The Contribution to Management, of the Benefit and Understanding of the Application of perceived Value

by

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ABSTRACT

Perceived value is increasingly seen as a focal construct in marketing and often described as a key determinant of sustainable competitive advantage and superior performance. Despite these interests, little research has addressed the perceived value construct, and there is no well-accepted perceived value measure. This thesis aims at developing, testing, and applying a perceived value measure, while demonstrating its application in management. It also sets out to test a set of antecedent and consequent relationships to explore influences on, and behavioural outcomes of perceived value in the parcel postal industry.

Perceived value is defined in this thesis as the judgement by the consumer of the associated perceived benefits offered by (or linked to) a product or service, when the associated sacrifices have been evaluated or assessed (assuming that through the evaluation process one may either reduce, eliminate or ignore any associated sacrifices). Using perceived risk as a focal measure of associated sacrifices to determine perceived value, the various dimensions of perceived value were researched. Data were collected using a questionnaire which assessed the various dimensions of perceived risk. Since these dimensions provide a perceived risk measure, this measure was then used to assess perceived value and other service evaluation
constructs. A model is suggested which shows the relationships between perceived risk, perceived value, satisfaction, and behavioural intentions.

It was found that there is an average, and direct negative relationship between perceived risk and perceived value. Also, there is a strong, direct and positive relationship between perceived value and satisfaction, and an average, and direct positive relationship between perceived value and behavioural intentions. The relationships between perceived risk and satisfaction, perceived risk and behavioural intentions were found to be partially mediated by perceived value. Also, the effect of perceived value on behavioural intentions was found to be partially mediated by satisfaction.

This thesis provides academics with a new conceptualisation and framework for further research into the perceived value concept. It demonstrates to marketing practitioners especially involved in planning, how perceived value can be used in strategic marketing planning. It particularly demonstrates to practitioners involved in control how non financial indicators can be used in control.
DECLARATION OF ORIGINALITY

This thesis and the work to which it refers are the results of my own efforts. Any ideas, data, images or text resulting from the work of others (whether published or unpublished) are fully identified as such within the work and attributed to their originator in the text, bibliography or in footnotes. This thesis has not been submitted in whole or in part for any other academic degree or professional qualification. I agree that the University has the right to submit my work to a plagiarism detection service for originality checks.

Samuel Ngwanka'a Ayiehfor

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Chapter 1: Introduction
Summary

This chapter is aimed at providing a general introduction to the whole thesis. This thesis adopts the economic definition of a consumer from Black (2002, p.78) as "the purchaser of goods and services for the personal satisfaction of themselves, or other members of their group or household as distinct from use to generate income". This assumption also follows Gilbert's (2003) emphasis on eliminating (from the consumer definition) any one who may have bought a product or service as a "present or part of a business activity".

Royal Mail has been witnessing a decline in revenue especially since the liberalisation of the UK postal market. In this chapter, as competition is suggested to be the potential cause of this decline, Royal Mail's competitive environment is explored in an attempt to provide further understanding about the nature of this competition. As part of the decline in revenue is identified to be linked to the fact that Royal Mail's parcel postal service consumers seem to be defecting to its competitive rivals. The need for Royal Mail's management team to understand what their consumers want or like by understanding their perceived value is explained. In an attempt to show how this perceived value can be understood, this chapter introduces the whole thesis within which an attempt is made to assess and understand the perceived value construct for the parcel postal service through Royal Mail's consumers.
1.1 Problem

Businesses seem to have been engaged in increasing or maintaining their competitive positions, e.g., through value creation advocated by Porter in the early 1980s (Porter 1980, 1985) added to the ever-changing business environment (new regulations, changing consumer behaviour, new markets, etc.), as suggested by Drummond et al. (2008). There also seems to have been a need for management or managers to dynamically and systematically monitor and manage organisations, following these changes; thereby drawing attention to the aspects of ‘improvement of efficiency, effectiveness and control’ (Armstrong, 2006).

Royal Mail (part of Royal Mail Group) is a typical example of a business operating in this ever-changing business environment and faced with huge competition (especially following the expansion of electronic communication services, added to the liberalisation of the Letters market since January 2006). As highlighted in its 2007-08 account report, Royal Mail processes and delivers about 80 million items (letters and parcels) a day (down from 83 million in 2006-07, and has declined again to 79 million during the first half of 2008-09 financial year). It is facing huge competition especially in its parcel (an object or collection of objects wrapped together so that it can be sent by post) postal service from TNT, UPS, UK Mail, DHL etc. As highlighted in its 2007-08 account report, its revenue fell by £27 million, with volume of mail handled declining by 3.2%. This figure even went up during the first half of 2008-09 financial year to 4%.
Even with this nature of competition, note should be made that, Royal Mail remains the primary company that delivers the letters and some parcels through letter boxes. In order to demonstrate how much competition is actually taking place; this author has decided to concentrate on its parcels postal business. In an attempt to highlight the quantity of parcels delivered each day and the degree of decline in quantity amongst the 80 million items reported, this author was able to obtain the traffic summary from Nuneaton Delivery Office for a specific period. The figures showed that by week 41 during the 2007-08 financial year, this business unit (Nuneaton Delivery Office) had delivered 1,017,396 parcels. During the same period in the 2008-09 financial year (only data for week 40 was available); the quantity went down to 924,582 parcels. Projecting for week 41, the quantity of parcels may be about 947,896.55.

These numbers clearly support the Group's claim about decline in volume as highlighted in the Group reports, but the argument this author is trying to push forward is based on the fact that, there are reasons for the management to be concerned and look back at their strategy, because while the volume of parcels handled may be declining thereby triggering a decline in revenue from the parcel postal business, during the same periods in the 2007-08 financial year, the parcel postal business of Businesspost Group, a competitor in the same market achieved a 6% revenue growth, and 2.6% in the first half of 2008-09 financial year.
Such results should have been taken by the Royal Mail's management team seriously, because they may be highlighting serious threats to the business. As shown in the basic model below, Royal Mail makes its revenue from taking items at one end (consumer) and delivering them at another end (consumer). If there is a decline in the number of items given for delivery, there may be a subsequent decline in revenue. If another competitor in the same market is witnessing the opposite effect, this may highlight the fact that there is need for Royal Mail to put more emphasis on understanding what its parcels postal service consumers want, how they want it, when they want it, and why consumers want it (consumer behaviour).

Figure 1.1: A Marketing Concept

![Marketing Concept Diagram]

Source: Modified from Gilbert 2003, P35

This is because as shown in the above marketing concept (Figure 1.1) suggested by Gilbert (2003), for a company to achieve its profits at the end, it will need to start by focusing on its consumers. One therefore would have expected Royal Mail's management team to have identified this potential problem rather than blaming the decline in revenue on decline in mail volume.
1.1.1 Strategic Positioning

The argument in this research is not intended to contradict Royal Mail's suggestion about the decline in revenue as a consequence of decline in mail volume. But as Johnson et al. (2005, p.78) have suggested 'managers typically take too parochial a view as to the source of competition, usually focussing their attention on direct competitive rivals' while neglecting many other factors within the business environment that may influence their competitiveness as shown in Figure 1.2.

Figure 1.2: Porter's five forces framework governing competition

Source: Modified by author from Gilbert, (2003, p.243) and Johnson et al. (2005, p.80)

Therefore, while Royal Mail seems to be facing the above competitive forces, it may be necessary for its management to implement effective management control, with the hope that it may assist them in coping with such forces. It will therefore be assumed that an effective management control
should determine strategic needs through the relative power of each of the above forces. By so doing (according to Campbell et al., 2000) Royal Mail can identify how to position itself to take advantage of opportunities and overcome or "circumvent" threats. They proposed further that Royal Mail's strategy may then be designed to exploit the competitive forces at work within the postal market.

1.1.2 Proposed Approach to Address this Decline

When an organisation finds itself in a competitive environment, with declining revenue as an effect as with the case of Royal Mail, Johnson et al. (2005), Dess and Lumpkin (2003), and Gilbert (2003) all suggest a SWOT (strengths, weaknesses, opportunities and threats) analysis as a good starting point to take in performing a 'sound analysis' of Royal Mail and its environment, and the balanced scorecard approach to evaluate an organisations' performance.

The said approach will therefore be adopted, in this attempt to understand the competitive environment in which Royal Mail operates, so as to attempt and suggest a solution which may assist Royal Mail in controlling its decline in revenue.

The SWOT analysis below was conducted by Datamonitor (January 2008), and looked at the whole Royal Mail Group.
Though the above SWOT analysis was for the whole Group, it seems to provide more than enough information for each business within the Group to make use of. While the management may focus on the strengths and opportunities, this research is particularly interested in the weaknesses and the threats to the Organisation (or the aspects that seem to have a negative effect). Since this thesis concentrates on understanding the causes of decline in revenue, particular interest will be placed on the 'intense competition' threat identified. Since Royal Mail’s business model (taking items from one end and
delivering them at another end) depends on consumers willing to use its services, this decline in revenue may be directly related to a reduced number of consumers using the service. An analysis of its revenue chain has been suggested below.

Figure 1.4: Royal Mail’s Revenue Chain

Source: Suggested by this author

While the decline in revenue caused by Downstream Access (where other organisations make money by collecting and processing mail before handing it to Royal Mail), and competition from the electronic media could be understood in terms of Porter’s five forces mentioned on the previous page, and analysed further, using Johnson et al. (2005) i.e. that; when there is competitive rivalry the incumbent organisation should expect its revenue to
reduce to a level determined by the 'power of the five forces or level of competition'; it might be expected that Royal Mail's management would understand that the decline in revenue as a result of business customers (sending parcels) defecting to rivals, and individual consumers (sending parcels) defecting to rivals, may be controlled.

In order to achieve this Johnson et al. (2005) advocated that those features particularly valued by the consumers should be understood. In doing so, these feature or 'critical success factors' show whether Royal Mail has the potential to outperform its rivals. They proposed further that while there is a need to understand what and how consumers value. Especially since the success or failure of an organisation also involves how well it understands its consumer needs and how well it is able to meet those need. It is important to see value through the eyes of the consumers (consumer perceived value) (Gilbert, 2003).

In order to demonstrate the extent of the competitive environment within which Royal Mail operates, DHL for example has recently launched a new retail offering available to the public called "Servicepoint". It operates just like the Post Offices do for Royal Mail, and it operates from DHL locations, and third party outlets across the UK enabling members of the public to easily send and received parcels (just like they do at the Post Offices and Royal Mail business units). Compared to a similar service provided by Royal Mail, consumers are offered:

- Free online parcel tracking number and service.
- Free packaging (not offered by Royal Mail).
- All parcels are signed upon delivery.

The table below shows a comparison between both businesses offering a similar service within the UK postal market, in terms of price and weight.

Table 1.1: Comparing a similar service offered by Royal Mail and DHL in the UK

<table>
<thead>
<tr>
<th>Weight</th>
<th>DHL</th>
<th>Royal Mail (Special Delivery)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Envelope (0.2KG max.)</td>
<td>£5.95</td>
<td>£5.05</td>
</tr>
<tr>
<td>1KG maximum</td>
<td>£8.75</td>
<td>£6.40</td>
</tr>
<tr>
<td>2KG maximum</td>
<td>£10.75</td>
<td>£8.25</td>
</tr>
<tr>
<td>5KG maximum</td>
<td>£12.75</td>
<td>£20.70</td>
</tr>
<tr>
<td>10KG maximum</td>
<td>£14.75</td>
<td>£20.70</td>
</tr>
<tr>
<td>25KG maximum</td>
<td>£19.75</td>
<td>£36.99*</td>
</tr>
</tbody>
</table>

*Service offered through Parcelforce Worldwide.

Source: http://www.dhl.co.uk/publish/eng/services/retail_services/express-youpick_high.html
http://sg.royalmail.com/portal/rm/PriceFinder?catld=23500532&gear=pricingcalc
Accessed on 20/12/2008

It is therefore clear from the above table just how competitive the environment in which Royal Mail operates is. In light of the above figures, even where those of DHL seem to be more expensive, one must not ignore the fact that DHL offers free packaging which may compensate when consumers pay extra for packaging if they use a similar service provided by
Royal Mail. This example therefore shows the many choices which consumers are beginning to be exposed to, in the UK parcel postal market.

The phenomenon of consumers defecting to competitive rivals can be clearly seen with Royal Mail's business customers as highlighted in the revenue chain presented earlier (Figure 1.4). The decline in mail volume seems to have begun in 2006 just after it last peaked in 2004-05*. This may directly be attributed to the liberalisation of the postal market in January 2006, because as shown in the result of a survey conducted by the postal regulator (Postcom)* most of Royal Mail's business customers since then are using the services provided by its rivals more often as they and their services become better known. Also since the introduction of this liberalisation, the amount of competitor mail (Downstream Access) delivered by Royal Mail has almost doubled since 2006-07 to 21% of its current volume or 4.1 billion items*.

* Courier, November, 2008 issue
The next table shows just a few of the names, or Royal Mail's business customers who have been won over, down the mail stream or have defected to competitors:

**Table 1.2: A list of Royal Mail’s business customers that have defected to rivals (Downstream Access)**

<table>
<thead>
<tr>
<th>Royal Mail's Previous Contracts</th>
<th>Current Downstream Access Contract Holders</th>
</tr>
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<tbody>
<tr>
<td>Barclays Bank, Npower, T-Mobile, SKY, Severn Trent, British Telecom., British Gas, Tesco, Argos, TV Licencing, Next Directory, Shop Direct Home Ltd, NHS</td>
<td>TNT</td>
</tr>
<tr>
<td>Vodafone, E-ON, Alliance &amp; Leicester, Natwest Bank, ASDA, Capital One, TalkTalk, Debenhams, O2, Priority Club, Carphone Warehouse, 3 Mobile, The Department of Work and Pension</td>
<td>UKMall</td>
</tr>
<tr>
<td>Booker</td>
<td>CitiPost</td>
</tr>
<tr>
<td>John Lewis</td>
<td>Lynx Mail</td>
</tr>
<tr>
<td>American Express, Payment Shield</td>
<td>Secured Mail</td>
</tr>
<tr>
<td>Tesco Wine Club</td>
<td>DHLmail</td>
</tr>
</tbody>
</table>

Source: mail traffic monitored by this author between 12/01/09 - 17/01/09 at Nuneaton Delivery Office.
Though Royal Mail still does the end posting of the Downstream Accessed Mail or letters from these competitors, such a rate of defection just a few years into the liberalisation of the postal market (where its business customer seem to have the opportunity to buy cheaper postal stamps from rivals), shows how much competition can cause a decline in Royal Mail's revenue. Such a rate of defection from its business customers, confirms the results of the studies by Lapierre (2000) and Ulaga (2003), where they found 'price and relationship cost' (time/effort/energy and conflict), to make up a sacrifice dimension of perceived value in a business-to-business relationship, being a main contributing factor to "customer defection". Such a rate of defection or interest in cutting costs may also explain why most banks and building societies seem to be switching (or advising their consumers to switch) to electronic account statements. Also, some businesses in the utility industry seem to have switched from providing paper based bills to electronic bills delivered to customers through email, and others seem to be advising their employees to switch to electronic payslips.

Royal Mail may also have found itself (before the market liberalisation) in the 'poor value - high price' position described by Gilbert (2003) as a position for a business to be in only when there is lack of competition for a particular good or service. While Royal Mail may have enjoyed its early years when there may have been little or no competition, it might have forgotten or ignored the need to deliver good value. Meanwhile in the current postal market, there seems to be serious competition (thereby creating the need to deliver good value in order to achieve differentiation).
thereby providing evidence why Royal Mail's revenue may be caught in the
current spiral decline, with more and more of its customers and consumers
likely to defect to its rivals.
1.1.3 Surviving Intense Competition: the Way Forward for Royal Mail

While Royal Mail seems to have been surprised to be in a competitive environment, one of the best approaches it may adopt if it intends to survive is suggested and defended in this thesis. This will be analysed further to provide guidance and recommendations on the potential way forward - understanding its consumers' perceived value. The reason behind this approach is especially based on the suggestion by Ravald and Grönroos (1996) that consumer satisfaction depends on consumer perceived value and that of Slater (1997), and Woodall (2003), that satisfaction is achieved when a business delivers perceived value to its consumers.

Perceived value may therefore be the best measure to use in understanding consumers' behaviour or what consumers value. This argument is supported by Ulaga and Chacour (2001), who have highlighted that value is relative to competition; therefore measuring perceived value is a 'strategic marketing tool' to clarify a business' position to its consumers, thereby 'creating differentiation' of its offerings compared to its rivals. They proposed further that measuring consumer perceived value assesses a business's performance compared to that of its rivals as perceived by former, present and potential consumers.

In order to understand consumer behaviour, marketing researchers like Zeithaml (1988), Gilbert (2003), and Al- Sabbahy (2004), have also suggested the need for creating a clear understanding about consumer perceived value.
This is especially true because value (according to the marketing association of Australia and New Zealand*) describes the personal appraisal of worth, magnitude, significance or importance towards a product or service. This is probably the reason behind Gilbert's (2003) reminder to businesses, researchers and practitioners about the fact that delivering value should be an important aspect of a marketing approach; therefore organisations should find ways to ensure they 'optimise the delivery of value'. He suggests further that the way Royal Mail can understand what value is to be delivered is by understanding 'what value its consumers expect'. This should then be developed within the business, and then delivered the way 'expected by the consumer'. If this is achieved, it may then give reasons for the consumers to be satisfied as suggested by Woodall (2003).

1.2 Purpose of this Thesis

This author has therefore been able to look at Royal Mail and its business environment, and suggests that some of the reasons behind the decline in its revenue; might be that some of its parcels postal service consumers seem to be defecting to rivals. Since it may be necessary for the management team to control this decline by retaining existing consumers and gaining new ones where possible (as shown in Figure 1.5) in order to assist the management in understanding these consumers, there is need for further research aimed at understanding their perceived value (as also proposed by Gilbert 2003). He and Mukherjee (2007) had a similar idea because they also suggested that consumer perceived value is also linked to the use of some products and services, and is something perceived by consumers "rather than objectively determined by a seller".
Figure 1.5: An analysis of the possible problem faced by Royal Mail in the current postal market.

Declining Revenue

Problem

Declining mail volume

Possible cause

24.1bn* 2006/07

23.7bn* 2007/08

22.1bn* 2008/2009

Possible cause

Though there seems to be a strong argument that consumers are using cheaper methods like emails and phone texts to communicate, there also seems to be evidence that there is a decline in the number of service users (consumers) because some may be switching to competitive rivals.

Understand consumer perceived value, so as to understand the reason(s) behind their decision(s) and behaviour

*Royal Mail figures supplied to the Regulator and Government. This traffic includes Door to Doors, International (including Import), wholesale, Special Delivery, revenue derived stamp and meter volumes, unsorted and pre-sorted mail, parcels and response services.

Source: Designed by this author, with figures (*) from Courier, May 2009 issue.

This approach is also in line with the proposal made by Johnson et al. (2005) that, the success and failure of an organisation is also concerned with how well it understands its consumer needs and is able to meet those needs. To enable organisations to have a real visualisation of their
competitive position in a market or the 'extent to which the offerings of different providers address the factors valued by consumers', organisations may wish to adopt the 'strategic canvas' (see Figure 1.6) concepts proposed by Johnson et al. (2005, p.95) whereby they will be able to compare differences between the ways consumers value their offerings to those of their competitive rivals as illustrated in the case below—relating to a segment of the electrical industry, adapted from Johnson et al. (2005):

Figure 1.6: Illustrating how organisations can use a perceived value measure.

An illustration of how organisations can use perceived value measure to compare their offerings in a competitive environment

Source: Modified by this author for illustrative purposes from Johnson et al. (2005, p.97)

Figure 1.6, is intended to illustrate how perceived value could be used in comparing organisations and their offerings, thereby providing some
sort of 'dashboard information' to them, which they may need to improve on, so as to gain a competitive advantage as suggested by Porter (1985). According to Ulaga and Chacour (2001, p.537), the importance of such a value table or map in developing marketing strategies, 'resides in the identification of specific attributes as perceived by the consumers, which position an organisation is against its competitors, thereby indicating the strategies to be implemented to improve the current competitive position'.
1.3 Objectives of this Thesis

Gilbert (2003) reminds businesses, researchers or practitioners of the fact that delivering value should be an important aspect of marketing. That is: organisations should find ways to ensure they optimise the delivery of value by 'understanding what value consumers expect', and this value should be developed within the business, and should be delivered the way expected by the consumers. This research is therefore aimed at assisting Royal Mail in identifying and understanding the value expected by its parcels postal service consumers, so that this value may then be developed and delivered, in order to potentially control a further decline in revenue.

