

The Influence of LOHAS Consumers' Trust on Satisfaction and Repurchase Intention: Focused on the Organic Agricultural Products

Hyoung-gil Kim* · Yong-cheol Hwang** · Jung-hee Kim*** · Hye-mi Im****

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I. Introduction

Environmentally friendly agriculture has become the important alternative agricultural practices and agriculture policy means supplying safe agricultural products to consumers. Now environmentally friendly agriculture is no longer a matter of choice but a major issue of today, a period of uncertainty over our agricultural situation the food safety. Since the 1990's products has been

* Professor, Department of Business Administration, Jeju National University.

** Professor, Department of Business Administration, Jeju National University.

*** Associate. Professor, Department of Business Administration, Jeju National University(corresponding).

**** Doctoral student, Jeju National University

increasing and expected to increase more rapidly in the future.

Lifestyles of Health and Sustainability (LOHAS) refers to a demographically defined market segment generally composed of a relatively upscale and well-educated consumers who are particularly interested in and sensitive to sustainable living and "green" ecological initiatives.

The purposes of this study are (1) to review the previous studies on LOHAS and (2) to understand the relationship among variables such as the propensity to consume and purchase organic agricultural products, consumer confidence, customer satisfaction and repurchasing intention.

II. Literature Review

As the quality of life has improved, consumers have spent more on enjoying leisure activities or cultural things in pursuit of a favor of organic agricultural products which create little environmental problems. As the production of organic agricultural products has increased, the distribution of the products has also grown at a rapid rate. This growth in organic agricultural products is increased by LOHAS consumers.

Lifestyles of Health and Sustainability (LOHAS) refers to a demographically defined market segment generally composed of a relatively upscale and well-educated consumers who are particularly interested in and sensitive to sustainable living and "green" ecological initiatives. To enhance LOHAS consumer's trust for organic agricultural products, the organic agricultural producers have to carefully understand LOHAS consumer's behavior.

Trust is defined as "when one party has confidence in an exchange partner's reliability and integrity" (Morgan and Hunt, 1994). Trust is a willingness to rely on an exchange partner in whom one has confidence (Moorman et al., 1993). Both

definitions also highlight the importance of mutual confidence. The importance of trust is based on the potential use of the technology to increase information sharing. Trust increases the provability of exchanging partner's willingness to expand the amount of information sharing about new mutually beneficial arrangements (Hart and Saunders, 1997). As trust declines, people are increasingly unwilling to take risks and demand greater protections against the probability of betrayal. In the market of Organic Agricultural Products, safety and reliability refers to positive trust that is shown in the consistency and assurance between what a trading partner says and actually does. Trust is an expectation the other party will behave positively toward oneself (Deutsch and Coleman, 2000). Therefore, trust among the trading partners in electronic commerce reinforces the prospect of continuity in a relationship and a commitment.

Because of its potential influence on consumer behavioral intention and customer retention (Anderson and Fornell, 1994; Cronin and Taylor, 1992; Fornell, 1992; Oliver, 1980; Oliver and Swan, 1989), consumer satisfaction has been the subject of much attention in the literature (Bitner and Hubbert, 1994; Rust and Oliver, 1994). Satisfaction is described as an evaluation of an emotion (Hunt, 1977), suggesting that it reflects the degree to which a consumer believes that the possession and/or use of service evokes positive feelings (Rust and Oliver, 1994). Therefore, this positive feelings for organic agricultural products reinforces repurchase intentions in a relationship and a commitment.

Repurchase intention is explained by behavioral intentions. The indicators of behavioral intentions are the final set of items included in the analysis. Theory suggests that increasing customer retention, or lowering the rate of customer defection, is a major key to ability of producer to generate profits (Zeithaml, Berry, and Parasuraman, 1996). Specifically, Zeithaml, Berry, and Parasuraman (1996) suggest that favorable behavioral intention are associated with a service provider's ability to get its customers to say positive things about them, recommend them to other consumers, remain loyal to them, spend more with the company, and pay price premiums. Therefore, Organic Agricultural Producers have

to strive to improve consumer's trust and satisfaction for Organic Agricultural Products.

Research hypotheses below are elicited by the upper theoretical background.

H1: LOHAS Consumers' Trust has a positive influence on satisfaction for organic agricultural products.

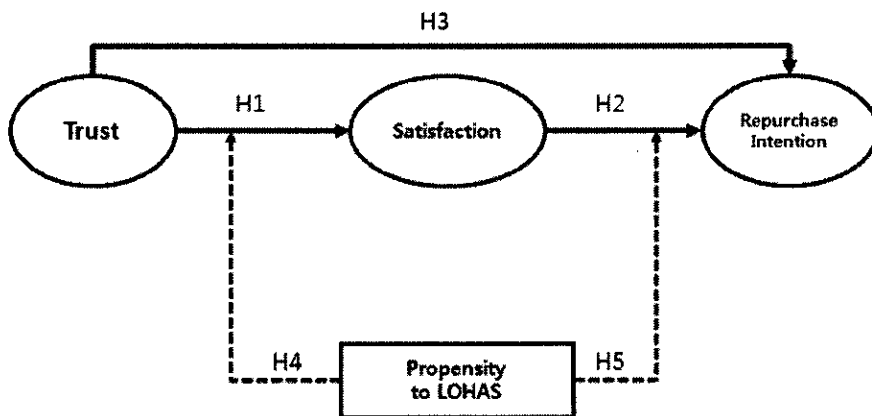
H2: LOHAS Consumers' satisfaction has a positive influence on repurchase intention for organic agricultural products.

