can improve tourists' value perceptions across a number of areas in shopping tourism. By taking a closer observation of the PLS model, it can be seen that emotional aspects do take important role on their contributions to perceived value in shopping behaviours. As an implication of the study, it will be important to look at the tenets of the emotional aspects such as novelty value, interpersonal value and emotional value, for example 'providing a challenging experience of shopping, fulfilling curiousity, offering friendliness, offering excitement, etc. More importantly, similar to the common shopping behaviours, the functional value and price are also aspects that tourist are highly regarded. Therefore, quality should be maintained and price should be affordable. Nevertheless, researcher also acknowledges some weaknesses in this study in particular with regards to the limitation of sample selection in Yogyakarta.

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