Since the fact that business customers are defecting to Royal Mail's competitive rivals has been identified, this may bring one to start questioning whether, if business customers can defect to rivals because those rivals offer lower cost per stamp or other benefits compared to Royal Mail, how many more individual consumers might also be likely to defect for a range of other reasons? This assumption is in line with the suggestion by Gilbert (2003) that any business management cannot be effective unless it has some understanding of the way in which consumers make decisions and act in relation to the consumption of products or services, because their decisions are being made for a range of reasons. This research will therefore mainly focus on individual consumers, especially because their decisions are based on a range of different reasons (e.g. motives, demography, perception of risk, promotional tactics, etc.). As demonstrated in the previous paragraphs,
consumer perceived value can be used as an indicator to assist businesses understand consumers or customers so as to control the effect(s) which may arise as a result of them defecting to rivals. Thus the objectives of this research will therefore be:-

- To understand the construct of perceived value in the parcels postal market, with respect to Royal Mail’s parcels postal service. This is especially because value is somehow linked to the use of some products or services (He and Mukherjee, 2007)

- To explore and understand how consumer perceived value may affect or relate to consumer satisfaction. This is because satisfaction according to He and Mukherjee (2007) is “the central trust of all retailing activities”. It is described by Howard and Sheth (1969) as the consumers’ cognitive state of being “adequately or inadequately rewarded” for the sacrifice they have made. This also follows the notion from Fornell, et al. (1996), and Heskett, et al. (1997) that perceived value is an antecedent to consumer satisfaction. This notion seems to also have been identified by Rust and Oliver (1994) who proposed that perceived value is an input into satisfaction, or by Ravald and Grönroos (1996) that consumer satisfaction depends on the consumer’s value perception. Since this research is trying to understand behaviour, while perceived value may assist in understanding this behaviour, satisfaction may assist in understanding attitude (Butz and Goodstein, 1996). According to Chen and Dubinsky (2003), creating consumer
value means meeting target consumers' needs and increasing consumer satisfaction.

- To explore and understand how consumer perceived value may affect or relate to consumers' intention to use Royal Mail’s parcels postal service (e.g. when they are shopping online and have the opportunity to chose amongst a list of delivery service providers). This is because, according to He and Mukherjee (2007) all marketing activities are directed towards developing, maintaining and enhancing consumers' loyalty towards a product or service. This also follows from the argument by Bolton and Drew (1991) that, perceived value 'impacts directly' on intentions which, in turn impacts on behaviour, or from Gale (1994) who stressed the fact that the key motivator to a purchase is perceived value. This is also in line with the work of Dodds, et al. (1991), and Sweeney et al. (1999), who identified that perceived value, has a motivating impact upon the willingness to buy. It is also in line with the work of Chen and Dubinsky (2003) who proposed that perceived value is gaining importance in academia and within organisations, because of the role it plays in 'predicting purchasing behaviour' and achieving sustainable competitive advantage.

As Hemsley-Brown (2005) suggested, there is a need for academic researchers to consider areas of interest to management practitioners; this research does just that. Business performance management practitioners (Mosimann et al. 2007) suggest a similar approach (i.e. as suggested in this
thesis) in managing revenue. They argue that the long term approach to managing revenue is for managers to concentrate on revenue variance drivers like: volume, price or product. Meanwhile for a short term approach, managers should concentrate on drivers like customer acquisition, customer retention, and market opportunity values. Perceived value suggested in this research seems to be the key if businesses want to adopt this short-term approach.

1.4 Scope and Domain of this Thesis

One has already seen from the argument in the previous paragraphs and is confirmed by the proposal from Mitchell (2001) that gaining and sustaining a strategic competitive advantage in retailing requires knowledge of the attributed consumer value. Therefore searching for consumer perceived value and consumer satisfaction may be central to the various marketing concepts. The approach to this research is based on the philosophical concept of retail marketing proposed by Gilbert (2003) that, success in retail management will be achieved, when the management process is conducted within the context of a marketing approach. This therefore creates a need (he concludes) for retailers to look at their businesses from the consumer's point of view. Otherwise as he suggests further and also acknowledged by Johnson et al. (2005), and He and Mukherjee (2007), 'it is important to see value through the eyes of the consumer'.
This thesis is therefore based on survey research conducted within the UK parcels postal industry to empirically investigate nature or construct of perceived value in this industry, and its contribution to management. Just like that of Al-Sabbahy, (2004), which was applied to the hospitality industry, although the findings may be generalised or compared to other findings, the results are based on data obtained from the parcels postal industry specifically. This research therefore will endeavour to understand the construct of perceived value within this industry.

As proposed by Chen and Dubinsky (2003), the online-market has been growing since the late 1990s, and since it seems to still have an advantage to some consumers compared to over-the-counter shopping (because of the spread in broadband technology, time saving or convenience, availability of rich and free information, opportunity for consumers to compare prices and products across suppliers, Chen and Dubinsky, 2003), there seems to be greater opportunity for the parcels postal industry (assuming that most products will be sent to their destinations as parcels). This notion is acknowledged in figure 1.3 as an opportunity for Royal Mail. According to the analysis by Datamonitor (2008, p.7), "UK's online retailing has grown at a fast pace in the last decade, with the amount of money spent online by consumers in the UK increased by 33.4% to £10.9 billion in 2006". They propose further that, "over the next five years online sales are expected to almost triple to £28.2 billion by 2011, more than doubling its share of retail in the process to 9.0%. And by 2011, the typical spend of an online shopper is set to grow to
£1,056 per year with clothing and footwear, DIY and gardening, and food and grocery sectors achieving the fastest growth.

Because of such a trend or opportunity in on-line shopping, one therefore assumes that, the quantity of letters posted may fall, while that of parcels may rise (as shown in Figure 1.7, below also forecasted by Royal Mail).

Figure 1.7: An illustration of the characteristic of the postal market in the future (illustrating increase in Downstream Access and parcels or packets).

Source: Courier, July 2009, p.2

Therefore although there may be little or limited opportunity for competition in the letters market, there seems to be adequate opportunity for competing in the parcels market. It is therefore assumed that if Royal Mail
could consolidate in the future and win on a greater share of the parcels market (e.g. retain existing consumers and winning over consumers from rivals) there may be room to potentially compensate for the revenue decline due to fewer letters being posted. In this context this thesis will therefore be based only on the parcels postal market.

1.5 Thesis Design and Context

This thesis is designed following the research strategy suggested by Remenyi et al. (2003), which contributes in providing the overall direction of a research, including the process by which the research is conducted. According to Thietart et al. (2001), constructing the final research process is always an ‘evolutionary process’, because it is a complex, evolving, and uncertain process, within which skill is acquired through a learning process, based on experience and knowledge in the field. Nevertheless a research process should undergo a significant modification according to difficulties encountered or opportunities seized in the course of the research (Thietart et al. 2001). Following the latter suggestion this research was undertaken within the context of business management research and this thesis is designed following the structure in Figure 1.8.
Chapter 1: Identifying the Research Problem or Business Management Problem:

Chapter 2, 3, and 4: Literature Review and Development of Research Model

Conceptual Framework

Conceptual Perceived Value Model: made up of perceived benefits and perceived risk

Propositions Development

Development of a new Multi-dimensional Perceived Value Scale for the Postal Industry

Chapter 5: Research Design/Data Collection

Chapter 6: Data analysis/ Results/ Managerial Implications/Directions of future research

Chapter 7: Recommendations

Source: Modified by this author from Thietart et al. (2001, p.130) and Al-Sabbahy (2004, p.133)
Part One

Literature Review
Summary

Consumer perceived value has been identified in the first chapter as one of the indicators that Royal Mail's management team may need to understand—especially since it has been suggested that they need to understand consumers' perceived value if they intend to control the decline in revenue by retaining existing consumers and gaining new ones where possible. This part is made up of three chapters (Chapter Two, Three, and Four). Chapter Two and Three will start by introducing, and subsequently exploring the perceived value concept based on the literature. Chapter Two starts by exploring and suggesting the source of value in consumer behaviour, based on the argument that value is the result of consumers' attitudes, and is framed by their beliefs, characterised by cognitive (thoughts, knowledge, etc.), "conative" or affective (feelings, emotions, etc.) and behavioural (motive, etc.) components.

Chapter Three then follows, by exploring that the consumer perceived value concept and definitions provided in the literature fail to completely describe or provide a complete picture of the "value" phenomenon as perceived by consumers. In an attempt to contribute to identifying a widely accepted perceived value construct, the notion of consumer perceived risk is introduced and explored in Chapter Four. While the perceived risk concept is accepted, an attempt is made to conceptualise perceived value using the concept of perceived risk. Academic literature which supports this conceptualisation is identified and explored. In an attempt to test this conceptualisation, perceived risk dimensions are identified, with the
assumption that when understood and eliminated, subsequent perceived value dimensions will be established.
Chapter 2: The Philosophical Relationship between Perceived Value and Consumer Behaviour
2.1 Introduction

To assist Royal Mail’s management team in understanding consumers who use their services, in order to enable them to control the decline in revenue, the Marketing concept has been identified because it treats the consumer as the primary focus and the force that defines the scope and the purpose of a business (Drummond et al. 2008). According to these authors, the success of any organisation or business that engages in market orientation can only be derived from “understanding and meeting consumer needs”. Therefore the Marketing concept is important because failing to adopt it may be behind the reason why some consumers are defecting from Royal Mail. Its importance can also be highlighted when one looks at the four sets of measure of a balanced scorecard (Johnson et al. 2005).

From a marketing perspective Royal Mail should achieve competitive advantage, if superior value is created for its consumers (Drucker, 1954). This can also be seen in Yankelovich’s (1981) discussion where he claims that value is a powerful force in governing the behaviour of individuals in all aspects of life. Understanding and managing value for consumers over time is also recognised as an essential element for every competitive oriented organisation by Porter (1985). To enable businesses to have a better understanding of consumers’ needs, academic researchers seem to place great importance on measuring organisational performance from the consumers’ perspective (also as proposed by the balanced scorecard concept). This may be a part of the reason why according to Drummond et al. (2008, p.12), marketing strategy can be characterised by:-
analysing the business environment and defining specific consumer needs,
- matching services/products to consumer segments,
- implementing programmes that achieve a superior competitive position, compared to competitive rivals"

As a result there seems to have been a dramatic increase in research on consumer value and satisfaction (Garver, 2003).

Al-Sabbahy (2004) looked at value or perceived value in terms of "judgement made by the consumer with regards to a product or service consumed" while also taking into consideration that, different terminology has been used to represent perceived value, with all representing the same thing: customer value, consumption value, value for money etc. However, knowledge on consumer perceived value seems to have started gaining a lot of interest in the early 1960s from researchers like Drucker (1954), Baur (1960) etc. and even so, to date there still seems to be no clear or unanimously accepted construct of perceived value in terms of understanding consumer behaviour.

This is probably the reason behind Ulaga's (2003) assertion that the measurement of value creation in buyer-seller relationship is still in its "infancy" while still pushing for the need for a sound understanding of the concept to facilitate reliable and valid assessment tools. Apart from the obvious importance from a marketing management standpoint, perceived value may also be of significance to marketing scholars since it may alter the attitudinal direction and lead to different behaviours, as well as different
behavioural consequences. It may be for this reason that Parasuraman and Grewal (2000); Woodruff (1997) asserted that perceived value is the leading "predictor" of consumer behaviour.

2.2 Perceived Value as a Construct of Consumer Behaviour

The author concurs with Drummond et al., (2008) when he argues that consumer behaviour theory is a "complex area". But because it is central to segmentation, targeting, positioning etc., for organisations, it will only be looked at in brief in this thesis. Consumer behaviour is defined by Black (2002) as the way consumers "choose" to spend their income. According to Gilbert (2003), this "way" is always predominantly defined by the many changes occurring within "the consumers' environment". For example, since the introduction of the internet and mobile communication services as explained in Chapter One, Royal Mail to date seems to be battling to cope with a decline in the number of letters people send as a result of easy and instant access to email and text messages. This therefore shows that since consumer behaviour seems to be based on how consumers make their decisions, understanding consumer decision making may be fundamental to Royal Mail. When a historical view of this consumer decision making notion is taken, it is clear that research on this topic has come a long way e.g. Nicosia (1966), and Engel et al. (1968).
Gilbert (2003), highlighted the importance of understanding the way retail consumers make decisions (while also acting in relation to consumption of retail products) to achieve effective management, since many variables will influence consumption patterns. He proposed the need to study and understand consumer behaviour as being based on researching (p.46):-

- the need as well as purchase motives of individuals;
- how demographic change may affect retail purchasing;
- the different effects of various promotional tactics;
- the complexity and process of purchase decision;
- the perception of risk for retail purchases;
- the different market segments based upon purchase behaviour;
- how business managers may improve business success based upon understanding what is required as part of business experience and how consumers react to that experience process based on all the marketing approaches utilised”.

One could therefore argue that studies on consumer behaviour seem to have often been aimed at attempting to associate shifts in attitude, expectations, and intentions to purchase decisions. This seems to have been the case with respect to the premise that changes in attitude (and other changes that are often reflected by objective economic measures such as income, unemployment, GDP, prices etc.) precede actual consumer behaviour in the market place. According to Ranyard et al. (1997), most of the studies in consumer behaviour, while trying to develop models of consumer decision processes, seem to have traditionally borrowed from behavioural sciences (especially cognitive psychology). Though behaviourism seems to
have the broad view that behaviour is fundamental in understanding mental phenomena, in this thesis interest is in the reverse process (using mental phenomena to understand behaviour). Like many research studies on consumer behaviour e.g. Crozier and Ranyard (1997), Nelson (2004), Crandall (2006), and Alain (2006), etc, this thesis will not concentrate and try to magnify the processes that take place before, during or after a consuming behaviour, but for a better understanding of the research topic this thesis will just try to provide a synthesis of the empirical arguments surrounding behaviour development.

To begin with Crandall (2006) criticised most market researchers arguing that they seem to have paid little attention to the cognitive processes consumers are involved with, but tend to give more attention to understanding “attitude linked purchase decisions”. This criticism contradicts itself in that those who have tried to study cognition seem to have still based their research on consumers’ attitudes (watching and interviewing consumers in supermarkets to understand why they have been repeatedly buying a particular product or service; for example, Klein, 1998).

Understanding consumer behaviour therefore seems to have a very long history. But to date many reasons affecting consumer behaviour may have just partially been accepted, explaining why research in this domain is still ongoing. Broadly speaking understanding consumer behaviour can either take a behaviourist or a cognitive approach. Behaviourists seem to concentrate on how organisms respond to stimuli without being concerned
with the cause. The cognitive, existential phenomenological approach seems to be concerned as much with the process of behaviour as with the outcome (Rogers, 1969). Rogers (1969) proposed further that since consumer behaviour students seem to be much more concerned with the process by which consumers arrive at purchase decisions rather than with the decision itself, the cognitive approach seems to be the general trend in the study of consumer behaviour.

This view is also acknowledged by Gilbert (2003), who asserts that consumer behaviour studies lie "within or between" both approaches, while quoting that (P.51) "behaviour is predictable to a certain extent, yet can never be completely understood....meanwhile decisions are made that have both rational and irrational elements". Those views (from the latter and the former authors) are in line with this research because market strategists seem to have mostly been interested in dealing with issues at the various levels of behaviour and cognition that come before, during and after a purchase; but to date researchers like Crandall (2006) have still been engaged with using cognition task analysis for market research to understand how consumers make decisions.

Because of the above, marketing practitioners seem to have been faced with developing sophisticated strategies to cope with issues like: why did consumers buy a particular product or service? The thoughts and activities that led up to the purchase: the length of cognitive deliberation before the purchase, how they decided on the brand; just to mention but a few. Seeking
answers to these questions as many others seems to a vivid reason behind studies on consumer behaviour. Therefore, by carefully analysing consumer behaviour, marketing managers may greatly improve the effectiveness of strategic marketing decisions.

Although difficulties have been mentioned in the previous paragraphs about understanding consumer behaviour, there still seems to exist considerable empirical knowledge that has built up in attempts to understand consumer behaviour. This can be seen from exemplifying marketing management models like that suggested by Kaynak (1982). Wasson (1976) described consumer behaviour as the behaviour of people who buy and use (select, acquire and use) products and services. He goes further to explain this as involving all purchasing related activities, thoughts and influences that occur before, during and after the purchase itself, as performed by buyers and consumers of products and services, and those who influence the purchase.

Problems relevant to consumer behaviour have been dealt with in sociology, psychology, social psychology, anthropology etc. In these areas concern seems to be with human behaviour in general, and the goal seems to be: to understand behaviour, rather than being eager to suggest solutions to specific decision problems (Hansen, 1972). This author is trying to come to terms with Roger's (1969) analogy on accepting and adopting the cognitive approach to understanding consumer behaviour; this can also be seen from the pioneering work of Hansen (1972) and Nicosia (1966), where they considered consumer behaviour to be synonymous with consumer decision
making, and that of Kantona (1960). Beach (1990) used image theory in an attempt to describe decision making from behaviour, where decisions are shaped by three types of images. The first image considers business as usual (how things are supposed to be), and the second and third images look at the future scenario of the decision maker and the ways to sustain this scenario respectively all without violating his or her morals, values, or belief or interfering with future expectations.

So with this in mind the consumer decision making process seems not to be a discrete act, but rather a sequence of steps. These steps have been variously defined by researchers like Howard and Sheth (1969) and Engel et al. (1968) and to date have been scrutinised, interpreted and revised by researchers like Soliman and Spooner (1989), with their model showing the influences on consumer behaviour, (e.g. see Beach (1993), Wright (1994), and Nelson (2004)).

Beach (1993) described these steps as “pre-choice screening” while defining it as the process that governs “admission of options” to the choice set, and which prevents a choice from being unacceptable by limiting choice to the options that meet the minimum standards of the choice maker (i.e. consumer). His work concludes that screening ensures the quality of choice by admitting to the choice set only those options that meet the decision maker’s standards. He also modified the definition of image theory by proposing that it encompasses pre-choice decisions and post-choice implementation and progress decisions. When one looks into how economists
evaluate consumer sentiment, one can arguably debate that they base their
questioning on this theory because they evaluate consumers, in terms of what
they think or the image they have.

Nelson (2004) is one of the most recent researchers to look back and
confirm this issue of image theory. In his work he considers at consumer
decisions to be embedded with certain attributes, and since these attributes
have so many characteristics, he just shortens and characterises them as
"Value- Laden". His work looks at a modern consumer and the way he/she
makes value-laden decisions in a decade where ecological considerations
have been added to consuming values. He accepts the description of image
theory, and by contributing to knowledge, he fine-turned the three primary
images as value, trajectory and strategy.

2.2.1 Cognition as a rational model for exploring
consumer behaviour

Through this author’s understanding and interpretation of action theory,
it appears that this theory describes actions as constituting a class of events
in which a subject brings about some change or changes (Audi et al. 1995). In
this light it can be argued that these changes define behaviour, meaning
behaviour is the execution of action. According to Robert (1997), actions
correspond to decision maker’s “active interaction” with the environment.
Cognition science therefore seems to be a cross-disciplinary enterprise rather
than a new discipline. While interest in cognitive phenomena seem to have
historically played a central role in the various disciplines contributing to
cognitive science, the term properly applies to cross-disciplinary activities that
emerged in the 1970s (Audi et al. 1995). As they further suggest, during the
preceding decades each of the disciplines that became part of cognitive
science gradually broke free from positivistic and behaviouristic proscription,
which barred systematic inquiry into the operation of the mind. Cognition will
not be scrutinised deeply here, but will be looked at as a means of organising
information according to pre-existing environmental situations. This means, an
attempt will be made to understand the process by which cognitive states
change in the light of new information. This approach seems to loom large in
the discussion of Bayes' theorem (Audi et al. 1995) and other approaches in
decision theory (like cognitive task analysis). According to Audi et al. (1995),
this approach is characteristically epistemic, meaning it concerns such notions
as quality of evidence and the tendency to yield truth.

The fact that consumer behaviour seems to come as a result of the way a
consumer cognition pattern turns into creating a belief, may therefore be
assumed. Unfortunately this cognition pattern seems not to be the only
attribute to the creation of belief, thereby making it less sensible in studying
behaviour to only use cognitive pattern.

According to a behavioural view, beliefs are just dispositions to behave
in certain ways (Audi et al. 1995). They usually consist of a special
relationship between a psychological state and an object of belief or what is
believed. For example, one's belief that a product or service is bad is just a
way of being disposed to act in a manner appropriate to the bad product or
service. According to Ellis (1929), (Cited in Audi et al., 1995) our beliefs including their propositional content indicated by a “that” clause typically explain why we do what we do.

Another piece of interesting writing on the philosophy of belief is that of Green (1971). At the beginning of his work he spreads out the characteristic of beliefs (of certain sorts) to include emotion, while restricting the term emotion to the range of cognitive-effective states including embarrassment, pity, grief, indignation, fear, remorse etc. According to Kemdal and Montgomery (1997), emotion refers to moods and positive or negative reaction towards different situations. The latter authors differentiate between positive (happiness, love, hope relief) and negative (unhappiness, hate/dislike, fear, shame/guilt, regret etc.) emotions.

An interesting finding in this domain is also the James-Lange theory (Audi et al., 1995) put together in the early nineteen century, which states that emotion is the “felt awareness” of the bodily reaction (e.g. running, trembling etc) to something perceived or thought, or just the “bodily reactions” themselves. But if emotion is looked at here as a mental state conceived as “passion” by early philosophers like Descartes and Hume (not being content specific, or as objects), it is possible to create an understanding which shows how consumers develop a particular belief. This understanding may be drawn from Green’s (1971) work as he asserts that, if a belief is rational, reasonable, or justified, then all other things being equal the emotion it creates will be “rational, reasonable, or justified and vice versa”. In that light, accepting Audi
et al.'s (1995) description of desire, and motivation as tools for explaining action, it can therefore be assumed that, when a consumer receives and digests information in the market this combines with his/her emotion (consumer's desire and motivation) and results to a particular belief.