H3: LOHAS Consumers' Trust has a positive influence on repurchase intention for organic agricultural products.

H4: the relation between trust and satisfaction is different according to propensity to LOHAS for organic agricultural products.

H5: the relation between satisfaction and repurchase intention is different according to propensity to LOHAS for organic agricultural products.

The relations between independent variables and dependent variables were presented were shown in <figure 1>.



< fig. 1> Research Model

III. Method

3.1. Scale development

The appropriate scales were developed to measure the variables of interest in the present research. Trust was measured by using a scale developed by Morgan and Hunt (1994), while satisfaction by using a scale developed by Dick and Basu (1994). And lastly, repurchase intention was measured by using a slightly revised version of a scale developed by Ganesan (1994) and Morgan and Hunt (1994). Lifestyles of Health and Sustainability (LOHAS) were revised by Ko (2007).

This process concludes with the retention of 33 items. Seven point Likert scales ranging from 1=strongly disagree to 7=strongly agree were then attached to each statement.

3.2. Survey Design

To accomplish these objectives, 300 consumers of organic agricultural products were given questionnaires for 31 days between the 10th of September and the 10th of October, 2009. All of them were returned of which 291 were used for empirical analysis. A total of 291 usable responses were collected and used for the final analysis. The contents completed through preliminary researches consist of 33 questions in 4 sectors such as trust, satisfaction, repurchase intention, and propensity to LOHAS.

Statistical analysis was conducted using SPSS 14.0 and AMOS 5.0. Reliability analysis and factor analysis was conducted to verify the reliability and validity of analysis tools for trust, satisfaction, repurchase intention, and propensity to LOHAS. Through exploratory factor analysis and confirmatory factor analysis (CFA), various results of validity test are suggested. Integrated influence of analysis tools has been analyzed through Structural Equation Model (SEM) in order

to figure out the influence of LOHAS consumers' trust on satisfaction and repurchase intention for the organic agricultural products.

IV. Analysis and Results

4.1. Samples

The Samples to be inputted for analysis were shown in <table 1>.

<Table 1> Samples

Characteristics		N	%	Characteristics		N	%
Gender	Man	85	29.2	Age	Twenties and younger	44	15.1
					Thirty	63	21.6
	Woman	206	70.8		Forty	111	38.1
	Fifties and older				73	25.1	
Education	Middle school graduate	19	6.5	Age	Twenties and younger	44	15.1
	High school graduate	98	33.7		Thirty	63	21.6
	Collage/University graduate	174	59.8		Forty	111	38.1
					Fifties and older	73	25.1
Occupation	Office workers	72	24.7	Income (million KRW)	less than 1	59	20.3
	Self-management	66	22.7		from 1 to less than 2	85	29.2
	Sales/services	35	12.0		from 2 to less than 3	67	23.0
	Housewives	76	26.1		from 3 to less than 4	39	13.4
	the orders	42	14.4		4 and more	41	14.1
Total		291	100.0	Total		291	100.0

4.2. Reliabilities and Validity

Thorough factor analysis, measured values related to trust, satisfaction, and repurchase intention show consistency with theoretical division. Statistical quantity of factors is divided obviously by primary factors and commonality variables are all above 0.4. Reliabilities coefficient of trust, satisfaction, and repurchase intention show high confidence levels, which are 0.928 above. KMO statistic -a rate of sample fit - shows 0.944, which is suitable for factor analysis and in Chi(χ)-value of Bartlett's Test - a test to see if the variables are independent each other - shows appropriateness ($p=0.000$). Test results, the confirmatory factor analysis results, are in <Table 2>.

4.3. Testing of the Hypotheses

Research model was tested by assessing the various linkages appropriated in the SEM. The Chi Square statistic was 142.8 with degrees of 60 freedom. All fit indices were appropriate for hypothesis testing purposes. The hypothesis test result is in <Table 3>.

The Research model to be presented is appropriate model for explaining Organic Agricultural Products purchasing behavior. The model results are now employed to test the various hypotheses. The model, the squared correlations for the key study constructs, and the standardized path coefficients and shown in <table 3>. H1 examined the impact of trust upon satisfaction, and the path coefficients were found to be significant. There is a significant positive causal link between the degree of trust and satisfaction. H2 examined the relationship between satisfaction and repurchase intention. The hypotheses were supported as there was a significant positive causal link shown between the satisfaction and repurchase intention.