Instead, Hansen (2005) reversed the direction of the above concepts. He differentiated the perspectives on the consumer decision making process into value perspective; information processing perspective; cue utilisation theory; and emotional perspective. He described the situation where consumers can make trade-offs between various attributes as a value perspective (quality, price); while that were consumers try to reduce risk of the unknowns by using cues (e.g. price, brand, name etc) as cue utilisation theory perspective. Also the situation where consumers affectively respond to stimuli in the environment is the emotional perspective, while that where the consumer seeks and equilibrium is which there is balance between the consumer's attitude and belief and the actual environment in order to avoid cognitive dissonance is the information processing perspective.
2.2.2 Attitude as a rational model for exploring consumer behaviour

Just like it has been argued by Crandall (2006) some classical theorists like behaviourists seem to have taken attitude to explain behaviour, arguing that attitude is made up of three components: cognitive; affective and conative (action) (Fishbein 1963, Ajzen and Fishbein 1980, and Lutz 1981). Others who believe that behaviour is determined in whole or part by internal processing of information, like Foxall (1993), looked at attitude in a highly philosophical way while criticising that marketing research has fallen into the trap of assuming that by measuring attitudes one can know the cause of, and predict behaviour. That may be the reason why even recently (2005) he is still challenging researchers to reconsider the link between attitude and behaviour.

When one looks at the definition proposed by Pallister et al. (2003, p36), attitude defines “the way in which a consumer views and evaluates products or services”. They suggest further that it determines how consumers like or dislike goods or services, and therefore how they behave towards them. To be able to respond to Foxall (1993, 2005), the components of attitude proposed by Pallister et al. (2003) would need to be accepted as being: cognitive (thoughts, knowledge); affective (feeling, emotion); behavioural or conative (motive, behavioural tendency) as shown in Figure 2.1.
Figure 2.1: Components of Attitude

Source: Pallister et al. (2003, p36)

To this author, the latter definition expresses the fact that when behaviour occurs over time, an attitude is formed. This argument comes from the concept that consumers will always base any decision towards a product or service (or will be able to explain such a decision), based on previous experiences (even if the experience was in a different context, situation etc.). This concept has its roots in the philosophy of “volition” in that all human beings are born with the ability to initiate action. This argument also stems from Husserl’s philosophy (cited in Audi et al., 1995, p.405) claiming that consumers have a “straightforward involvement” with products and services (natural attitude) and consumers have a “reflective point of view from where they carry out philosophical analysis on intentions exercised in the natural attitude and the objective correlates of these intentions” (phenomenological attitude). This argument has also been recently confirmed by Chowdhury and Abe (2006), where they found that in situations where consumers are unable to fully evaluate a product or service’s attributes at the time of purchase, they can and will use “extrinsic cues” as the basis for inferences about missing product/service attributes.
The error most readers and researchers (e.g. George, 2004, and Hansen, 2005) seem to have been making is that most often it seems that just one of those components has always been considered during a research project, usually not realising or mentioning the fact that only one component of attitude is being considered (e.g. using affect to explore consumers’ feeling toward a product, service or brand, while interpreting the results and describing consumer behaviour). But when attitude is looked at, following both behavioural and cognitive approaches (combined) suggested in the early paragraphs, one may be able to make sense of those components, in that they all seem to have an effect on attitude and should never be separated.

The above conception should provide marketing managers and researchers with a more complete sense of direction in that, by better understanding behaviour and its construct, Royal Mail’s management may be able to understand why their service consumers are developing or have developed a certain purchasing attitude, or why they prefer to use other service providers. This should particularly assist in enhancing the knowledge within marketing nowadays because there seems to be increasing need (e.g. from Royal Mail) to care about retaining consumers instead of conquering new market segments (Wendlandt and Schrader, 2007).
2.3 Conclusion

It can therefore be concluded by suggesting in contrast to Crandall (2006) that studying consumer behaviour using the cognitive processes alone (as he suggested) is not an isolated method, but is part of the approach when exploring attitude. The arguments in the last paragraphs demonstrate that the cognitive approach may not differ from the behavioural approach (using attitude to understand behaviour) in that any behaviour seems to always rely on an interaction between consumers' mental phenomena (emotions, desires, thoughts, motivation). This argument is based on the concept of "faculty psychology" defined by Audi et al. (1995, p.303) as having the view that the "mind is a collection of departments responsible for distinct psychological functions".

Therefore any decision making process by a consumer seems to involve an analysis to ensure that these departments are satisfied. This is probably the reason behind the assertion by Janis and Mann (1977, p.25) that consumer decision making aims at "satisficing" rather than "maximising", meaning that consumers make a judgement or choice based on the course of action that is "good enough", and meets a "minimal" set of requirements. This is also acknowledged by Hogarth (1987) through his proposal that consumers make value judgements by expressing "preferences", and they make predictions that are based on what they expect to happen.
These processes proposed by the latter and former authors, seem to be in line with the definition of value (proposed in the preceding pages and in Chapter One), meaning that consumers make decisions based on "value" (worth, magnitude, significance or importance). This may therefore show that, consumer behaviour seems to be a function of attitude, with attitude characterised by beliefs, and beliefs shaped by cognitive, affective, and "conative" or behavioural components (thoughts, feelings, motives etc), with all based on the worth, magnitude, significance or importance (value) of these components.

If this is the case, it may therefore lead to the conclusion that consumers behave following the way they receive and interpret information (perception), underpinned by their attitudes and beliefs. This concept is supported by Drummond et al. (2008, p.55) as they termed it "perceptual behaviour", and propose that it is "relevant to market segmentation because of its links with learning, attitude and beliefs". They suggest further that through the concept of perceptual behaviour or behaviour based on perceived value, consumers form attitudes and beliefs in their minds about products/services or brands, effectively creating a position for the products/services or brands, relative to other products/services or brands.

Therefore consumers use perceived value in differentiating products, services or brands. This is also based on the fact that consumers have different value models, based on their value systems (Albrecht, 1994),
financial resources (Zeithaml, 1988), needs and desires (Ravald and Grönroos, 1996), and demographic characteristics (Bolton and Drew, 1991). This is also in line with the assumption that different types of value are experienced or derived by a consumer at any one time or during a purchase (Holbrook, 1999), with these values being essentially independent, and consumers being willing to trade off one against another to achieve optimum (satisficing) (Woodall, 2003; Sheth et al., 1991).

Approaching this argument from a different angle, Marsden (2001), in trying to respond to the debate on theory and practical issues related to consumer behaviour writes about the way to traditionally think and discuss consumer behaviour as being fundamentally regulated by a “number of implicit binary categories (dualisms) namely:- nature/culture, rational/emotional, individual/environmental stimulus/response, masculine/feminine etc.” by exploring the work of Jacques Derrida (also mentioned in Audi et al. 1999) the French philosopher on the notion of deconstructionism.

Marsden’s (2001) approach above cannot be totally ignored because it can be seen that the world in its natural form (taking away things that humans have introduced) may be made up of binary oppositions defined independently by mutual exclusion such as good and evil, true and false, up and down etc. So since humans are part of this natural world it is therefore necessary to also look at issues from both sides of the coin, especially in order to develop alternative assumptions and new interpretation of consumer
behaviour. This was supported by Wells (1993) while indicating that neighbouring disciplines sometimes harbour concepts, data, and problem solving strategies that can “expand horizon, heighten creativity and increase validity” in consumer research.

Along these lines, if risk/benefit is examined, and how its relationship to human behaviour has been studied and managed in medical research and within some economic research, one may be tempted to look at its implication in understanding consumer behaviour. This is important because though it has been revealed above that consumer behaviour seems to depend on the aspect of “satisficing”, consumers seem to be more concerned with consequence factors associated with a purchase (in their attempt to “satisfice”), rather than the product or service itself (Woodall 2003, Holbrook, 1999, and Lai 1995). Even within the business-to-business relationship, Lapierre (1997) found that consumers’ perceived value is more concerned about performance enhancement than products. Therefore if one takes a look back at the concept proposed by Janis and Mann (1977), consumers may be more concerned during a decision making process in ensuring that their decisions need minimal set of requirement, compared to being concerned if it is good enough (thereby assuming that if it meets a minimal set of requirements, it is good enough).

The following chapter will therefore explore the perceived value notion.
Chapter 3: Consumer Perceived Value
3.1 Introduction

As managers seem to have been focusing a great deal of attention on ways to retain their consumers and promote consumer loyalty (something which seems to be required by Royal Mail), literature suggests that creating superior value for consumers may be the best way to win loyalty (Oliver, 1999). Following this view, consumer perceived value seems to have been seen as part of a hierarchy that links variables affected by managerial decisions (e.g., pricing, levels of advertising, product features and distribution) to consumers’ behavioural responses (as shown in Table 3.1).

This seems to have led to consumer perceived value being one of the major focuses among researchers such as Xing (2006), Chen (2004), Yang and Peterson (2004), Komulainen et al. (2004), Al-Sabbahy et al. (2003), Chen and Dubinsky (2003), Sweeney and Soutar (2001), and Lapierre (2000). Looking at most of these articles, it seems that most of them have analysed the consumer perceived value concept, but to date there still seems to be no generally accepted perceived value construct. Also perceived value has not been looked at in a wider perspective, but just within the retail environment. This chapter will therefore attempt to understand why there still seems to be no generally accepted perceived value construct. It will also attempt to understand perceived value in a wider perspective (beyond the retail environment).
Table 3.1: some of the literature on consumer perceived value and their area of application

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Perceived value concept</th>
<th>Area of Application</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gale (1994), Rintamäki et al. (2007)</td>
<td>Consumer perceived value makes them choose one product over another.</td>
<td>Consumer behaviour/strategic management</td>
</tr>
<tr>
<td>Dodds (1999)</td>
<td>When a product or service is of high quality, and at the lowest price, perceived value is maximised.</td>
<td></td>
</tr>
<tr>
<td>Woodall (2003)</td>
<td>Perceived value is experienced by a consumer (towards a product), throughout the product's life to disposal.</td>
<td></td>
</tr>
<tr>
<td>Sweeney and Soutar (2001)</td>
<td>Multiple value dimensions explain consumer choice better (quantitatively and qualitatively), than does a single &quot;value for money&quot; used by many retailers, and produces superior results when investigating consumption value.</td>
<td></td>
</tr>
<tr>
<td>Ulaga and Chacour (2001), Roig et al. (2006)</td>
<td>The main source of competitive advantage is to offer your consumers perceived value, higher than that of your competitors.</td>
<td></td>
</tr>
<tr>
<td>Laukkanen (2006)</td>
<td>Recognising the deeper beliefs and values of consumers, increases the understanding of consumer behaviour and choices in services consumption.</td>
<td></td>
</tr>
<tr>
<td>Ravald and Grönroos (1997)</td>
<td>The more relational and exchange is, the more consumers will search for whole or aggregated product, for perceived value.</td>
<td></td>
</tr>
<tr>
<td>Gale (1994)</td>
<td>Satisfied consumers will defect if offered better perceived value.</td>
<td>Satisfaction</td>
</tr>
<tr>
<td>Slater (1997)</td>
<td>Satisfaction is achieved when an organisation delivers value.</td>
<td></td>
</tr>
<tr>
<td>Zeithaml (1988), Slater (1997)</td>
<td>Managers should be interested in the two structures, and in the operational measures</td>
<td></td>
</tr>
</tbody>
</table>
Grönroos (1997), Lapiere (2000) that allow distinctions to be made between the benefit and the sacrifice dimensions of perceived value.

Roig et al. (2009) Perceived value has an indirect effect on loyalty through satisfaction.

Keith et al. (2004) Perceived value has a positive relationship with satisfaction, and Consumer satisfaction has a positive relationship with future intentions to use a product or service.

Gale (1994), Petrick and Backman (2002) Perceived value is a key motivator to purchase.

Sweeney et al. (1999), Zeithaml (1988) Perceived value has a motivating impact upon willingness to buy.

Bolton and Drew (1991) Perceived value has a direct impact on intentions which, in turn, impacts behaviour.

Dodds (1999) Consumers' repurchase decisions are based on future predictions of perceived value through experience.

Walters and Lancaster (1999) Consumers will repurchase if perceived value was delivered during the original purchase.


Petrick and Backman (2002) Perceived value is a key determinant of consumer loyalty.

Source: this author

Even with this evidence from the authors (cited in the above table) about ongoing research on perceived value, a real life situation that seems to have made researchers to see it manifest itself, is the ongoing discussion on sustainable development. Consumers seem to have been made to
understand the potential risk posed to nature by the way humans produce and consume goods or services. Such an understanding seems to have a potential effect on consuming behaviour. As a result of this, organisations seem to have started changing the ways they conduct business because consumers are becoming biased, and are in favour of certain values (Nelson 2004).

Nelson (2004) is among the list of recent researchers who has shown that consumer decision making is value based. He used image theory to show that consumers' value principles can shape their decision making process, not shown in traditional decision models. He calls them “Value-Laden Consumers”, while describing how their decisions nowadays take issues beyond price, quality and brand image but involve their personal value system, sociological and psychological aspects (also described by William and Soutar (2000).)

As shown in the previous paragraph, much research seems to have been conducted on consumer perceived value (e.g. Dodds et al. 1991, Sweeney and Soutar 2001, and Al-Sabahy 2003). Some of these researchers seem to interpret consumer perceived value primarily as price-quality trade off (e.g. Dodds et al. 1991). This belief probably stems from their observations of the marketplace where, in the late 1980s and early 1990s, consumers' purchasing behaviour appeared to be driven by price and quality. This trend is most evident in supermarkets today where retailing store labels seem to be gaining market share at the expense of national brands, giving
credence to the notion that some consumers may make price-quality trade-offs while assessing the value of an offering. In so doing the resultant perception of value, in turn, is seen to have influenced the consumer's purchase behaviour (Bolton and Drew 1991).

However, other researchers (e.g. Chang and Wildt, 1994, and Zeithaml, 1988) suggest that perceived value goes beyond just the price-quality trade-off (unless one is willing to define quality in an all-encompassing manner to include everything other than price). In their view consumer perceived value also includes other broader, less tangible elements. William and Soutar (2000) argue like Bolton and Drew (1991) that when the price quality trade-off (above) is looked at against a product, it is difficult to apply that in services, because of its intangibility, heterogeneity and complexity nature. They claim that the price quality trade-off model is too simplistic especially with its emphasis on functional attributes of a product (utility, worth, reliability etc). Even beyond these definitional differences there are also differences as to whether value is conceptualised in an absolute sense (Zeithaml 1988), or relative to competitive offerings (Woodruff 1997). The next section explains the philosophical aspects of perceived value.
3.2 Philosophical Analysis of the Consumer Perceived Value Concept

Value (according to the marketing association of Australia and New Zealand) describes the "personal appraisal of worth, magnitude, significance or importance towards a product or service". One may accept from those terms, the fact that they all describe attributes that a consumer will give to a phenomenon or thing in real life, following his/her belief. This notion is also backed by philosophers like Audi et al., (1999), where they defined value as the worth of something. They distinguish between intrinsic, instrumental, contributory, inherent, and relational value though to date most philosophers still have differences on the concept of value.

They proposed that intrinsic value referred to the objective-based value that resides within the product, independent from market circumstances. This objective value assessment was made when people analyzed the intrinsic product characteristics before or during use. Exchange value was also Object-based, but influenced by market circumstances; For example, people attributed value to oil through an economic constant, which largely depended on the market circumstances (e.g. scarcity). Use value was subjectively based and was perceived as individuals evaluating the product during or just after use. It was associated with the rewards persons individually derive from using the product and was, thus, highly subjective. Finally, utilitarian value was also subject based, but referred to the point when intrinsic value and/or use value were compared with the sacrifice the person made in order to experience those forms of value.
Adopting intrinsic value—following the direction of this research—its meaning should be accepted, especially following the conception from Brentano the philosopher (cited in Audi et al., 1999), who conceptualised this type of value in terms of sorts of emotion and desires appropriate to a “thing or phenomenon”, because there seems to be a need to understand how consumers attribute their perception following their beliefs.

Looking further at the definitions of the other types of value motioned; a product or service has instrumental value, if it is a means to, or casual contribution to a sort of emotion and desire of a phenomenon or thing (what people do, to achieve their emotion and desire e.g. buying an expensive car). Some philosophers like Audi et al. (1999) backed the argument about the concept of contributory value. They argue that, sometimes people’s intrinsic value can rely solely on contributory value without necessarily experiencing instrumental value; by defining contributory value with an example such as, if two or three people have their intrinsic value satisfied after owning an expensive car, then owning an expensive car has a contributory value. Inherent value just as the name indicated describes the satisfaction of intrinsic value from experience, awareness or beholding (e.g. if the experience of a beautiful country-side is intrinsically valuable, the beautiful country-side has inherent value). Meanwhile relational value is the construct of instrumental, inherent and contributory.

Following the latter paragraph, it may be concluded that the various types or characteristics of value are not independent types or characteristics.
of value themselves, but describe or explain intrinsic value. This thus means that the concept of value theory can therefore be adopted, which is concerned with the nature of value, and how people can differentiate the ways they value things; and define value as the attributes consumers attach to things or phenomena, influenced by their beliefs, with their beliefs characterised by their cognitive, affective, and behavioural components (the reason behind the name perceived value). This is probably the reason behind Holbrook's (1989) notion that different consumers may value different qualities (attributes) or the same qualities to different degrees, within the same product or service.

As a typical example, the economist Merton (1982) uses this story to help readers to understand the meaning of value. He described the notion that "we will recognise that we would not be indifferent to a choice between a dollar to be paid to us at some future date (e.g., three years from now) or a dollar paid to us today". Indeed, one should accept this notion because many individuals may prefer (or value) to receive the dollar today. He goes further to explain that, "the assumption implicit in this common-sense choice is that having the use of money for a period of time, like having the use of an apartment or a car, has value. This means that the earlier receipt of a dollar is more valuable than a later receipt (confirming the concept of worth, significance etc.), while differentiating the difference between the two as "time value". Consumer perceived value may therefore be an important concept in marketing because it is believed to bridge consumer behaviour and marketing strategy (Woodruff, 1997). Also it seems to be linked to a product or service, perceived by a consumer rather than objectively determined by the
seller, specific to a use situation, and a trade off between benefits and cost or sacrifices (Overby et al. 2004, Snoj et al. 2004, Boksberger and Smith 2006, and He and Mukherjee 2007).

### 3.3 Analysis of the Consumer Perceived Value Concept

In an attempt to explore this topic, Gutman (1982) proposed the means-end chain model that seems to have been widely accepted in consumer behaviour research, which sets up linkages between attributes (the means) and the consumer's desired consequences and personal value (the ends). Three levels of distinctions are included in the model, grouping (attributes), consequences, and value. The study points out the possible areas in which this theoretical model can be applied, such as market analysis and segmentation, product planning, and promotional strategy. With this means-end chain model and accompanying measurement procedures, buying behaviour and decision making of consumers can be determined by establishing the consumers' patronage behaviour pattern and their cognition structures for products/services. Though this approach may contribute in increasing one's knowledge on consumer behaviour, the approach it uses may be biased because understanding a consumer's "cognition structure" may prove difficult since cognition is within the mind of the consumer and can only be described by the consumer.
Following this research, other researchers seem to have accepted the means-end chain approach, including Zeithaml (1988), in understanding the relationship between value, quality, and price. She went further to define perceived value as (p.14) "the consumer’s overall assessment of the utility of a product based on perceptions of what is received and what is given". She proposed a conceptual model to analyse the linkages among price, perceived quality, and perceived value. Based on the respondents’ descriptions in an exploratory study, four definitions of value emerged:

- "value is low price",
- "value is whatever I want in a product",
- "value is the quality I get for the price I pay",
- "value is what I get for what I give."

The results also indicated that perceived quality leads to perceived value, which leads to purchase intentions. Both intrinsic and extrinsic attributes were found to be positively related to perceived quality, while perceived monetary price was found to be negatively related to perceived quality. The importance of this work lies in expanding research beyond the price/perceived quality relationship, bringing extensive attention to the concept of perceived value and introducing perceived value as a trade off of "higher-order abstractions.” But since the research was conducted, it still has not been widely accepted as the final perceived value construct.

Sheth et al. (1991) looked at this issue using the theory of market behaviour. One needs to overlook the name while concentrating on its relevance to this study in that it focuses on consumption values applicable to
various consumption circumstances and product types and is based on three fundamental propositions:-

- Market choice is a function of multiple consumption value dimensions,
- These value dimensions influence consumer consumption behaviour to different degrees in different circumstances,
- The values are independent of one another.

The latter authors also claim that this theory can be used to explain why consumers make the choices they do, i.e. why consumers choose to buy or not buy a specific product or why a specific brand is preferred over another. They identified five dimensions (values, functional, social, emotional, epistemic, and conditional value) which influence consumer behaviour to different degrees in different circumstances. They define:-

- “Functional value as describing the utility derived from the product quality and product performance.
- Social value as the utility derived from the product’s ability to enhance social self-concepts, such as status.
- Emotional value as the utility derived from the feelings, or affective states that a product generates.
- Epistemic value as to the surprise or novelty aspect of a product, a product’s capacity to arouse curiosity, offer novelty or satisfy a desire for knowledge.
- Conditional value as the situation in which the value judgment is made”.

They applied their theoretical approach to three different cigarette consumption cases. The results suggested possible uses of this framework to
predict consumption behaviour. According to William and Soutar (2000), and Sweeney and Soutar (2001), their research provided a strong foundation from which to build a perceived value scale. The interesting thing about their research is that, it explores most of the components of "attitude" proposed in Chapter Three upon which consumer behaviour is based. Unfortunately it did not succeed in building a strong measure or construct of perceived value (though one accepts that it acted as a foundation). Evidence can be found from the fact that epistemic and conditional value seem to make up other types of value like psychological value.

Kerin et al. (1992) adopted Moore's (1990) model and applied the means-end theory to examine consumer value perception in a retail setting with respect to price, quality and value. Their finding shows that perceived store shopping experience is an important managerial implication when one tries to understand shopper's value perception. According to them further attention on how shoppers perceive their shopping experience could add knowledge to the perceived value discussion, as reflected in how they perceive quality and prices. Theoretically their study supports the proposition already analysed by Zeithaml (1988), by showing that store related stimuli may shape price and quality perception. This author does not support their argument, because while price and quality are attributes of value as shown in Zeithaml's (1988) article, "value" should not be utilised again in any perceived value study.

Hirschman and Holbrook (1992) put forward the argument that value can be created from consumption as well as production. They suggested that
marketing managers need to understand the nature of consumption in order to extend their roles beyond transaction and product purchase to usage and disposal. Holbrook (1994) on his part drew attention to the importance of understanding the nature and dimensions of the value consumers receive from the consumption experience. He defines value as "an interactive relativistic preference experience", from which he proposed a construct with three dimensions to classify consumer value:

- "extrinsic vs. intrinsic;"
- "self-oriented vs. other-orientated,"
- "active vs. reactive." (p.27).

These dimensions resulted in eight types of consumption experience values. His construct has been found to be accessible and appealing to researchers in that it advances the understanding of the benefits in consumers’ value systems, as well as providing optional ways of organising marketing research data. However, note should be taken that, it is not being proposed here that their concept has reached perfection, therefore a careful scrutiny and verification should be made if it is to be adopted. This argument is based on the fact that Holbrook (1994) advanced understanding only of the benefit side of consumption value, while neglecting the sacrifice side which may be an important element to consumers.

Lai (1995) based on the study of Sheth et al. (1991), presented a topology of product benefits, which included functional, social, affective, epistemic, aesthetic, hedonic, situational, and holistic values. Moreover, the study proposed a model of consumer value for the consumer market integrating four constructs, "perceived consumer values, product benefits, logistic benefits,
and diverse costs of consumption”. It is worthwhile mentioning that in the proposed model the four constructs were defined in terms of consumers' perceptions in the acquisition, consumption and maintenance stages, as well as consumers' expectations of personal values prior to buying. But the framework seems not to provide a complete picture of perceived value, and just like that of Holbrook (1994), it concentrates on the benefit side of consumption value, while neglecting the sacrifice side which may be an important element to consumers.

In 1998, Grewal et al. integrated a prior price-perceived model within the context of price advertising. Their model explains the effects of advertised selling and the reference price(s) on consumer's internal reference prices, perception of quality, acquisition value, transaction value, purchase and search intentions. What their model explains is the current Guerrilla tactics one may find from competitors advertising on some British television e.g. Asda advertising a product and comparing its price to that of Tesco. In their model they were able to derive perceived value from the following components:

- Perceived quality (the consumer's estimate of a product's (or service) cumulative excellence);
- Internal reference price (defined as a price "on price scale" in a consumer's belief construct that serve as a basis of judging or comparing actual price);
- Perceived acquisition value (the consumer's net gain (or trade off) from acquiring a product or service);
Perceived transaction value (comparing product's selling price to other internal reference prices).

As indicated in their research aim, the main managerial implication of their research demonstrates how advertised prices may affect a consumer's internal reference price, while supporting the notion that:

- Product quality perceptions may enhance perceived value and willingness to buy;
- High quality position may not necessary be incompatible with low cost position.
- Inflated advertised reference price have the potentials to be deceptive;
- Perceived value has considerable influence on buyer's willingness to buy;
- The various value strategies (deal value, product value etc.) are important predictors of behaviour.

Though their research supports the notion that a product or service's perceived value is affected by the way prices are presented and how easy they are to understand by the consumer; it fails to show how perceived value can be directly affected.

Parasuraman and Grewal (2000) in the concluding article for a special issue drew on key insights from the preceding articles and outlined a set of issues for future research on the quality-value-loyalty chain and the role of technology within this chain. Their research conceptualised perceived value as a dynamic construct consisting of four value types: acquisition value, transaction value, in-use value, and redemption value.
They defined acquisition value as the benefits received for the monetary price given,

Transaction value as the pleasure the consumer receives from a good deal,

In-use value as the utility derived from utilization of the product/service,

Redemption value as the residual benefit received at the time of trade-in or end of life (products) or termination (for services).

The latter also pointed out that the relevance of each of the four dimensions is different during varying times of the product/services' life (i.e., acquisition and transaction value are most important during purchase, while in-use value and redemption value are more relevant post purchase). The study's conceptual framework integrated the quality-value-loyalty chain with the service marketing "pyramid model"; which pointed out the increasing importance of linkages among technology, consumers, employees, and companies. Their research seems to be in line with that of Al-Sabbahy (2004) but just like the latter, they seem not to have provided the bigger picture about the perceive value construct, but have concentrated on the sub dimensions of perceived value at the transaction level. What one is trying to explain is that their value types seem to make up other fundamental types like those proposed by Sheth et al. (1991). For example, transaction value seems to be a sub dimension of psychological value or acquisition value seems to be a sub dimension of financial value, and should never be used in explaining perceived value. Even with all these, it seems their research was still unable to provide the perceived value construct researchers are looking for, though it provided opportunity for further work on various issues in this area. For
example, in determining consumer perceived value, the relative contribution of the dimensions of value may change in different situations.

In 2000, Lapierre believing that few empirical studies have been conducted on perceived value due to insufficient operational data, adding to the problem of the need for organisations to understand their offerings and learn how these offerings can be enhanced to provide value to their industrial consumers, tried to advance with the development of perceived value measures. The study focuses on the argument from Rayal and Grönroos (1996) that value may also be relationship related within the IT industry (within three segments; information, communication, entertainment) as a sector where "products and services do not adequately define the range of resources and activities that appear to create consumer value". Though a scale to measure perceived value (domain and scope) was developed with 13 items, the results seem to be in the same line with those of most other studies (eg. Zeithaml, 1988) that came about with the knowledge that perceived value is about benefit and sacrifice. The managerial implications of this study indicated that, management strategy should make it possible to be able to distinguish between what consumers see as benefits and what they see as scarifies, making sure products and services are considered independently. The study clearly shows that the value of IT systems depend not only on hardware and software, but also on the business representatives (relationship with consumers, competence, reliability etc).
This author does appreciate the contributions the latter study has made in providing further knowledge on perceived value, but disputes seriously the theory (supported by analysed data) that the "drivers of perceived value are divided in terms of benefit and sacrifice. The argument at this point is based on the fact that while benefits may represent drivers because they represent "what consumers get" sacrifice may not be a driver since it represents "what consumers give". This argument is derived from the proposal by Sweeney et al. (1999) that perceived value is delivered more effectively by reducing sacrifice than by increasing benefit. Therefore, as it has been suggested by Sweeney et al. (1999) that managers should distinguish between what consumers see as "benefits and what they see as sacrifices" while benefits may be a key driver to perceived value, sacrifice may instead be a deterrent.

Desarbo et al. (2001) also contributed in assisting businesses by providing an alternative consumer value analysis methodology for understanding the drivers of perceived consumer value and its components. Their research proposes ways that organisations can cope as they attempt to understand their consumers, by adopting value analysis which involves a structural analysis of the "antecedent factors" of perceived value. Their research is interesting because it looks at issues like quality, price etc. as variables of perceived value formation not as perceived value itself like other researchers (e.g. Zethaml, 1988). They utilised a simultaneous equation model formulated to function no matter the difference in consumers, in order to perform consumer value analysis. Their model adopts three important aspects: incorporating consumer value dependence on low level physical
attributes; its issues of functional form; and differences between consumers in the integration of perceived value drivers. The managerial implications of their piece of work include the potential that; their approach provides a tool with the dual objective of market segmentation and consumer value analysis; it reveals market dynamics; it allows firms doing E-business to be able to assess the feasibility of their online business models by finding out what it is that their consumers really value.

Their article is interesting because unlike that of Lapiere (2000), it identifies some of the drivers of perceived value being: - perceived quality, perceived price, and product or service attribute performance/information (all demonstrating the benefits). Though their research seems to be interesting, it seems not to have touched all the dimensions of perceived value, and their perceived value construct seems not to be fundamentally strong enough. Unfortunately they only identified the drivers of perceived value, but discussed very little about the variables that may hinder perceived value (sacrifice); though proposing that future research should include broader sets of variables.

Another study from Huber et al. (2001) looked at the business side of the discussion, and how they attempt to gain market advantage using value oriented management. They completely differentiated customer value from consumer or personal values, putting forward the argument that consumer value concerns an individual’s evaluation of product consumption or possession while customer value depicts evaluation at the time of buying. While one may wonder why they treat a customer not as a consumer and how
this made sense, they adopted Normann and Ramirez's (1993) definition from the business perspective that customer value is a level of return in the product benefit for a customer's payment in a purchase exchange; while also accepting that of popular researchers like Zeithaml (1988) and Woodruff (1997) (trade-off in benefits and sacrifices), and classifying it as being from the customer perspective following the means-end theory. Their model illuminates the latter theory through its categorisation of value, through benefit, and attributes. Their research seems to have a greater contribution instead on the product design process, and supply side; while they expressed their concerns that research in valuing consumers as assets and on how managers become responsible for developing their value was necessary.

Payne and Holt (2001) gave an extensive review of literature on value that included nine streams of research, consumer values vs. the augmented product concept; consumer satisfaction and service quality; the value chain; creating and delivering superior consumer value; the consumer's value to the firm; consumer-perceived value; customer value and shareholder value; and relationship value. Their study put emphasis on relationship value and introduced an existing multiple stakeholder model of relationship marketing, with the two integrating with each other and forming a conceptual framework for relationship value management. In terms of the concept of consumer perceived value, they called for further empirical research, because of the fact that previous research has been primarily conceptual work.
Sweeney and Soutar (2001) seem to have been motivated by the fact that little research has addressed the value construct itself, and there is still no widely accepted value measure. They used six focus groups among adult consumers with ten people attending each session. They developed a 19 item measure (and called it PERVAL), that may be used to assess consumers' perceptions of value with respect to durable goods at all brand levels (to assess the consumption values that drive purchase attitude and behaviour). They found four distinct value dimensions namely (while standing firm on them claiming that their construct includes both utilitarian and hedonic components): - Social; emotional; quality/performance; and price/value for money. Their research seems to have advanced the testing of further variables requested in the previous paragraphs, but still concentrates mainly on the benefits of perceived value while neglecting the sacrifices.

Ulaga and Chacour (2001) looked at this subject from a business-to-business market perspective (where consumer perceived value is not easy to measure, because of potential difficulties in understanding issues like hedonic drives within business decision or behaviour), and developed a multi item measure following a marketing strategy development project for a chemical manufacturer. They developed a value table or map (using price/quality) to identify the specific attributes as perceived by consumers (another business), which turns to support that proposed by Johnson et al., (2005).

Flint et al. (2002) focused on the dynamic nature of how consumers perceived value from suppliers, and reported on a study conducted in a
context of business-to-business relationships between multiple firms at different levels in the United States' automobile manufacturing supply chain. Their results supported and expanded the means-end theory by identifying changes in consumer value at all levels of the hierarchy, attributes, consequences, and to a lesser extent, desired end states. Specifically, it was found that consumers' desired values (pre-purchase expectations) normally change when they experience negative emotion like tension.

Kim (2002) applied Holbrook’s (1994) consumer value topology to compare mall and Internet shopping experiences. A two-by-two consumer value framework was proposed that constituted four components, efficiency, excellence, play, and aesthetics; with each being described as a specific type of value for mall and Internet shopping. Based on the prevalent notion that each retailer must strive to enhance consumers' shopping experience, understanding differences in consumer "perceived" value within different shopping experiences was viewed as important, allowing retailers to reevaluate and modify their strategies to match their consumers' specific desired values.

Petrick (2002) after evaluating the need for further development in the measure of perceived value in the service industry; especially by not totally accepting the scale from Grewal et al. (1998) after finding out that the measurement for a service may be quite different from that of a product (a discriminating scale); developed a multidimensional scale to measure perceived value in the service sector. He utilised eight expert academic judges (with PhDs) from four different universities and was able to move from
a 25 item instrument to a five dimension namely: Behavioural price; Monetary price; Emotional response; Quality; and Reputation. Unfortunately, his dimensions do not adequately differentiate between their meanings. For example, though it is interesting because he tried to include a sacrifice component within his dimensions, there is need for him to have differentiated between behavioural price as a “sacrifice” and what consumers actually spend from their pockets.

Petrick and Backman (2002) seeing perceived value as an important indicator of repurchasing intentions, decided to challenge the tourism sector (golf industry where there is need for golf destination management to understand the variables related to golf travellers); where repurchasing intentions are often predicted sorely by measures of satisfaction and/or service quality. Working from the conceptualised foundation of perceived value developed by Zeithaml (1988) and modified by Grewal et al. (1998) (acquisition value transaction value scale), they investigated the measurement and application of this construct to golf travellers. Although they requested further research because of the differences in their results from those of the latter authors, their findings from a managerial standpoint suggest that where resources are limited, measurement of transaction value (physical value) may explain a majority of the variance in perceived value, and that this type of value is more important to consumers of services than for consumers of products. Their model developed to examine revisit intentions showed that transaction value is a better predictor of intention to repurchase than acquisition value (behavioural value). Unfortunately though transaction value
within their study may be a better predictor of intention to repurchase, one might argue that, transaction value is a sub dimension of another value dimension, so can only be used to measure or supports its original dimension, and not a dimension of perceived value. For example if transaction value is considered a sub-dimension of financial or economic value, it could only be used in evaluating financial or economic value, and not perceived value, which in turn is a better predictor of intention to repurchase (Sweeney et al. 1999).

Petrick and Backman (2002a) used the means-end theory which argues that consumer perceived value is formed by how well a product's attribute performs relative to desires, followed by an assessment of the desired consequences in a use situation to see if the consumer's goals and purposes are achieved. If attribute is defined here as a cognitive object recognised as appropriate to, and thus symbolic of a product or service, while consequences refer to the outcomes from these product attributes. Then these outcomes refer to what the product or object can do for the consumer, which can be either negative or positive (Woodruff and Gardial 1996). The fundamental aspect that disturbs one here is the fact that the former authors have done what has already been criticised earlier by using just one aspect of attitude (desire) to explore behaviour, leaving out other aspects like motive, feelings etc.

Chen and Dubinsky (2003) developed a consumer perceived value model for e-commerce businesses to use in understanding their consumers. They
developed variables and were able to explore the relationship between these variables and online shoppers. Though their findings were still at the preliminary stages their model includes the “pros and cons” of online shopping experience, perceived product, perceived risk and product price. Unfortunately this author is not completely satisfied with their work because they do not support the inverse association between perceived risk and perceived value; attributing this to their construct measurement for perceived risk (which does not empirically consider the construct of perceived risk).

In 2003, Woodall in an attempt to anchor the conceptual consensus that exist between researchers about consumer value, started by representing consumer value using his own term “value for the consumer”. His piece of research is interesting because though it did not actually change the philosophical or economic definitions, it provides a rationalised distribution of the current knowledge on value for the consumer into five concepts:- marketing, sales, derived, net and rational value for consumers; while even suggesting aggregated value for consumers as the sixth.

Nelson (2004) in his article looked at a phenomenon which is increasingly seen in today’s consumers and might be part of the future consumers’. He calls the current consumers “value laden consumers” because they typically require the consideration of product or corporate dimension beyond the traditional price, quality and brand image attribute; and the application of the consumer’s personal value system which raises moral and social responsibility issues. This research presents a theory framework that describes the consumer value inclined decision making process by using
image theory. Though this research does not concentrate on the construct of value itself, it is a piece of research which portrays how consumers in today's world are practically attaching value to activities. It supports most of the previous articles in showing how businesses are adopting social responsibility strategies nowadays because of the ecological-value driven consumers.

In 2004, Al-Sabbahy and his colleagues adopted the two dimension value scale model (acquisition value and transaction value) conceptualised by Gewal et al. (1998) and applied it to the hospitality industry to verify its validity and reliability. Their research suggests perceived acquisition value to be a more valid construct than transaction value in evaluating the hospitality industry. Some of the managerial implications of their work indicate that managers should review and understand their consumers' value (offering value for money), because it affects consumers' choice behaviour at the pre- and at post purchase phase, so as to particularly ensure the possibility of "return behaviour". It also suggests that an incentive environment should be created e.g. offering discounts or extra services at the consumption period as a way to water away operation failures (e.g. service delays or products out of stock). Their research in any case just like many others, does not resolve the long standing argument in the literature about the construct of perceived value. As has been previously criticised, their study still relies on sub-dimensions of other dimensions of perceived value, and therefore would be unlikely to provide an accurate picture.
Heinonen (2004), in trying to develop her own conceptualised model of perceived value, investigated the importance of time and location and contrasted them to traditional value dimensions. She accepts the relevant nature of Moore's (1990) benefit and sacrifice model but limited her acceptance because of the fact that this model does not denote the source of value similar to the technical and functional quality dimensions of Parasuraman and Grewal (2000), and Zeithami (1888) respectively. In her own way she based value on four dimensions: technical, functional, temporal and spatial dimensions. While her research looked only at the service industry, the technical dimension above refers to the outcome of the service interaction, while the functional value describes how the service interaction process occurred. The temporal aspect refers to how the consumer perceives the temporal flexibility relating to when the service interaction occurs, while the spatial dimension relates to how consumers perceive spatial flexibility relating to where the service interaction occurred. The managerial implications of her research suggest that service design decisions should take time and location into consideration. It indicates that in the service industry this will be a bigger challenge because variations in time and control are more difficult to control due to the level of consumer input and activity (meaning the service delivery in most cases occurs during the consumer's choice of time and location, e.g. online banking services). Managers should also take into consideration the temporal and spatial dimensions, by using them to build service content.

Ponsonby and Boyle (2004) reviewed the literature on experiential value and explained the weaknesses of the traditional view of value as well as the
reasons behind it. Given the new definitions for consumer value, the study concluded that new features of consumption should include being intrinsic, psychic, personal, and situational. The review then aimed to examine the factors that have had an impact on the types and levels of value that consumers gain from the consumption experience by giving a conceptual model as well as a methodology for future research on consumer value. With an overview of the changing business environment, this research provides insights for both academics and marketing managers into the concept of value and how to use it to create value through the consumption process.

Unlike many others who have analysed this subject with particular reference to the work of Zeithaml (1988), Yang and Peterson (2004) looked at another dimension for understanding consumer perceived value. Their study looks at perceived value in an equity concept, which analyses a consumer's outcome/input to that of a product or service outcome/ input. They quote Bolton and Lemon (1999) in their analyses that this equity concept refers to the evaluation of what is fair, right, or deserved for the perceived cost of offering (with this perceived cost including non-monetary sacrifices such as time, energy, stress etc). Though the “equity” notation sounds promising, its definition does not move away from that of Zeithaml (1988) which has been widely analysed to date. This is because this concept still looks at consumer perceived value as a consumer's evaluation of the relative rewards and sacrifices associated with a product or service. Their research looks at the role of switching cost on perceived value, satisfaction and loyalty and found that this is only significant when the latter issues are highly perceived by
consumers (when a product or service achieves above average performance regarding perceived value and customer satisfaction).

Moving away from just understanding "shopping behaviour" and from the "business-to-business interaction level", Overby et al. (2004) went beyond borders and compared different cultures. Their study also applies the means-end theory and looks at the influence of being French or American on the perception of "product related" value. According to them the means-end theory focuses on the content dimensions of knowledge in memory and perceptual linkages between the content dimensions (be it a product or a service). Their model shows culture as the gateway to any consumption thoughts from a consumer confirming research by Johnson (1998) who indicated that cultural factors should be the starting point of any examination of consumer behaviour. The managerial implications of their study just add more knowledge to the others that have shown that there are also boundaries in the way consumers behave (e.g. Briley et al. 2000, and Kim et al. 2000).

From another service industry with little research in this domain, Laukkonen (2006) conducted research within the financial service sector while looking at an electronic fund transfer service and internet brokerage services. The research used the means-end theory approach to derive a model for consumer perceived value of electronic services involving attributes of electronic services and channels, consequences and the desired end state. The research found issues like: convenience, efficiency, privacy, self control, and safety affecting internet fund transfer service; while issues like fun, convenience and efficiency were affecting internet brokerage services. The
Managerial implications of this research are that there seem to be at least two kinds of consumers, those who want to pay their bills easily and conveniently as possible and those who use the internet as it enables better control of their accounts. It also shows that there are two types of investors, those who solely engage in active trades, to make more money and those who consider the service more as a game and also perceive other types of values than purely economic efficiency.