<table 2> Factor Analysis

Factor (a)	items	factor loading	eigen value	variance
trust (0.938)	I would trust Organic Agricultural Products	0.846	3.742	28.78
	I feel that I can trust Organic Agricultural Products.	0.841		
	Organic Agricultural Products are honest and truthful with me.	0.831		
	Organic Agricultural Products are truly sincere in its promises.	0.821		
repurchase intention (0.928)	I am willing to continue to buy the Organic Agricultural Products, even If its prices increase.	0.804	3.707	28.52
	I recommend friends and relatives to buy Organic Agricultural Products.	0.781		
	I say positive things about Organic Agricultural Products.	0.777		
	I continue to buy Organic Agricultural Products.	0.735		
	I consider Organic Agricultural Products as my first choice Organic Agricultural Products.	0.682		
satisfaction (0.931)	It is very wise to buy Organic Agricultural Products.	0.786 0.751 0.702 0.683	3.243	24.95 (total variance) 82.24%
	Based on all my experience with Organic Agricultural Products, I am very satisfied.			
	My experience at Organic Agricultural Products have always been pleasant.			
	Overall, I am satisfied with Organic Agricultural Products			
fitness index	KMO=0.944 Chi-Square=3819(df=78, Sig.=0.000)			
	(60)=142.8 GFI=0.930 AGFI=0.894 IFI=0.978 AVE=0.755			

H3 pertains solely to the model driven from the literature, but these hypotheses were dropped, which examined the links between trust and repurchase intention.

The results indicate that trust and satisfaction play key roles in determining the repurchase intention.

<Table 3> Hypothesis Path

Hypothesis	Hypothesis Path	β	C.R.	Adoption
H1	Trust→atisfaction	0.770	13.783***	Adopt
H2	Satisfaction→ Repurchase Intention	0.871	12.249***	Adopt
H3	Trust→epurchase Intention	0.099	0.137	Reject

$\chi^2=142.8(df=60, p=0.000)$,GFI=0.930,AGFI=0.894,NFI=0.964,RMR=0.045

note) * $p<0.1$, ** $p<0.05$, *** $p<0.01$.

Meanwhile, moderating effects were investigated according to propensity to LOHAS for organic agricultural products. The propensity to LOHAS for organic agricultural products were classified into low group, middle group, high group by means(2.833). The hypothesis test result is in <Table 4>.

First, In the relationship between consumer confidenceand consumer satisfaction for organic agricultural products, the propensity to consume organic agricultural products($p>0.05$) doesn't work as a moderating variable.

Second, In the relationship between consumer satisfaction and repurchasing intention for organic agricultural products, the propensity to consume organic agricultural products($p<0.05$) partly works as a moderating variable. Therefore, H4 was rejected while H5 was adopted partly.

<Table 4> moderating effects by propensity to LOHAS for organic agricultural products

Hypothesis Path	group	β	C.R.	p.	β	C.R.	p.		p.
Trust→ atisfaction	L-M	0.774	6.661	0.000	0.731	9.136	0.000	0.000	0.988
	L-H	0.774	6.641	0.000	0.683	4.791	0.000	0.507	0.476
	M-H	0.731	9.135	0.000	0.683	4.805	0.000	0.617	0.432
Satisfaction→ Repurchase Intention	L-M	0.892	5.448	0.000	0.632	6.136	0.000	4.463	0.035
	L-H	0.892	5.432	0.000	0.881	6.020	0.000	0.026	0.871
	M-H	0.632	6.136	0.000	0.881	6.037	0.000	4.831	0.028

V. Conclusions

This study is to understand the relationship among variables such as the propensity to consume and purchase organic agricultural products, consumer trust, customer satisfaction and repurchasing intention. As a result of analysis, overall goodness of fit has been secured. The results are suggested below.

First, the higher the trust for organic agricultural products, the higher the repurchasing intention for organic agricultural products.

Second, the higher the satisfaction for organic agricultural products, the higher the repurchasing intention for organic agricultural products .

Third, in the relationship between consumer trust and consumer satisfaction for organic agricultural products, the propensity to consume organic agricultural products ($p>0.05$) doesn't work as a moderating variable.

Forth, in the relationship between consumer satisfaction and repurchasing intention for organic agricultural products, the propensity to consume organic

agricultural products ($p < 0.05$) partly works as a moderating variable.

Suggestions based on this research's practical analyses are followed

First, consumers tend to purchase organic agricultural products not only for health reasons but also for environmental reasons.

Second, gradual growth of organic agricultural market will be expected as positive word of mouth about and increasing interest for health and safety become more prevalent.

Third, the relation between satisfaction and repurchase intention is different according to propensity to LOHAS for organic agricultural products.

To increase LOHAS customer's perceptions of trust for Organic Agricultural Products, producers must improve satisfaction and repurchase intention. And efficient marketing strategies for LOHAS consumer's trust management should be established and implemented through raising satisfaction for continuous repurchase intention. Furthermore continuous promotion for organic agricultural products and protection of environment is very important in the view of profit making and social responsibility.

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