Within the same year Roig et al. (2006) replicated the GLOVAL scale developed by Sánchez et al. (2006) in the tourism sector, to analyse the dimensions of perceived value in the banking sector. Though one may not support their differentiation between consumers' perceived value and personal values, one can nevertheless discount the contribution from this piece of research (by testing the GLOVAL scale within the banking sector, with the aim of contributing information relevant to the banking sector). The authors did not seem to search enough to have found out that non monetary sacrifices such as waiting time and queues were already looked into by Heinonen in 2004 within another service industry. They found perceived value to be a six dimensional construct: functional value of the personnel, functional value of the establishment, functional value of the service, functional value of price, emotional value, and social value. Though some of their perceived value dimensions proposed may be accepted, there is concern that their research did not look at the sacrifice dimension of perceived value appropriately.
Sánchez et al. (2006) with the notion that perceived value is a subjective construct in several senses, used 24 items grouped into six dimensions to develop a scale for measuring perceived value within the tourism sector: GLOVAL (GLObal purchase perceived VALue). Their notion of using multidimensional scale spans from previous researchers like Zeithmal and Lemmon (2000), Sweeny and Soutar (2001) (PERVAL), where they believed that this provided an approach allowing them to overcome some of the problems of the traditional approach proposed by Zeithmal (1988) while also echoing a new theoretical development in consumer behaviour (the role played by feeling in buying and consumption habits). Though one might not agree with all the dimensions they developed, their research is interesting because it is adapted from one which follows a rigorous process of preparation of a scale, whereby empirical testing of the multidimensional nature of the construct is possible.

Xing (2006) also looked at cultural effects on perceived value, but instead moved from products to services. His research compared Chinese versus American consumers by not only identifying the differences like Overby et al. (2004) did, but also identifying their similarities. The results from this study supports and test Zeithaml’s (1988) model in another cultural setting (though with different results because of differences in culture). Looking at the managerial implications of his study, one can conclude that managers targeting the two cultures should now have a better understanding of their differences in value perception.
Hansen et al. (2007) still went back to discover more of what is happening between businesses. They used the business-to-business relationship, to try and understand the drivers of consumers' perceptions of economic value, while also trying to assess the consequences of perceived value. Some may look at such a business-to-business model and turn a blind eye on it; but the general assumption that one is considering here is that businesses are made up of human beings (for example, the purchasing manager may be using his/her intuitive reasoning in arriving at a purchasing decision), so the strategic behaviour of any business unit is assumed to represent a common aim (like an individual consumer) of the representatives. Their definition of value is drawn from that of Newnan (1988) which somewhat differs from that of Zethaml (1988) in that value is the benefit received divided by the resources sacrificed to acquire them. Their study indicates to managers that word-of-mouth and reduced motivation to seek information about alternative suppliers are key indicators of relationship strength (word-of-mouth can be perceived as the voice of the market.). It also suggests that a supplier with the benefit of more positive word-of-mouth can be perceived by consumers as a less "risky" choice, and service providers could benefit from utilising consumer perceived value in the management of their consumer portfolio. Perceived value could also be incorporated into more comprehensive management information systems.

This author is very interested in their definition of perceived value, but concerned about the "scientific sense" it makes. When they propose that one should divide benefits by sacrifices, scientists may request to know what the
outcome would be if there is no sacrifice made by consumers (where sacrifice is zero). Therefore, though they seem to have incorporated the sacrifice dimension in their research, they do not seem to have been able to show how consumers use benefits and sacrifices.

Also, since a blind eye may have been turned towards hospitals considering that "it is an environment where people are treated", that was not the case for Cengiz and Kirkeir (2007). Just like the health sector in the UK, there are increasing numbers of private hospitals, thereby creating a competitive environment especially for public sponsored hospitals. In this light, since hospitals will need to attract and retain consumers (patients), it was necessary to understand the dimension(s) of perceived value within the health services industry. Cengiz and Kırkibr (2007) have tried to develop a scale to apply to this sector. They started just like Roig et al. (2006) by differentiating perceived value from personal or organisational value, claiming; "it is inherent to the use of the health services". Their study was developed from the six dimensions proposed by Sánchez et al. (2006). It assumes that the emotional scale is divided into three components (novelty, control, and hedonic) and eight dimensional scale (though just seven were mentioned in their abstract):- Functional value (installation, service quality, price, professionalism); Emotional value (novelty, control, hedonic) and Social value.

Their research in any case seems to add more knowledge about the subjects but still fails to provide a definitive construct of perceived value.
Rintamäki et al. (2007) drew from existing literature while trying to form an understanding of the key dimensions of consumer value, and developing a hierarchical model of value proposition, while establishing a link between consumer value and competitive advantage. They quote Sheth et al. (1991) when defining consumer value from the consumers' perspective as "a more personal and holistic view on quality". This means, it is the "subjective assessment of both positive and negative consequences of using a product or a service (the reason why people buy what they buy)". They tried to build their research within the definition context or a company's perspective that the above buying motives should be captured in a consumer value proposition.

Therefore managers may see this as a strategic issue (competitive advantage angle) within areas such as "segmentation, service development, and marketing communication etc." Though they acknowledged the fact that definitions of consumer value may vary from product or service attribute identification, to understanding the consumption experiences (e.g. low price, give take proposed by Zethaml 1988), they preferred the definition based on the consequences of the attributes as more efficient because "it reveals how consumers make use of the offering in real life".

According to their research, the positive consequences are the benefits while the negative consequences are the sacrifices. In this light they accept Zethaml's (1988) definition in that when consumers perceive greater benefits than sacrifices, consumer value is created. Their research identified economic consumer value propositions (lowest price or best tradeoffs between quality and price); functional consumer value propositions (finding
the right service with as little time and as little physical and cognitive effort as possible); emotional consumer value propositions (consumers who are motivated by the hedonic aspects of shopping e.g. women who will love to go shopping with their partners, or friendly service provided by staff); symbolic consumer value propositions (value created by representing something other than the obvious function of the product e.g. this product is made up of sustainable forest products).

Looking at the managerial impactions of their review, they believe that the above perspectives of consumer value proposition may help managers to:-

- Identify, design, crystallise, and implement competitive consumer value proposition
- Align operations, human resources, marketing communications and the whole business model around creation of real consumer value
- Sense and respond to the changes in consumer behaviour through deeper understanding of relativistic customer value needs

An efficient consumer value proposition taps into what consumers experience and consider relevant- what creates real value for them. This author accepts their research, but argues that they have taken the measurement of perceived value too far to involving “hedonic value” and others (especially when the philosophical meaning of “hedonic” seems to be debated), which could have been measured from psychological and other broader value dimensions respectfully.
Smith and Colgate (2007) also looked at a similar topic from the marketing manager's perspective in trying to understand the nature and ways of creating this perceived value” by an organisation. They still stressed the point that there is no commonly accepted definition of consumer perceived value, giving reasons why to date there is still no definitive conceptualised framework of consumer perceived value; while accepting the notion that consumer value creation is central to marketing strategy and marketing thoughts. Their framework identifies four types of value that can be created by an organisation, created by five key sources (information, products, interaction, environment, ownership/possession transfer) of value from a variety of value chain processes and activities within and between organisations:

- **Functional/instrumental value**: involves the extent to which a product (good service) has desired characteristic, is useful, or performs a desired function.

- **Experiential/hedonic value**: involves as discussed earlier the extent to which a product creates appropriate experience, feelings, and emotion for the consumer.

- **Symbol/expressive value**: the extent to which a consumer attaches or associates psychological meaning to a product.

- **Cost/ sacrifice value**: involves the maximisation and realisation of benefit from a product.

Their research is the most recent in academic reference terms and has an in-depth managerial implication, because the consumer perceived value creation
strategy they have developed seems to be a useful tool for specifying and illustrating value creation strategy, while focusing on brand and business positions. It provides the framework for a relatively easy way for organisations to document their value creation strategy.

Gounaris et al. (2007) looked at the relationship between consumer perceived value, satisfaction, loyalty and behavioural intentions, while constructing perceived value from the multidimensional and subjective elements described by Sweeney and Soutar (2001). They modified it by suggesting the need for broadening the scope to incorporate personnel values, and procedural values (though one may argue about these additions because they seem to describe issues within acquisition value and transaction value which have already been adopted by some researchers like Al-Sabbahy (2005)). Moreover, buyers were found to use various strategies to bring suppliers’ attention to their desired value changes and induce suppliers to respond accordingly.

As shown in most of the analysed literature, researchers seem to have tried different ways to classify the underlining value dimensions with regard to purchasing and consumption. These classifications have broadened the concept of value by going beyond the functional value of purchasing and/or consuming products and services. This seems to have provided evidence that consumers seem to also derive some other types of value from their shopping activities, such as social, emotional, and epistemic value (Sheth et al. 1991). These abstract value dimensions may vary in different product or service
contexts and should be analyzed accordingly; therefore it is necessary for one to understand how value is perceived.

3.4 A Critical Review of Perceived Value Conceptualisation

This thesis is particularly interested in the models from Wood and Scheer (1996, p.400), and Al-Sabbahy (2005, p.31) which show perceived value formation as seen in Figure 3.1.

Figure 3.1: Perceived Value Model adopted for this thesis

Source: Modified by this author from Wood and Scheer (1996, p.400); Al-Sabbahy (2005, p.31)

The remarkable thing in Al-Sabbahy's article is his argument that, to date, no concrete definition or construct has been identified for perceived value. This argument comes with the notion that value should be an end state, meaning that most of the definitions so far have been describing or defining the (the same thing in different ways) process to this end state, not the
perceived value itself. When one looks at the definition by Zeithaml (1998) (customers' overall assessment of the utility of a product based on perception of what is received and what is given), it is clear that it describes the perceived value process not perceived value, even as researchers like Al-Sabahhy (2004) described the term utility as vague, without realising that she was describing "that which brings happiness" or the satisfaction of peoples' informed preference or desire (benefit) Audi et al. (1999).

As far as this author is concerned Al-Sabahhy's (2005) analysis of perceived value up to this point is interesting – except that one may criticise his measurements for concentrating mostly on consumers who have made up their minds to use a product or service (understanding post experience, perceived value, measuring acquisition, transaction value). Also, his research just partially analyses the sacrifices consumers make (in particular he highlights in his 2004 thesis (p.42) how crucial perceived sacrifices can be in determining perceived value and the consumer's behavioural intentions).

Even Boksberger and Craig-Smith (2006) also within the tourism industry have analysed his measure with that of Petrick and Beckman (2002a) where they developed the SER-PERVAL scale), and concluded that current measures of perceived value may be inappropriate and do not capture the complexity of services and therefore there is further need for research and understanding of perceived value. One may accept Boksberger and Craig-Smith's, (2006) argument, because looking at some of the questionnaires used by Al-Sabbahy (2004) (p.203) in his perceived value scale:-
"I received a good quality service for a reasonable price,

Given the features of the room, the price I paid was appropriate

The price I paid for this hotel was inexpertly low,

Compared to the price of other similar alternatives, the price I paid
for this hotel was very good (outlining just a few)"

One may argue that these questions (most of the questions he used) seem to
lean towards understanding consumers' satisfaction with respect to their
experience of the service (understanding consumers' level of satisfaction with
respect to the benefits they expected); rather than actually outlining or
measuring what the consumers do not want.

Satisfaction questions like those above, no doubt, actually measure
the pleasant feeling which consumers may get when they receive something
they wanted, or when they have done something they wanted as suggested
by Cropanzano and Wright (2001) but may not be a good measure for
perceived value. Even if as indicated by Al-Sabbahy (2004) (p.40), “value is
created when the benefits delivered by the product or service match the
benefits wanted by customer in a use situation (possibly creating
satisfaction)”, one cannot neglect the fact as he indicates further that
“individuals are more sensitive to the prospect of loss than the prospect of a
gain”.

This notion seems to have also been identified by Ravald and
Grönroos (1996) where they proposed that consumers are more influenced by
sacrifices they make than by the benefits they may obtain. Even Sweeney at
al. (1999) proposed to businesses that perceived value is delivered more effectively by reducing sacrifice, compared to increasing benefits. Even Lovelock (2001) proposed that monetary and non-monetary (time, physical, psychological) cost associated with a purchase and use of a service may enhance perceived value. From another perspective this notion also surfaced in Petrick’s (2002) research when he proposed that perceived monetary and non-monetary costs equate to a consumer’s overall perceived sacrifice, which in turn affects their perception of product or service value; therefore meaning that if perceived sacrifices are evaluated and eliminated perceived value may be achieved.

This notion also surfaced in Woodall’s (2003) definition which claims that perceived value (value for the customer) is “any demand-side, personal perception of advantages arising out of a consumer’s association with an organisation’s offering, and can occur as a reduction of sacrifice, presence of benefit, the resultant of any weighed combination of sacrifice and benefit, or an aggregation over time, of any or all of these”. Looking at a real world management example also proposed by Gilbert (2003, P.33), (McDonald’s) consumers are made up of a whole series of segments who value a fast, light and reasonably priced meal. One may confirm in practical terms this notion argued in this thesis that perceived value may be the benefits consumers perceive in relation to a product or service.

As seen in the example proposed by Gilbert (2003, p.33) McDonald’s aimed at improving perceived value, by reducing perceived sacrifices through
setting itself a series of high standards, like achieving high quality of service and cleanliness. Therefore one may argue that there is more need to address this prospect of cost or loss (sacrifice) (Figure 4.2) compared to the prospect of gain (benefit). This argument is confirmed by the idea that if one puts more effort in eliminating losses (sacrifice), one may easily scale down differences in benefits that consumers seek (because of behavioural characteristics and particular use situation, as proposed by Al-Sabbahy 2004).

Figure 3.2 provides a visual identification of this concept in that the items listed under sacrifices are some of those that were identified in the literature review claimed to be the cornerstone of a consumer’s product or service evaluation process. Customers are out to achieve the listed benefits (or some) depending on individuals and circumstances (assuming that when a product or service is chosen following one or more benefits/items over another, the rejected item(s) is perceived as a sacrifice or ignored).

For example if an individual is buying goods from an online shop and has an opportunity to choose the delivery service provider, if he/she decides to pay more to have the goods delivered by DHL instead of Royal Mail, they may have considered one or more benefits attached to DHL, therefore attributing more sacrifices to Royal Mail. In such a case, also following the proposals from Ostrom and Lacobucci (1995), and Sweeney et al. (1999), this research attempts to argue that Royal Mail should mostly concentrate on identifying and eliminating the sacrifices perceived by consumers instead of the benefits proposed by most of the articles in the literature review.
While perceived benefits as suggested in the previous paragraphs describe the advantages consumers may enjoy from a consumption process (Gutman 1982), perceived sacrifices have a negative effect on perceived value (Snoj et al. 2004, Al-Sabbahy 2005) and may have been seriously neglected in the perceived value measurements proposed in the literature review. If sacrifice (as adopted by linguists means "to give up something that is valuable to you..." (Cambridge dictionary) may be linked to loss, it may therefore be clear that consumers' process of judging sacrifice is perceived
risk (especially due to subjective feelings of uncertainties or consequences). It sounds therefore feasible and may look empirically applicable therefore to relate the concept of understanding "sacrifice" through "risk (the possibility of suffering some form of loss or damage, or the subjective personal anticipation that a particular action will result in a loss, or uncertainty about the consequence of a purchase) or subjective expectation of a loss (Sweeney et al. 1999)".

This notion is adopted based on the concept that a measure of how much consumers may be willing to sacrifice is through a measure of perceived risk. This means, consumers may always evaluate what they sacrifice during a purchase and/or use of a product or service in relation to the possibility of suffering some form of loss or damage (anticipating the uncertainty involved in the purchase), meaning that risk may be a measure of how much consumers are willing to sacrifice.

This is probably the reason behind Ostrom and Lacubucci's (1995) conception that where perception of risk increases (predicted sacrifice), consumers seek to enhance benefits so as to compensate. Even Mitchell (1998) suggested perceived risk as a powerful tool in understanding consumer behaviour, since consumers are more often motivated by avoiding mistakes compared with getting the most from opportunities offered to them. Snoj et al. (2004) mentioned risk as the least considered element or concept of perceived sacrifices by marketing literature.
Most researchers seem to have missed this notion (perceived risk in perceived value measure) when they were analysing Zeithaml's (1988) definition (perceived value is the consumer's overall assessment of the utility of a product based on the perception of what is received and what is given). This argument is based on the fact that while most researchers nowadays considered and analysed "...perception of what is received and what is given" as perceived sacrifice, they failed (this may be evident from Al-Sabbahy's (2004) work (p.19) where he classified "what is received and what is given" rather vaguely) to recognise that assessing what is received with respect to what is given, may be the evaluation of uncertainty and consequences (risk). This is especially important because the outcome of a choice decision may only be known in the future (Mitchell 1998) (or the variation from the expected outcome over time as defined within organisational setting (Monahan 2006).

The following chapter explores the notion of perceived risk in the context of perceived value.
Chapter 4: Perceived Risk as a Dimension for the Perceived Value Construct
4.1 Perceived Risk

When one looks back at early research in this domain, one would find someone like Bauer (1960) who is one of the authors who first indicated that consumer behaviour should be viewed in the context of risk taking (defining perceived risk as a consumer's perception about the degree of uncertainty with respect to buying a product or service). The main idea seems to come from the fact that when a consumer cannot be certain about the consequences of a purchase or consequences faced when using the product, this may create a certain degree of uncertainty.

This notion was immediately picked up by Cox and Rich (1964), who studied the effects of perceived risk on the frequency and extent of shopping by telephone from which they found that the degree of risk perceived was a major determinant of consumers' decision to shop by phone. This still seems to be a big issue today where for example individuals may not be willing to discuss certain issues over the phone.

Even Bettman (1973) recommended that if perceived risk is deemed an important factor in consumer choices, it should then be imperative for some marketing managers to understand perceived risk (understand the risk evaluation processes in consumer decision making). In assisting researchers to better understand perceived risk, he proposed differentiation of risk into inherent risk and handled risk. He defined inherent risk as the original degree of conflict, products or services may cause, while handled risk is the degree of
conflict a consumer is ready to accept during the use of a product or service. This latter type assumes that the consumer is used to the product or service (repurchasing).

In health care, some of the researchers like Slovic and Peters (2006) tried to confront risk in the following three fundamental ways:

- Risk as a feeling: our fast, instinctive and intuitive reaction to danger,
- Risk as analysis: brings reason, logic and scientific deliberation to bear on risk assessment and decision making,
- Risk as politics: A clash between our ancient instincts and our modern scientific analysis.

This thesis will look at how consumption is organised following all of the above fundamentals. This means that one would look at risk as a feeling to describe consumers in their natural form (having non-inferential knowledge or grasp as a proposition, concept, or entity that is not based on perception, memory, or introspection, Audi et al. 1999), risk as analysis (understanding consumers through their cognitive risk related decision making process), and also understanding how consumers' risk related decisions are restricted by regulation, because most of the products or services consumers buy and use, have a deep relationship with their daily lives, and are part of their daily habits and patterns of living.
4.2 Literature on Perceived Risk

Taylor (1974) attempted to construct a comprehensive model of risk taking in consumer behaviour by specifying the principal concepts involved and the interrelationship between the concepts. His empirical validation of the model adopts the conception that consuming is about making decisions about products (goods and services) where and when to buy and how to buy. Proposing that researchers can use risk to:

- Measure self-confidence in relation to choice of the product category,
- Measure perceived risk in product choice,
- Measure the type of loss associated with category,
- Measure risk in brand choice,
- Measure preference for various risk related strategies etc.

Peter and Ryan (1976) used a very long explanation to get round to the notion that perceived risk has a big role to play in our purchasing decisions. They defined perceived risk just like others as the expectation of losses associated with purchase.

According to Dodds (1996) consumers always perceive risk in making decisions because of uncertainties with respect to the consequences of their decisions. This topic is particularly interesting because when one looks at the types of value dimensions that consumers use in their decision making process as academics have developed, (seen in the early chapters) one will
find that they are similar to the types of risk dimensions developed by Jacoby and Kaplan (1972) and later modified by Dodd (1996) Campbell (2001):

- Monetary risk (depicting that the consumer may lose money, pay too much, miss buying somewhere else),
- Functional risk (the product may not perform its function well, it may not work, it may break down),
- Social risk (friends, relatives, or other significant individuals, may not approve of the purchase),
- Psychological risk (a poor purchase decision may bruise the consumer's ego),
- Time risk (time will be wasted if the product does not perform as expected, it may take more time to go to shop A, compared to shop B),
- Physical risk (the product may be harmful or unhealthy; it may cause injury).

His research found that perceived risk is a multi-dimensional construct that covers both financial and non financial risk.

Wood and Scheer (1996) expanded the perceived value model proposed by Dodds and Monroe (1985), and attempted to integrate two streams of pricing research, dealing with perceived risk and how consumers assess a "deal". Though one may not accept their notion of differentiating perceived risk alongside other "expected cost incurred" like monetary, one still applauds their research for showing a green light into integrating the perceived risk dimension and replacing the "expected cost incurred to obtain a
product” or sacrifice dimension proposed by Dodds and Monroe (1985), and later modified by Zeithaml (1988).

Clow et al. (1998) contends that services are perceived to be riskier than products. One may not be out to challenge this, but his research is impressive, especially since the findings indicate how four of the service quality dimensions decrease consumer perceived risk. Their research is interesting because it shows to business managers how value (perceived risk is reduced) is created (not only within the service sector), through the advertisement of the five service quality determinants, with assurance appearing to have the largest impact on perceived risk reduction. This type of advertisement can be seen from Direct Line Insurance UK, which is trying to reduce perceived risk and attract new consumers by assuring the consumers that they will still preserve their no-claim bonuses even if they have been hit by an uninsured driver (http://www.directline.com/).

Mitchell (1998) has made an extensive contribution to the field of consumer perceived risk. In his publication he used the grocery retail market to explore how retailers can use perceived risk in their strategy while developing the links between store attributes and risk dimensions. His research shows that though some researchers have developed six dimensions of perceived risk from the business perspective, only four of those dimensions:- physical; financial; time and psychological risk,- are essential (where he assumed that performance risk is embedded and represented by
consumers when they assess the overall risk), and these all describe store attributes. One can believe that as a result of such studies some retailers have introduced “self-checkout” machines and 24 hours shopping to reduce time risk; and price ranges, special offers, and return policies to reduce financial risk; etc. His study seems to be very useful to marketing managers because it helps in allocating marketing resources. He proposed that risk perception analysis should be used in store and brand image development, targeting, positioning, segmentation and new product development. He concludes that many questions remain unanswered while proposing that behavioural variable such as “benefit” should be used in examining factors that affect risk perception.

Even Sweeney et al. (1999) have looked at the role of perceived risk in the way we create value. Their study looks at durable goods, and their central finding shows that perceived risk as a measure by elements of performance and financial risk, has a more powerful and direct effect on perceived value than the tradition antecedents of perceived relative price or perceived product quality. On the business side they also found that retailers play a key role in the process of creating value (a role largely thought to be performed by brand suppliers) and in maintaining consumer perceptions of quality which is the dominant factor in reducing perceived performance and financial risk.

In his other work Mitchell (1999) continued his advocacy of perceived risk theory in creating competitive advantage by better understanding consumers. In this article he quotes an example which shows that as a result
of a study which found that consumer perceived risk resulted in milk consumers disliking milk (in a study of breakfast cereals), non-milk breakfast products were developed. In this article, he goes back in time and explores the classical decision theory and research, examining the phenomenon showing that risk is "conceived as reflecting variations in the distribution of possible outcomes, their likelihood and their subjective values". His exploration also confirms the notion that decision makers prefer smaller risks to larger ones, and concludes by encouraging further model designs and tests until all have been evaluated for fitness purposes.

Tee (1999) looked at a very important aspect of a product in the market (product safety), which has a strong relationship with product quality. He found that perceived risk analysis is closely related to product safety. He outlined how product performance risk may be used to analyse or understand perceived product quality. He found that perceived product safety was significantly affected by price, store name, brand name, promotion channel, source credibility, country of origin, nature of product testing authority and warranty.

Macintosh (2002), while arguing that the role of risk in a marketing relationship has not been examined extensively, designed his research to examine the relationship between perceived risk and type of service relationship. Though one may criticise his research for concentrating on category risk and specific risk which one can assume are sub-representing some dimensions within the multidimensional perspective used by most
researchers in the field like Clow et al. (1998), and Mitchell (1999); one cannot overlook the fact that it may still be necessary for researchers to research within each dimension. His framework attempted to develop a range of relationship types to enable him to blend relationship levels, while capturing differences (nature, intensity) because of the lack of existence or strength in both interpersonal and person-to-firm relationships. His finding shows that the level of risk perceived by consumers varies across different levels of relationship, with the difference found to be associated with the presence and intensity of an interpersonal relationship. The concentration on specific and category risk assumed to be embedded in other multidimensional risk models may be blamed for the weakness in his level of perceived risk for person-to-firm relationship; not ignoring the finding that reducing perceived category risk may weaken consumer motivation for interpersonal relationship.

Lim (2003) came forward and further added the six dimensions (financial, performance, social, physical psychological, time-lost) proposed by Jacoby and Kaplan (1972) and later modified by Dodd (1996), Campbell (2001) with:

- Perceived personal risk; describing the possibility that individuals may be harmed because of their purchase behaviours (e.g. having an accident while walking to a shop),
- Perceived privacy risk (losing data online),
- Perceived source risk (supplier or retailer trustworthiness),
- Perceived product risk (losses caused by product),
- Perceived technology risk (losses caused by internet technology),
- Perceived vendor risk (losses caused by internet vendors),
Perceived consumer risk (social pressure from family friends etc.).

One can definitely assume that researchers as consumers are expected to think and analyse differently, but in this case it is vital to recognise that her points above seem to have already been covered within the various dimensions. She should first of all understand that e-commerce is a service, so consumer(s) engaging in e-purchasing may evaluate most of their risk with respect to "that service" and the "service provider" (personal, privacy, source, product, technology, vendor) within the dimension of performance or functional risk (especially looking at Mitchell's 1998 definition, involving product and store chosen, not just product as she indicated). Another dimension a consumer may suffer is the time dimension, because a consumer who loses his/her bank card may need to wait for some time before a new card is issue. What she considers above as consumer risk is probably what Jacoby and Kaplan (1972) described as social risk, or what Mitchell (1998), described as psychological risks, where the consumer(s) will suffer mental stress (or feel frustrated as she rightly exemplified).

Conchar et al. (2004) also went back in time like Mitchell (1999) to present and integrated framework to perceived risk researchers. In order to contribute to a cohesive advancement of the understanding of perceived risk processing involved in consumption. They looked at perceived risk in a three-phase process: framing, assessment, and evaluation, through which perceived risk literature is clarified, integrated and updated. Their three-dimension framework is especially important in understanding what Gilbert (2003) calls a "complex" or "high involvement" purchase decision. For
example, items that a consumer has enough time to explore and compare in the market like cars, houses; unlike prompt buying decisions (e.g. just walking into a kiosk, and picking up a bar of candy). Their framework takes into consideration the notion that consumer decision making process is affected by unknown possibilities, and advises business managers to understand and endeavour to minimise risk dimensions or attributes that consumers attach to products or services. Their framework seems interesting because as they proposed- risk can “form the crucial barrier that prevents consumers from choosing a specific brand of product, service or organisation” (p.71); thereby creating the need for managers and researchers to undertake research that integrates risk processing with the overall decision-making process. They proposed further that the concept of evaluating risk and return (benefit) should be attended to in the consumer behaviour literature as this thesis is attempting to cover.

Laroche et al. (2004) presented a study which seems to add more knowledge to that produced by Zeithaml (1988), and Mitchell (1999) about how consumers perceive risk in products or services, when limited information is available. Their research explores how intangibility affects perceived risk, while using a three intangibility dimension measure they developed (physical intangibility, mental intangibility, and generality), to test its relationship to perceived risk. Interestingly, their intangibility-perceived risk model was found to have a stronger relationship in the offline versus the online environment. They proposed to business managers whose products or services offer high risk (highly intangible) to pursue risk reduction strategies, because
organisations that can effectively reduce consumers' perceived risk, are providing an important source of consumer value; which translates to competitive advantage. They proposed that when businesses let consumers evaluate and monitor their services, it can reduce perceived risk by increasing mental tangibility (with examples like United Parcel, and Federal Express parcel tracking systems). It is probably as a result of such a study that DHL Express courier service launched an upgrade to its online tracking service, to make it easier for consumers to follow their shipments online; something that was picked up by Royal Mail's "Competitor Watch unit", and reported to employees through Courier (May 2009). Though their findings support business management needs as the latter example shows, This author is not completely satisfied with because their three intangibility dimensions basically represent consumer cognitive models proposed by behaviourists and cognitivists, analysed in Chapter Three.

Mitchell and Harris (2004) presented evidence (from the consumers’ perspective) on how retailers can understand salient consumer activities to help them understand consumers' need-motivation-goal-risk cognitive link, especially after Mitchell's previous work (1998, 1999) has shone light on the fact that motive drives consuming processes, within which lies uncertainty and consequences. Their conceptual framework adopts Mitchell’s previous conception on store performance risk dimension, to understand how consumers organise their risk dimensions relative to the factors they attribute about specific retailers. This, they claim, will assist store managers in making strategic improvements with regards to their store image. Their research
proposes the use of perceived risk and means-end chains in developing components of advertising strategy. Amongst other things, they proposed the integration of perceived risk framework to help develop trust between the consumers and the employee so as to reduce perceived risk. Their research also uncovers measurement issues in the way psychological and social risk dimensions are measured claiming it is “oversimplified” while proposing that a sensitive approach should be explored.

Snoj et al. (2004) understood that there is a gap that exists between perceived value and perceived risk. In an attempt to explore this gap, they used perceived quality related attributes, assuming that bundles of attributes (perceived by the consumer) represent a certain level of product or service quality within which when compared with consumers’ expectation, benefits can be measured. While they understood the concept of risk in the sacrifice element of perceived value (especially as the least investigated concept of sacrifice) they adopted the multi-dimensional perspective, as they tried to form a model of relationship between perceived value, perceived quality, and perceived risk in the mobile phone market. Their model shows a strong positive relationship between perceived quality and perceived product value; and perceived risk strongly and negatively influence perceived value. Therefore as would be expected, perceived quality has a direct effect on perceived value and an indirect effect (by reducing) on perceived risk. Their finding allows them to propose to mobile phone suppliers and producers to assure high product quality if they want to achieve high consumer value
(especially those factors that are important to consumers as: reliability, performance, and overall mobile phone quality).

Chen and Chan (2005) explored perceived risk reduction strategies through banking service quality cues, and interestingly found those dimensions (functional and social) expected in the literature to be linked to quality, were directly influenced by service quality. Unlike Lim (2003), they analysed functional (or performance in Gilbert, 2003) risk, in terms of facility or personnel failure. To reduce this type of risk, they proposed that, banks should introduce service cues that impress consumers like using "modern and up to date equipment and technology". They also found that financial and psychological risk dimensions were instead affected by reliability and level of service. They proposed that business managers should identify cues through which consumers evaluate product and service quality. These managers should then optimise their product improvement and marketing strategy. They went further to propose that since price is thought to represent quality, more research should be conducted to enhance management understanding on the two different ways price act on consumers: quality signalling and monetary sacrifice.

Cunningham et al. (2005) conducted another study which still looks at e-buying like Lim (2003) (internet airline tickets). They show that perceived risk spreads through most of the risk dimension. Their research model identified: the delivering method and consumer buying stage to moderate perceived risk. It also interestingly suggests perceived risk to be a function of the various dimensions, and confirms that the level of risk consumers
perceive will impact on internet reservation usage. The research further shows that the internet itself is potentially a service that has a lot of risks. This may confirm the reason why performance risk seemed to be more important in their finding.

Boksberger and Craig-Smith (2006) argued against the continuous use of SERVQUAL and SERVPERF (service quality and consumer satisfaction measurements) in tourism studies, while proposing a different solution which measures consumer perceived value. Their proposed framework considered the assumptions from the study by Mitchell and Greatorex (1993) that service perceived risk is greater than that of goods, while bringing forth a risk adjusted model. Though this author has concerns about their findings (or proposed model) because they did not elaborate or discuss their research method, one might still discuss their research because it sheds some light on about the topic of this thesis. Their proposed model considers perceived value as the sum of the proposed dimensions seen in the previous chapter, with those dimensions being a consequence of similar perceived risk dimension (financial, functional, physical, psychological, social, and temporal). Their findings suggest that a tourist's perception of risk creates or reduces consumer value in several ways, which maybe particularly important in marketing communications, service design, and consumer relationship management. While they recommended that their model should be validated by other researchers, they proposed that their study still shows that, there is a need for managers to identify and address the cues that signal value to consumers as they choose services in tourism (e.g. any transportation and
accommodation provider). This seems to be in line with insights proposed by Gale (1994) that consumers choose one service over another because they believe they will get better value than could have been expected from the alternative.

Harridge-March (2006) carried out an explorative study to understand how trust affects consumer risk perception, when they (consumers) are purchasing online products. Though the findings may lack strong scientific foundation, the study contributes to knowledge in this domain. This author also disagrees with the differentiation of technology risk from functional risk in that the internet service is provided using technology so any malfunctioning of this technology should be associated with the functional risk dimension. The study proposes that marketing managers should develop strategies for encouraging perception of trustworthiness, because level of risk is “outweighed” when consumers have sufficient trust in an organisation or its products. In order to achieve this, the study proposes the organisations should include on their web sites:

- Seals of approval; used by organisations to inspire confidence in buyers, buy being endorsed by third-party (e.g. testimonies from previous consumers, quotations from newspapers, expert witness statements, etc) (this method seems to be widely applied by academic institutions like the University of Surrey)
- Branding; especially to overcome perception of functional and financial risk (e.g. a good feedback system, strong public relation strategy etc)
- **Fulfilment**: consumers need to know that their orders will be fulfilled (products delivered and services available). Therefore businesses need to inform buyers how long it will take for their purchase to be delivered, and even introduce possible tracking systems where buyers can monitor their products (e.g. Royal Mail Special delivery, and track and trace system), and possible confirmatory emails and calls to reassure buyers.

- **Presentation**: the appearance of the website is also useful, so managers should monitor the way consumers interact with the site (the types of words they search, or the type of help inquiry they make)

- **Technology**: businesses need to reassure consumers that they will not suffer any data lost whilst using the site (e.g. introducing secure payment sites containing bank logos, just like the “VISA Secure”).

Lin (2006) used a Non-linear Fuzzy Neural Network model, to analyse data in a piece of research that tries to verify some of the current perceived risk models. The significant part of that research is that which contributed to management in that that author suggest that, to assist and strengthened consumers' identification with the product or service (or company), businesses should strengthen their relationship marketing strategy. This may particularly assist the marketing of football brands, where consumers may tend to use the football brand to show their level of involvement.
Boksberger et al. (2007) researched within the commercial airline industry, where risk perception may be of particularly importance. But it appears that, research and development within the aviation industry seems to have potentially reduced or even eliminated machine failures. This can even be shown from their work where only induced events seem to have affected the commercial aviation industry (The Gulf war, 9/11, SARs). One is trying to determine that consumers using commercial airlines may also derive risk through the multi-dimensional analysis under some of these assumptions, they (the latter authors), were able to derive perceived risk dimensions in the form of: - financial, functional, physical, psychological, social, and temporal. In their multidimensional conception the researchers just differentiated themselves from those of Campbell (2001), just by renaming time risk as temporal risk (meaning their definition for temporal risk may just be a reflection of that of time risk). Interestingly in their research, it was also found that the above dimensions differ according to social demography distribution (age, sex, income etc), as they found that financial and temporal dimensions were the most important in the context of commercial air travelling. It may be as a result of such studies that Low-Cost Airlines (that reduce financial risk) are succeeding, and applications like online check-in systems and self check-in services at the airports (to reduce time risk) are expanding or being adopted by most airlines.

Another recent study is that by Hansen et al. (2007), within which it emerged that a supplier with more positive word-of-mouth can be perceived as a less “risky choice”, meaning that this issue of risk which keeps appearing
within perceived value literature cannot be entirely neglected. Therefore since researchers may not have been able to unanimously address the perceived value construct it may have been possible to address this using a combine perceived risk, perceived value model, especially since knowing that risk measures are known to exist as demonstrated in the previous pages, and are being currently used in the financial industry and in health care. Even the current method, used in evaluating consumer confidence, may also be addressed using this approach since, confidence seems have a strong relationship with the way consumers perceive risk.

4.3  Perceived Risk Concept in this Study

When managers involved in the management control process or enterprise risk managers within organisations, start to realise for example, that sales figures are going down, or that warehouse inventory numbers are going up, they may need to get back to the consumers and understand what they want (why they do not consume as usual). According to Stinnett (2004), and Gale (1994), consumers choose a product or service because they believe that they will get more value from this product or service, compared to another. Researchers like Sheth and Venkatesan (1968), Roselius (1971) and Decrop (2006) have shown how consumers are inclined to seek to reduce perceived risk, but no research (to the best of this author’s knowledge) has ever shown how consumers increase perceived benefit. This therefore means that perceived risk may be an important element in understanding consumer behaviour.
While researchers like Zeithaml (1988), Monroe (1990), and Al-Sabbahy (2004) have paid most of their attention to the meaning of perceived benefits, thanks should be extended to researchers like Mitchell (1998) and Conchar et al. (2004) who have brought to life some of the knowledge on the importance of understanding and reducing perceived risk. Mitchell (1998) for example, stressed the importance of marketing practitioners understanding perceived risk because:

- Perceived risk theory has intuitive appeal and plays a role in facilitating marketers, see the world through their consumers' eyes.
- Perceived risk can be universally applied, with its versatility having been demonstrated in a wide range of applications.
- Perceived risk is more powerful at explaining consumers' behaviour, since consumers are more often motivated to avoid mistakes than to maximise utility (benefit) in a purchase.
- Managers can use perceived risk in allocating resources, brand image development, targeting, positioning and segmentation, generate new product ideas etc.

Therefore being faced with a purchasing decision, consumers may calculate a certain degree of risk evaluation in their decision making process.

It may be necessary for this author to make it clear that instead of engaging in some of the philosophical arguments from researchers like Stone and Winter (1985) and Cooper et al. (1988), following Bauer's differentiation between subjective and objective risk, this study is aimed at assisting
researchers, business managers and other practitioners in the ever changing business environment to understand consumer behaviour. Also as has been explained in the early chapters, one will assume that this study on consumer behaviour (as elaborated by Robert 1969) is mostly concerned with the process by which consumers arrive at a purchase decision, as with the decision itself while proposing the cognitive and behavioural approach to be the general trend in the study of consumer behaviour. This may also be confirmed by the notion that market strategists have mostly been interested in dealing with issues at the various levels of behaviour and cognition that come before, during and after a purchase, with researchers like Crandall (2006) still being engaged with using cognition task analysis for market research to understanding how consumers make decisions. Under such notions, one may therefore assume that this research will basically adopt the subjective risk concept, because it deals with personal belief and feeling (which form attitude), being the underpinning concepts of behaviour as elaborated in Chapter Two.

This means that this author will primarily be interested in the conceptualisation of risk as uncertainty and the influence on consequences based on personal belief or feeling (subjective) as highlighted in marketing literature (Gilbert 2003 and Conchar et al. 2004). When one looks at some of the definitions cited by Mitchell (1999) (like Cunningham 1967, and Greatorex and Mitchell 1993) the notion of “loss” may be found to play a vital role in making meaning. Therefore if may be assumed that as indicated in the last paragraph, if consumers are risk reducers, it will therefore be obvious that
during a purchase decision process, since consumers may not want to “give for nothing” (loss), added to the fact that there may be some uncertainties affecting the decision or the purchase with unknown or uncontrollable consequences, behaviour is definitely going to be aligned with respect to risk and personal goals. Personal goals may be an important aspect in risk evaluation because it may help researchers and practitioners in understanding how risk evaluation is managed.

For example, managers may also need to understand why some consumers still prefer to buy expensive or high quality products or services (paying more for an eco-friendly product). This therefore means that this study will look at perceived risk, on the premise that a consumer's purchase decision being sensitive is based on attitude, framed by personal beliefs, guided by cognitive, affective, and “conative” perceptions about uncertainty, consequences and the extent of potential loss.
4.4 Definition of Perceived Risk in the Context of this Thesis

According to Coombs and Lehner (1981) the problem of assessing risk is obviously logically prior to, and independent of, the problem of judging its acceptability in light of benefits to be gained. Interestingly they assert further that any model for assessing risk suggests a similar model for assessing benefits; therefore the balance between, or acceptable trade off may then depend on the individuals involved or environment.

One may, therefore, from the previous literature adding to Boksberger and Craig-Smith's (2006) analogy that risk perceptions are based on consumers' judgement with regards to the likelihood of negative outcome, define perceived risk as the uncertainties that consumers perceive exist during the purchase and/or use of products or services with respect to a particular vendor, when they cannot foresee the consequences of their purchase decisions, whether or not these consequences actually exist. This definition takes into account the fact that even in a difficult economic environment, consumers still conduct comparison analysis between vendors. It also takes into account, even those who are repeating a purchase or use (providing a better framework for Al-Sabbahy's (2005) post experience model) or those involved in simplistic day-to-day purchases (assuming they may have decided to be loyal to DHL rather than Royal Mail, because their perceived risk relating to DHL is minimal and they can accommodate it. This indicates that the concept of satisfaction is assessed using perceived value as
highlighted by the framework by Conchar et al. (2004) and will show how they pattern their behaviour (below). If one selects the retail environment for example, Figure 4.1(a, b) shows the incorporation of risk analysis in the eight-stage model of the retail buying process proposed by Gilbert (2003).
Figure 4.1a: Eight-stage model of the retail buying process (Source: Gilbert 2003, p.57)
Figure 4.1b: Risk analysis involvement within the retail model (Source: modified from Taylor (1974, p.55) and Gilbert (2003, p.57)

It can therefore be seen from Figure 4.1(B) that this research is mainly interested in understanding the portion of the model where risk analysis is involved. This is based on the assumption that if the development of risk
reducing strategies is as a result of consumers already having a complete knowledge of what they want, this research is therefore particularly interested in the uncertainty evaluation level, which the author believes is fundamental knowledge in the quest for the perceived value construct.

This means that it is within this level that value is created in relation to some particular products or services. The definition conceived in this study may therefore be a good solution to Zeithaml's (1988) curiosity, where she questioned Dickson and Sawyer's (1985) view, revealing that consumers do not always know or remember actual prices of products or services, but they encode prices in ways that are meaningful to them. She goes on further to describe how they found that a large proportion of consumers in their study indicated that price was just not important.

The next section looks at the perceived risk characteristics in more detail.
4.5 Characteristic of Perceived Risk

Perceived risk just like the consumer behaviour construct may vary depending on person, product, culture, or situation. This means that different consumers may perceive different levels of risk when faced with the same situation. This, therefore, means that the degree of perceived risk combined with the consumers’ level of tolerance for risk-taking are the factors that may influence a purchasing decision (Stinnett 2004).

Perceived risk as suggested in the literature review comes with dimensions as for example adopted by Mitchell (1998), and Mitchell and Harris (2004) being: financial, physical, performance (functional), psychological, and time. Though he left out the social dimension from his definition, this author has adopted in this thesis the notion from Gilbert’s (2003, p.48) definition of the “dichotomy of individuality and conformity in fashion adoption” (consumer behaviour follows a social comparison process) i.e. that some consumers may still be influenced by the social dimension. While consumers try to moderate their behaviour following the risk they perceived, researchers regard this risk handling process as a risk reduction process (Moutinho 2000).

Though some researchers (e.g. Merton 1982, and Alhakami and Slovic 1994) have shown that risks and benefits tend to be positively correlated across hazardous activities (e.g. Nuclear power or using pesticides) or in financial markets (buying stocks or shares), they seem to be negatively correlated in people’s minds and judgements (high risk associated to low...
If one can therefore consider the notion that an ideal market is one that a consumer has no sacrifices to make; where consumers can get what they want or through any means they want or like, at any time of their choice (meaning that there is no risk involved); then perceived value will just be the benefits gained during a purchase and/or use of a product or service (or simply what we want).

But since consumers as individuals have different ways in which they extract and use information about their environment or body (perception) or since demographic, psychological, socio-economic and socio-logical buying decision variables may affect the purchase patterns of consumers (Suranyi-Unger 1981 and Gilbert 2003) with the decision making that surrounds any purchase and/or use of a product or service so pervasive and almost invisible, different consumers will perceive different levels of risk associated to a product or service.

Even the Expected Utility theory developed by von Neumann and Morgenstern (1944) (cited in von Neumann and Morgenstern, 2007) and widely used in understanding economic behaviour, has shown that consumers are "risk averse agents", which implies that intuitively when facing choices with comparable returns, consumers may tend to choose the less-risky alternative. According to Hogarth (1991), this expected utility theory differs from actual human choice behaviour in that "outcomes and probabilities are evaluated and combined in assessing the relative attraction of different
courses of behaviour. As a result he proposes the “prospect theory value function”, to resolve this. See Figure 4.2.

**Figure 4.2: A typical prospect theory value function**

![Figure 4.2: A typical prospect theory value function](image)


Figure 4.2 represents how consumers evaluate “subjective outcomes” in a decision process. It typically shows that consumers frame their decisions (a value judgement process) in terms of losses or gains and according to Hogarth (1991), this in turn depends on the “reference point or aspiration” of each consumer. Interestingly, he suggests further that “one principle of the prospect theory is that losses loom larger than gains”. This phenomenon can be seen in Figure 4.2 in that the value function is “steeper for losses than for gains”. According to this thesis, in the process of ensuring that they limit losses, consumers seem to evaluate perceived risk.

This means that one may therefore accept Sheth and Venkatesan’s (1968), Roselius’s (1971), Mitchell and McGoldrick’s (1995), Moutinho’s (2000), and Decrop’s (2006) assertions that consumers are risk reducers and that when they perceive risk in a purchase they can pursue different strategies
of risk resolution. According to Roselius (1971) perception of risk causes a consumer to select “which device appears to be best suited” for the type of risk involved. Even Gutman’s (1982) means-end model was still along these lines because he proposed the central aspect of his model to be that consumers choose actions that produce desired consequences and minimise undesired consequences. All these explanations seem to be suggesting the “satisficing” process, proposed by Janis and Mann (1979), where consumers are ensuring that their decisions are “good enough”, rather than would maximise their benefits. Therefore in this attempt (by consumers) to “ensure” they seem to be using the perceived risk process. These show that no matter the theory or concept that has been used to look at perceived risk and decision making, they all seem to point to the fact that there seems to be need for perceived risk to be evaluated and eliminated in order to achieve perceived value.

Roselius (1971) proposed four strategies (or risk relievers) based on which consumers could behave as they try to reduce risk or (“methods which relieve risk-related hesitancy to buy by serving as catalysts to facilitate a purchase”)

- By reducing the probability that the purchase will fail, or by reducing the magnitude of real or imagined loss suffered in case of any failure (e.g. relying on brand loyalty) (development of brand loyalty highlighted by Sheth and Venkatesan 1968).
- By selecting a product or service that has a reduced perceived loss (e.g. relying on guarantee as a way of reducing the severity of
money loss) (Repurchase deliberation highlighted by Sheth and Venkatesan 1968)

- By shifting from one risk dimension to another by postponing the purchase (active information seeking indicated by Sheth and Venkatesan 1968)

- By absorbing (or ignoring) any attached risk or related loss (though one may still argue that this is similar to the latter, because it is assumed that the consumer has preferred to satisfy one dimension to another. E.g. If a consumer finds him/herself to have missed a return flight back from holiday, and the only available flight is offered by a company with poor consumer service or bad reputation, the consumer may prefer to ignore all these so as not to fail to turn up at work the next day, or avoid missing an important appointment).

This process of using cues to reduce risk in behaviour is also acknowledged by Janis and Mann (1979, p.26), where they proposed that the “satisficing” process “involves more superficial search for information and less cognitive work” and that all a consumer has to do is to consider alternatives of what they want sequentially, until one that “will do” is found. They proposed further that this “satisficing” (authored by Simon 1976) concept, does not only favour “high involvement” decisions, but also “impulse buying” decisions. It argues that during an impulse buying decision, consumers’ inability to foresee future consequences and to obtain information about the variety of available alternatives inclines them to settle for a barely “acceptable” choice.
According to Moutincho (2000), Mitchell and Harris (2004), and Boksberger et al. (2006), and as this author has discussed above, consumers always try to reduce risk down to an acceptable level which is in line with their goal (following their risk tolerance). This risk reduction process is always distributed into the following dimensions (as mentioned in the definition); physical risks, functional risks, financial risks, psychological risks, social risks, and time risks.

Going back to the literature on risk Decrop (2006) goes further to describe risk- just like the other authors analysed in the earlier paragraphs- to be psychological or physical (it may be connected to money; product performance or social acceptance). He links consumer behaviour to risk reduction theory (as demonstrated in the latter paragraph) which assumes that consumers tend to reduce risk to an acceptable level, to their market decision (involving strategies like brand royalty, repeat purchase, etc.) This may therefore imply that when a consumer has decided to go for a product or service, he/she must have evaluated and eliminated or ignored all associated risk.

Perceived value researchers may probably have been ignoring this phenomenon because, as indicated in Al-Sabbahy’s (2004, p42-.43) thesis, there may have been a “lost in translation phenomenon” when sacrifice is referred to as “Cost” or “Price” (the cost or price a consumer might incur when, and as a result of buying and/or using a product or service), thereby causing these huge differences in evaluating perceived value (or perceived
value construct). Interestingly, a researcher like Monroe (1990) who related sacrifices to the monetary cost still suggested “risk” as relating to non-performance, service maintenance, life cycle cost, and other types of cost.

Al- Sabbahy (2004) seems to have seen this risk notion in consumer behaviour, but only described it as relevant to products or services from which a consumer will benefit for a long time, with this author arguing that perceived risk measure may not only be for the purpose he has described, but will also be applied when considering the impact of value perception on willingness to buy, or intentions to search for more price information or alternatives. Therefore, since this author may agree with him that distinction between acquisition value and transaction value may be important, one would stress that consumer perceived risk measures are important in understanding how consumers use risk reduction processes in evaluating their purchase.

Considering that one wants to question this conceptualisation and request the argument to continue only using the “Cost” or “Price” concepts to understand sacrifice. One would still refer them to the works of Murphy and Enis (1986), and Zeithaml (1988), who also reiterated that the “price” or “cost” of a product includes monetary and non-monetary cost (price) (the physical money paid, the time taken to carry out the purchase, search etc). So even if one decides to use this price (cost) notion, one may still find that perceived risk measures are needed in order to assist in understanding how consumers assess sacrifice (loss).
Snoj et al. (2004) have actually shown that perceived sacrifices may have a negative effect on perceived value of a product, and have commented that one of the least studied elements or concepts of "perceived sacrifices" within the marketing literature is "risk". Therefore when one goes back to the literature previously analysed in the last chapters, Petrick and Backman (2002) would be found to have used the means-end theory, which argues that consumer perceived value is formed by how well a product's attribute performs relative to desires, followed by an assessment of the "desired consequences" in a use situation to see if the consumer's goals and purposes are achieved.

Considering that this author defines attributes as a cognitive object recognised as appropriate to, and thus symbolic of a product or service, while consequences refer to the outcomes from these product attributes, then it would be possible to still see this phenomenon of perceived risk or sacrifice judgement in this because "the outcomes" refer to what the product or service can do for the consumer, which can be either negative or positive (Woodruff and Gardial, 1996).

Therefore if one can agree with Al-Sabbahy's (2004) assertion that perceive value is a relative concept that is based on comparing benefits to sacrifices, one may still need to go further than that and reiterate that marketing managers should concentrate not on assessing the benefits (those things that lead to satisfaction), related to a product or service, but on understanding and eliminating associated risks perceived by consumers.
Because if it is true as he mentioned that “value is created when the benefits delivered by the product or service match the benefits wanted by the customer”, it will therefore be obvious from his model that these benefits can only be delivered when sacrifices have been eliminated or minimised.

This conception is totally supported by the perceived risk theory which indicates that businesses that offer the lowest-risk product or service will have a significant competitive advantage (Mitchell, 1999). Even in a non-empirically mathematical formula suggested by Snoj et al. (2004) (using one of the proposals suggested by Zeithaml (1988), about the importance of understanding how consumers “encode prices to products) that consumers buy bundles of attributes which derive value according to benefits provided by the combination of attributes “minus” their sacrifices in obtaining the product (meaning that if a business manager succeeds in creating or delivering a product or service which will not cause any sacrifice (or minimal sacrifice) to a consumer, the manager has created more value (competitive advantage according to Mitchell, 1998).

As an example, Grewal et al. (1998, p.46) cited a solution to enhance a buyer’s value perception by enhancing transaction value, through comparing lower selling price to a higher advertised reference price (e.g. a dress was £5.99, now £3.50), shows that what happens is an evaluation of all associated risk dimensions while associating that to the monetary risk (associating the risk of being laughed at by friends for wearing a cheap brand (social risk) to achieving more to spend) when they undertake that transaction.
This example offers a typically truthful scenario because it follows the theory of individuality and conformity as explained by Gilbert (2003, p.48) that: "through a social comparison process individuals evaluate their level of uniqueness in relation to others, resulting in both emotional and behavioural reaction... with individuals having a positive reaction when they perceive their appearance to be moderately similar or accepted by others and a negative when they perceive themselves as either dissimilar or very similar to the comparison individual or group". This should just be a clear solution to Grewal et al.'s (1998) need for researchers to understand why price-comparison marketing strategy seemingly works (this in turn also shows why price comparison businesses for utility and insurance services have been successful over the pass years).
4.6 A Proposed Perceived Value Conception

Woodall (2003) reviewed extensive literature on perceived value, though he called it "value for the customer." He categorised four types of value (intrinsic, exchange, use, and utilitarian value), using an interaction model perspective to describe how value has been treated in the fields of economics and philosophy. Though his categorisation was based on whether the value assessment is subject-based or object-based (individual vs. collective) or whether value should be seen in light of market characteristics and/or consumer sacrifices, one will assume value here as described in the previous chapters as the worth of something or what one will "get" for an item (assuming value is the end of the chain, when associated resistances "risks" have been evaluated, eliminated or ignored) as indicated in the Figure 5.3. Huber et al. (2001) also indicated that to evaluate the consumer perceived value of a product, researchers should be aware that "the cost of obtaining the perceived benefits is usually the major concern of the buyer".

This notion is shown in Woodall's (2003, p.10), definition that value

".... is any demand-side, personal perception of advantage arising out of a consumer's association with an organisation's offering and can occur as a reduction in sacrifice; presence of benefit; the resultant of any weighed combination of sacrifice and benefit; or an aggregation, over time, of any of all these...."
Assuming that some critics want to argue further, this author suggests that they look at the suggestion from Ulaga and Chacour (2001), and Snoj et al. (2004) which argues that greater perceived value will lead to greater satisfaction, with satisfaction being the pleasant feeling which individuals may get when they receive something they wanted, or when they have done something they wanted (Cropanzano and Wright, 2001). This therefore means that perceived value should not be measured at its end state (satisfaction) like Al-Sabbahy (2004) suggests but should involve a comprehensive identification and elimination of various resistances along the way to the end state. Interestingly, Laroche et al. (2004) also proposed that firms that can effectively reduce consumers’ perceived risk are providing an important source of consumer value which translates into a competitive advantage. In the case where one looks at Al-Sabbahy’s (2004) analysis of perceived value into dimensions using transaction value and acquisition value, one would find that he also conceptualised acquisition value as the buyers’ “net gain” from acquiring a product or services. This therefore leads this author to argue his further analysis in that acquisition value may not have a close relation to sacrifices but to benefits, because “net gain” describes an end state when losses have been evaluated or eliminated. Also his description of transaction (as the difference between consumers’ internal reference price and the price offered...) should instead describe what a consumer gets after a transaction. This is because when one looks at the mathematical meanings of the above statements and analyse them with respect to the definitions of value (showing that value cannot be negative thereby disputing the version of the value function proposed by Wilson and Gilligan (1998, p.730)), one would find that
transaction and acquisition values may truly be sub-variables of perceived value. But if there is a need for businesses to further analyse these variables (e.g., to better understand consuming value during a transaction or acquisition) their measurements should involve sacrifices perceived during the said "transaction" (for transaction value), and sacrifices perceived during the said "acquisition" (for acquisition value) independently.

This therefore means that one may be able to adapt this suggestion using the model proposed by Al-Sabbahy (2005) as shown in Figure 4.3.

**Figure 4.3: A perceived value model for this thesis**

![Perceived Value Model](image)

Source: Modified by Author from Al-Sabbahy (2005, p.31)

Figure 4.4 shows a conceptual "side view" (viewed from the left) representation of the model in Figure 4.3, in the form of a pivotal suspension supporting two loads. It is just for the purpose of providing a clear understanding of the interference between perceived benefits and perceived risks on perceived value. It clearly shows that since consumers "avoid" or tend to "reduce" risk (Decrop, 2006), when managers concentrate on eliminating
perceived risks, consumers' perceived value will directly be defined by the benefits perceived by the consumers. This may therefore be a logical way to measure value since "...value is created when benefits delivered by a product or service match the benefits wanted by the consumer"... For example, Al-Sabbahy (2004) defines acquisition value as the perceived net gains associated with the products or services acquired... and transaction value as the psychological satisfaction or pleasure obtained from taking advantage of the financial terms of the price deal.......
- Create a competitive advantage (Mitchell 1999),
- Help managers co-ordinate their actions and understand consumers fully (Mitchell 1998),
- Help managers remove the barriers that prevent consumers from choosing a specific brand or service offering,
- Help managers identify particular aspects of perceived risk that they should control or manage through marketing planning, product development, quality control, warranties and service, positioning, advertising and promotional activities (Conchar et al. 2004) etc.

This, therefore, may go some way to resolve Al-Sabbahy's (2004, p.18) discovery, about the inconsistency in the definition of perceived value from the consumer, in the exploratory study conducted by Zeithaml (1988) which found that consumers defined value as:

- Low price
- What ever they want in a product
- The quality they get for the price they pay
- What they get for what they give

It may also fine-tune the consumer value measure as suggested by Snoj et al. (2004), especially after assuming that their request for further research to understand how consumer satisfaction and loyalty relate with perceived risk has been addressed by Decrop (2006).

Therefore, one can see that consumer perceived value may be better managed or evaluated by understanding what consumers may not want to
give, what they may not want to pay, the price they may not want to pay (monetary and non monetary) (sacrifices). Using perceived risk to evaluate perceived value may also respond to Al-Sabbahy's (2004, p.48) query, citing Voss (1993) that it remains unclear how consumers generate reference prices for evaluating transaction value, in that consumers face economic (financial) risk during a purchasing decision (Gilbert 2003). So consumers always evaluate the risk of spending more from what they have as income or capital. This means that consumers in evaluating “not to give more than they can afford” may tend to generate their reference price (following a risk analysis with respect to what they have and what they need to do) during the evaluation process. According to Gilbert (2003), this type of risk is heightened for those with low levels of disposable income, for whom the purchase represents a major expenditure.

This also may answer Grewal et al.’s (1998) proposal for further research, where they proposed that the role of the maximum acceptable price (consumers are willing to pay) should be explored as an alternative way to measure some of the components of acquisition value. In doing this, instead of trying to measure or understand the maximum price consumers are willing to pay, it may be easier to achieve this by trying to understand what they are not willing to pay. This is asserted by Mitchell (1998) where he concludes that it is vital for marketing managers to understand how consumers use risk relievers, so as to gain an increase in marketing efficiency by targeting resources towards strategies which consumers find more useful, while withdrawing them from those which they find less useful. He proposed that
food retailers should be aware of factors that may affect risk perception in consumers and society, so as to gain in-depth understanding of how risk operates with food retailing.

This, therefore, may be the right way to construct perceived value because even Woodruff and Gardial (1996) (cited in Al-Sabbahy 2004) defined perceived value “as the perception of what consumers want to have in a specific use situation......” Ironically, Lovelock (2001) also suggested that perceived value can be enhanced by either adding benefits to a service or by reducing the outlays (risks) associated with the purchase and/or use of the service. Even Snoj et al. (2004), found that there is a close relationship between perceived risk and perceived value, and showed how risk may be used conceptually and practically in generating perceived value. This thesis therefore may also modify Gutman’s (1982) Means-End model chain in that perceived risk plays a dominant role in guiding choice patterns, and consumers cope with plenty and diverse products by grouping those using risk relieving factors (because value depends on associated risk).

When one looks at the discussion by Verma et al. (2001), one finds that their study mostly discussed the fact that consumers choose from a set of alternatives following the highest utility for them. One would also find that after acquiring information and learning about the alternatives, consumers define a set of determinant attributes to use, in so doing they compare products or services with respect to class. After they form impressions about the positions of various alternatives (following the determinant attributes), they make value
judgements and combine information to form overall impressions of the alternatives. All the above propositions are not considered wrong, but this thesis will assist in showing how those decisions mentioned are shaped by perceived value. Evaluating highest utility, defining a set of determinant attributes, and forming impressions of the position of various alternatives, are all decision processes based on or involving perceived risk evaluation. This, therefore, means that consumers make decisions to satisfy or make-up their perceived value but because of a changing environment, these decisions are always influenced by perceived risk, which when reduced or eliminated will create or enhance consumer satisfaction.

This, therefore, means the definition of consumer perceived value may be modified from that of Zeithaml (1988), Monroe (1990), and Al-Sabbahy (2004). It can therefore be defined as the judgement by the consumer of the associated perceived benefits offered by (or linked to) a product or service, when the associated sacrifices have been evaluated or assessed (assuming that through the evaluation process one may either reduce, eliminate or ignore any associated sacrifices); (meaning that there is no negative perceived value). This definition is derived from the assumptions that consumer choices are most often made relative to situation-specific goals (Cunningham 1967) in order to achieve their goals; consumers are risk reducers (Sheth and Venkatesan's 1968, Rosellius's, 1971, Mitchell and McGoldrick 1995, Moutinho 2000, and Decrop 2006), and that businesses create superior value for consumers (and competitive advantage) when they identify and eliminate consumer perceived risk (Mitchell 1998, Mitchell and
Harris 2005, and Boksberger and Craig-Smith 2006); and perceived risk explains a considerable variance in perceived value (Sweeney et al. 1999).

Even, Woodruff (1997) seems to have acknowledged this conception in his definition of perceived value as the subjective assessment of both positive and negative “consequences” of using a product or service (being the ultimate reason behind their purchase). The same applies to Kuusela et al. (2007) who mentioned the same phenomenon in that “when consumers perceive greater benefits than sacrifices, consumer value is created”.

The above definition does not totally reject previous definitions, but it brings more understanding of concepts. One would find that the ideology in Zeithaml’s (1988) definition (customer’s overall assessment of the utility of a product based on perception on what is received and what is given) or that of Monroe (1990) (the trade off between the quality or benefits they perceived in a product relative to the sacrifice they perceive by paying), basically remains the same (consumer’s evaluation process), but the process of evaluating “what is given” or “the sacrifice” respectively has been conceptualised (and found in literature) as perceived risk.

Reading this definition some researchers or marketing managers may be confused when they come across this price-value relationship statement suggested by Gilbert (2003, p.187) that “....If a consumer believes the image and quality of a product is good, they will be willing to make greater sacrifices in order to purchase that product...” The definition suggested in this thesis
does not alter the meaning of this statement, but explains the knowledge in the statement in such a situation believing that the "image and quality of a product or service is good" already creates benefit attributes that are more than any sacrifice attributes or perceived risk. Therefore, whatever price they pay the perceived benefits have not been overcome. For example, Table 1.1 where a similar service offered by DHL and Royal Mail was compared a consumer who perceives that the image and quality of service offered by DHL is better than that offered by Royal Mail, would definitely be willing to pay the amount charged by DHL even if it is more than that charged by Royal Mail. This explanation also confirms the notion from Snoj et al. (2004) that consumers do not buy products or services for their own sake, but they buy "bundles of attributes" that derive value according to the utility (benefits) provided by the combination of attributes "less the disutility" represented by the sacrifices in obtaining them.

The above definition may therefore also resolve the consumer satisfaction, service quality, perceived value relationship dispute found by Tam (2004). This is because, while she may be right in being concerned about the fact that "there are instances where consumers may feel satisfied with a service, but their perceptions of its value are low due to the high costs incurred in obtaining it (consequently tempting them to switch to another service providing better value service)", she probably may not have realised how this relationship can work. When one looks at the definition of consumer satisfaction from Churchill and Surprenant (1982), being the outcome of purchase and use resulting from the consumers' comparison of the rewards
and the cost of the purchase in relation to the anticipated consequences. One would find that satisfaction is a result of perceived value (when perceived value is delivered). This is because the statement "... consumers' comparisons of the rewards and the cost of the purchase in relation to the anticipated consequences..." describes Zeithaml's (1988) definition of perceived value i.e. the overall assessment of the utility of a product based on the perception of what is received and what is given), which itself is determined by perceived risk.

This therefore shows that while consumer satisfaction is a necessary precondition for consumer loyalty according to Heskett et al. (1997) (cited in Tam 2004), if Tam (2004) had used perceived risk to construct or measure perceived value with respect to service quality, she might have been able to create a better measure or understanding for consumer satisfaction which in turn may lead to a repeat purchase. This idea was mentioned by Taylor (1974) that once perceived risk has been identified in a purchase situation, there seems to be some evidence that subsequent consumer behaviour can be determined in accordance with such risk.


## 4.7 Conclusion

In an attempt to conclude on the concept proposed in this thesis, Table 4.1 has been suggested to provide a comparative list of literature, which supports the argument in this thesis; that is, using perceived risk to measure or understand perceived value.

Table 4.1 a comparative list of literature on perceived risk and perceived value.

<table>
<thead>
<tr>
<th>Perceived Value</th>
<th>Perceived Risk</th>
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</thead>
<tbody>
<tr>
<td>Perceived value has been identified in marketing literature as one of the most important measures for gaining competitive advantage (Huber et al., 2001; Sweeney et al. 2001, Petrick and Backman 2002, Al-Sabbahy 2004, Kuusela and Mitronen 2007). Delivering a competitive bundle of “benefits”, or “value”, to consumers is crucial to a business’ ability to compete effectively in a particular market (Devlin 1997). Consumers’ perceived value is delivered more effectively by reducing sacrifice than by increasing benefits (Sweeney et al. 1999).</td>
<td>Reducing perceived risk has been identified in marketing literature as one of the most important ways for creating value which in turns creates competitive advantage (Mitchell 1998, Lim 2003, Mitchell and Harris 2004). Consumers are more influenced by sacrifices they have to make compared to any benefits (or more loss than gain) (Bolton 1998). Where perceived risk increases (predicted sacrifice), consumers seek to enhance benefits to compensate (Ostrom and Lacobucci 1995).</td>
</tr>
<tr>
<td>Successful retail businesses deliver genuine value to consumers through their commitment to the products sold as well as their retailing concepts (Berry et al. 1997).</td>
<td>Consumers seek to handle (reduce) risk sometimes by seeking reassurances through money-back guarantees, government and private laboratory test results, warranties etc (Harridge-March 2006).</td>
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</table>
Retail service quality plays a significant role in creating value perception (Sweeney et al. 1999, Tam 2004, Ulaga and Eggert 2004, Chen et al. 2005). Perceived quality is an antecedent to perceived value (Oliver 1996).

<table>
<thead>
<tr>
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<tr>
<td>Retail service quality plays a significant role in reducing risk perception which in turn creates more value (Sweeney et al. 1999, Lovelock 2001, Chen et al. 2005, Aqueveque 2005). Consumer value proposition should represent the complete consumer experience, and reduce consumer perceived risk by guaranteeing the service promise (Kuusela and Mitronen 2007)</td>
</tr>
<tr>
<td>Higher level of quality creates more perceived value therefore creating loyalty (repeated purchase) potentials (Parasuraman and Grewal 2000, Tam 2004).</td>
</tr>
<tr>
<td>Higher level of quality reduces perceived risk, therefore creating loyalty potentials (high risk perceivers are more likely to be loyal to their old brands) (Mitchell 1999, Snoj et al. 2004).</td>
</tr>
<tr>
<td>Businesses need to create a clear value proposition (that is the communication of the unique benefits and utility obtainable only from their products or service in contrast to those from their competitors) (Desarbo et al. 2001).</td>
</tr>
<tr>
<td>Businesses need to understand and eliminate most risks perceived by consumers so as to create differentiation (value) (Mitchell 1998, Conchar et al. 2004, Boksberger et al. 2006).</td>
</tr>
<tr>
<td>The focus of marketing activities in tourism should be on lifting the customer's value perception of service (Al-Sabbahy 2005).</td>
</tr>
<tr>
<td>Since services are perceived to be riskier, marketing strategy should focus on identifying and eliminating perceived risks (Mitchell and Greatorex, 1993; Clow et al. 1998, Laroche et al. 2004, Cunningham et al., 2005, Boksberger and Craig-Smith 2006, Boksberger et al. 2006).</td>
</tr>
</tbody>
</table>
Products or services offering value for money do not only influence customer choice behaviour at the pre-purchase phase but also affects their satisfaction, intention to recommend and return behaviour at post purchase phase (Al-Sabbahy et al. 2002).

Consumer satisfaction and perceived value significantly influence post-purchase behaviour (Tam 2004).

Before a purchase a consumer makes value judgement in two levels:-
- considering whether having the product would be of more value than saving the money
- Comparing the value of different competing alternatives to one another (Al-Sabbahy 2004).

Lower product/service perceived risk will enhance perceived value (Snoj et al. 2004), Value drives customer satisfaction (Heskett et al. 1994)

Greater value offers greater satisfaction (Al-Sabbahy 2004); Past experiences, habits and reference to similar situations influence perceived risk (Cox 1967).

Before a purchase is made consumers make risk evaluations like:-
- evaluating all risk (following the risk dimensions) with respect to buying and using a product
- comparing the risks at hand to those associated to alternatives (Mitchell 1998, Mitchell and Harris 2004).

Functional/instrumental value:- involves the extent to which a product (good service) has desired characteristic, is useful, or performs a desired function (Smith and Colgate 2007)

Functional value is related to the economic utility, respectively to the perceived benefits associated with the performance of the service (Boksberger and Craig-Smith 2006).

Functional value (performance quality) describes the utility derived from the

Functional risk is the perceived likelihood of a service failure (not getting the expected service) (Boksberger et al. 2007).

Functional risk is the risk that the product will not work as expected by a consumer (Moutinho 2000, Snoj et al. 2004).

Performance risk is the risk associated with the feeling that the product may not deliver the desired benefits (Gilbert 2003).

Performance risk relates to the concern
perceived quality and expected performance of the product (Sweeney and Soutar 2001).

Functional value describes the utility derived from the product quality and product performance (Sheth et al. 1991).

that a product or store chosen might not perform as desired and thus not deliver the benefits promised (Mitchell, 1998).

Functional risk describes the product not performing its function well (may not work or may break down) (Dodds 1996).

Performance risk is the potential loss due to item failure after purchase (Laroche et al. 2004).

Functional Value (price/value for money) is the utility derived from the product due to the reduction of its perceived short term and longer term costs (Sweeney and Soutar 2001)

When a product or service quality is perceived by a consumer to be high, the strength of "price-based" information is reduced. (Dodd 1999).

Consumers sometimes have a price range in their minds that may impact on their perceived value. Too high a price may create inability to afford, thereby reducing the value; when it is vice versa, it may signal low quality, hence the likelihood of low value (Grewal et al. 1998, Dodd 1999).

Financial risk represents the perceived likelihood of not getting the best value for money (the risk that the service purchased may not be worth the money paid for) (Boksberger et al. 2007).

Financial risk describes the risk that a consumer is losing money because the product does not satisfy his/her expectations (rather than having more benefit, consumers invest more money in acquiring a product) (Moutinho 2000, Snoj et al. 2004).

Financial risk is the potential loss of money associated with an item purchase (Laroche et al. 2004).

Economic or financial risk is the risk involving the purchaser in the problem of whether or not the product offer is of good value or not (Gilbert 2003).

The negative impact of price is substantially higher than the positive
impact of price (Sweeney at al. 1999).

Financial risk describes the consumer's concerns about how much goods are value for money as well as concerns about how much money might be wasted or lost if the product does not perform well (Mitchell 1998).

Monetary risk describes the consumer losing money (e.g. pay too much) (Dodds 1996).

Physical value is the perceived benefits of being in good health (it represents the bodily wellbeing due to performance) (Boksberger and Craig-Smith 2006). Physical risk is the probability that due to service failure a passenger may be injured or harmed (Boksberger et al. 2007).

Physical risk describes the risk of a consumer harming him/herself while using a product. (Moutinho 2000, Snoj et al. 2004).

Physical risk describes the dangers posed by the products (e.g. children toys and electrical goods) (Gilbert 2003).

Physical risk refers to the threats to the health or appearance of the consumer and to the physical or mental energy expected on shopping and efforts saving functionality of the products purchased (Mitchell, 1998).

Physical risk describes the product being harmful or unhealthy (Dodds 1996).

Psychological value concerns the ability of a service to arouse feelings of affective states (Boksberger and Craig-Smith 2006).

Emotional value describes the utility Psychological risk is the likelihood of embarrassment or loss of self-esteem resulting from the flying experience (the negative effect on a passenger’s piece of
derived from the feelings, or affective states that a product generates (Sheth et al. 1991) (Sweeney and Soutar 2001). Epistemic value as to the surprise or novelty aspect of a product, a product’s capacity to arouse curiosity, offer novelty or satisfy a desire for knowledge (Sheth et al. 1991).

<table>
<thead>
<tr>
<th>Social value describes the perceived utility acquired through association with one or more positively/negatively stereotyped demographic, socio-economic, and cultural-ethnic groups (Boksberger and Craig-Smith 2006). Social value (enhancement of social self-concept) describes the utility derived from the product’s ability to enhance social self-concepts, (Sweeney and Soutar 2001). Social value is the utility derived from the product’s ability to enhance social self-concepts, such as status (Sheth et al. 1991).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Some consumers have a wide network of acquaintances and may consult alternative information sources in making a decision about what offer delivers more value than</td>
</tr>
<tr>
<td>mind) (Boksberger et al. 2007). Psychological risk describes the risk a wrong product choice may have on a consumer’s ego. (Snoj et al. 2004; Moutinho 2000, Dodds 1996). Psychological risk is the potential loss of self-image or self-concept as a result of the item purchase (Laroche et al. 2004). Psychological risk describes the risk that the product purchased may turn out to be different from what was expected (may result in feeling of frustration, disappointment) (Roselius 1971).</td>
</tr>
<tr>
<td>Social risk is the probability that an image or reputation of a chosen airline adversely affects the way others think about the passenger (Boksberger et al. 2007). Social risk is the risk that choosing a product will change a consumer’s status among his friends, relatives, or colleagues (Moutinho 2000, Snoj et al. 2004). Social risk is potential loss of esteem, respect, and/or friendship offered to the consumer by other individuals (Laroche et al. 2004). Social risk describes the risk that friends, relatives etc. may not approve of the purchase (Dodds 1996).</td>
</tr>
<tr>
<td>Some consumers spend time thinking about their choice and search for more information about the product alternatives. The more information the</td>
</tr>
</tbody>
</table>
another, (Gilbert 2003). Consumer has about the product or category, the more predictable the probable consequences and thus the lower the perceived risk (Harridge-March 2006).

| Time risk is the potential loss of time and effort associated with purchasing an item (Laroche et al. 2004). |

Table 4.2 therefore seems to show that, each corresponding dimension of perceived risk when measured or evaluated may have a corresponding dimension of perceived value as suggested by Boksberger and Craig-Smith (2006).

To validate the assumption adopted by this author there may therefore be a need for a scale, which will not measure the benefits received and the sacrifices made at the same (Sweeney and Sourtar 2001) or measure the consumers' judgement arising from trade-off process between benefits and sacrifices Al-Sabbahy (2004), but will evaluate the sacrifices (using perceived risk scale) consumers perceived, while hoping, to eliminate these sacrifices which may boost or enhance benefit; describing value as asserted in perceived risk literature (Mitchell and Harris 2004). This notion emerges from the idea that if historical information is used to understand or to predict present and future behaviour, measuring or understanding consumer perceived benefits, as Al-Sabbahy (2004) did, may only lead businesses to understanding perceived benefits, but not perceived sacrifices which are the root cause of consumers not being loyal (Mitchell 1999). The argument is
that, since perceived sacrifices are the root barriers or the root drawbacks to benefit development (probably being the reason why some consumers decide to switch from using Royal Mail's services to its rivals), it may be necessary for Royal Mail to put more effort or resources into understanding and eliminating any perceived sacrifices (using perceived risk measure) (Mitchell, 1998) linked to their products or services perceived by the consumer. This therefore indicates that since such a method will be aimed at understanding the role of perceived value in the behavioural model either before or after the purchase, it will describe the "global level" referred to by Al-Sabbahy (2005) as researching perceived value as an overall concept.
Summary

In this part of the thesis (Chapter Two, Three, and Four) a new perceived value construct has been suggested. In the next part (Part Two) an attempt will be made to test this conceptualisation. The next part is made up of Chapter Five, Six, and Seven. In order to test the suggested conception, a survey was conducted. Chapter Five discusses the methodology that was used in conducting this survey, Chapter Six discusses the analysis of the data collected from the survey, the findings, managerial implications and an attempt is made to suggest directions for future research. Various recommendations are suggested in Chapter Seven in an attempt to assist Royal Mail control the decline in revenue. It is recommended that an effective management control system should be implemented within Royal Mail which may contribute in controlling the decline in revenue.
Part 2

The Research
Chapter 5: Methodology
5.1 Philosophical Research Construct

While the previous chapters have shown the need for further research on consumer perceived value, as elaborated by Remenyi et al. (1998; 23) "the starting point of all research undertakings, is to focus on the fact that the ultimate purpose is to add something of value to the body of accumulated knowledge" (accumulated business management knowledge in this case). Their proposal, therefore, supports the fact that an attempt will be made to answer some of the unanswered questions or unresolved gaps in the body of knowledge on perceived value. According to Barker (2003) this knowledge (or body of knowledge), describes codified information being the outcome of research. He goes further to point out that any current knowledge that has been defined, described, and published on perceived value is explicit knowledge, while that which this research project is aimed at unveiling is tacit knowledge.

In order to achieve this, one has to be aware that various researchers are exposed to different methodologies from where they can make a choice, depending on their research aim. This is probably the reason behind the differentiation where positivists on the one hand and phenomenologist (regarded by many like McLaughlin 2007, Remenyi et al. (2003), and Thietart et al. 2001, as interpretivist), on the other hand seem to be competing for positioning. This positioning (as shown in Table 5.1) according to Barker (2003), leaves positivism (quantitative analytical methods) at one end of the spectrum of research methods, and phenomenology (qualitative analytical
methods) at the other end. In terms of which approach should be used in a research, Remenyi et al. (2003) proposed that though there are guidelines, or even as "certain subjects lend themselves to certain approaches" (table 5.1), it is the researcher's ultimate responsibility to adopt the right philosophical orientation. This is because this orientation plays an important role in business and management research, and therefore should be established early enough in the research process. Interestingly, irrespective of whether one adopts a qualitative or quantitative method, it is still necessary to produce a primary narrative of a theoretical conjecture (Remenyi et al. 2003).
### Table 5.1: Research tactics and their philosophy

<table>
<thead>
<tr>
<th>Research Approaches</th>
<th>Positivistic (Quantitative)</th>
<th>Phenomenological/Interpretivist (Qualitative)</th>
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*meaning that it is at the researchers’ discretion to choose depending on their knowledge and resources

Source: Modified by author from Remenyi et al. (2003, p.59)

Positivism according to Audi et al. (1999) is a philosophical movement inspired by empiricism and verificationism. Its driving force adhered by the “verifiability criterion” for meaningfulness of cognitive statements is also
asserted by Thietart et al. (2001), through the fact that positivists approach helps us understand reality, by trying to explain it, while discovering the simple and systematic associations between variables underlying a phenomenon. According to Remenyi et al. (2003), positivism involves a reductionist approach to exploring the relationship among the variables being studied, in order to be able to control an experiment or an investigation and thus be able to understand how the variables concerned are behaving. Thietart et al. (2001) went further to explain that the research problem needs to consist essentially of examining facts, whereby researchers may then construct their research problem by identifying “inadequacies or inconsistencies” in existing theories, or between theories and facts, whereby the results may be aimed at resolving or correcting these inconsistencies or inaccuracies. They went further to analyse that the research problem should be independent of the research process that led the researcher to pose it. Meanwhile this research problem should then serve as a guide to the elaboration of the architecture and methodology of the research.

This author has been able to provide empirical evidence from various sources in the previous chapters, about the possibility of inconsistencies or inaccuracies of the concept or knowledge on consumer perceived value construct. The knowledge provided by Thietart et al. (2001) on the positivists approach therefore warrants the use of such an approach since one is attempting to resolve these possible inconsistencies or inaccuracies. Though this author may be having a background in numerical science, which may warrant Remenyi et al.’s (2003) argument, that researchers will always adopt
each approach (positivistic or phenomenological), depending on their background (those with numerical sciences adopting positivistic approach, and those from sociological field adopting the phenomenological approach), this author would like to reiterate that the choice of the positivistic approach used in this thesis was based only on the suggestions from Thietart et al. (2001) discussed above.

5.2 Research Objectives

In order to move on with this piece of research, it may be logical if this author tries to create a better understanding by following on through the philosophical research questions requested by, Remenyi et al. (2003), being: why research?, what to research?, and how to research?, because as they claim, readers or other researchers are supposed to be convinced of the value and relevance of this research.

5.2.1 Why Research

This author would proceed with this research, adopting the definition of research proposed by the Higher Education Funding Council, (cited by Hemsley-Brown 2004, p.5), as “original investigation undertaken in order to gain knowledge and understanding”. According to Thietart et al. (2001), the theoretical elements of this “investigation” may be concepts, explicative or descriptive models of phenomena or theories. To the latter authors, this
“investigation” can also be as a result of linking or examining theoretical elements, empirical elements or methodological elements (e.g. a decision taken by a board of directors; method of cognitive mapping; the cause of decline in Royal Mail’s revenue etc.).

In trying to elaborate on this, this author would definitely avoid some of the philosophical arguments proposed by Remenyi et al. (2003). Meanwhile, much emphasis would be paid to some of the fundamental needs of this research (investigation), which all fall within the business and management studies dimension they have mentioned; where there are perhaps more unanswered questions. Some of these unanswered questions or concerns that need this type of research can be found in Hemsley-Brown (2004), where she raises concerns about the need for research to be conducted in a way that the findings will be useful for academics and business managers. She identified- “accessibility and relevance of research, trust and credibility, the gap between researchers and users, and organisational factors”, as the barriers to research use between practitioners and academics, and in her most recent study (2005), she proposed the use of “Mode 1 and Mode 2 research” in an attempt to resolve this (where Mode 1, seems to focus on the philosophical concept of creating knowledge; and Mode 2, seems to be focused on a practical problem, and therefore should provided immediate solutions to management problem).

In an attempt to respond to some of these barriers, it has already been argued in the previous paragraphs, of the need for research because of
possible inconsistencies or inaccuracies within consumer perceived value construct or knowledge; this research will therefore attempt to provide a new consumer perceived value construct on one hand (Mode 1), and may assist Royal Mail by providing them with information on how their consumers perceive their services on the other hand (Mode 2). The practical contribution (Mode 2) is assisting Royal Mail to adopt the management control concept proposed by Drummond et al. (2008). In Chapter One, it was identified that consumers seem to be defecting. According to the latter authors, in an attempt for Royal Mail to understand the reason(s) behind the rate at which its consumers are defecting to rivals, management control literature advocates a “marketing audit”.

They suggest further that the process of management control relating to marketing evaluates marketing performance (effectiveness and efficiency), while defending this with the argument that control in marketing ensures that what is supposed to happen actually happens. They argue for the need, for effective management control relating to marketing because “marketing activities are inherently more volatile (p.276)” because of the ever-changing business environment driven by needs and wants; a notion also shared by Gilbert (2003). Amongst the four main areas associated with control of marketing activities that they have proposed (annual plan, profitability, efficiency and strategy), the strategy control area seems to be the most appropriate for Royal Mail’s problem in that, it will ensure that marketing activities are being directed towards “strategic goals” and that marketing is an
integral part of the overall process, through which Royal Mail would deliver value (Drummond et al., 2008).

In order for Royal Mail’s management to understand their level of value delivering as perceived by their consumers (consumer perceived value), they may need to review the services they offer. According to the latter authors, a review of this nature will take the form of “marketing audit”. According to Wilson and Gilligan (1998), the role of marketing audit is to assist in “correcting difficulties” and “improving situations”. Therefore Royal Mail’s need for marketing audit will not only be, for its “true purpose” (strategic planning as proposed by Drummond et al. 2008, Gilbert 2003, and Wilson and Gilligan 1998) but to understand if its consumers’ expectations were not met and if its service delivery has “weaken” (part of the problems identified by Gilbert, 2003, that may arise if retail planning is ignored).

Therefore this research would contribute to the “Mode 2” of research needs proposed by Hemsley-Brown (2005), by evaluating how Royal Mail’s consumers, value its services; in an attempt to understand if its consumers’ expectation were not met or if its service delivery “has weaken”. This should provide Royal Mail’s management with vital information about the level of value Royal Mail is delivering (a competitive intelligence dashboard tool).
5.2.2 What to Research

As proposed by Thietart et al. (2001), the "investigation" highlighted in the last paragraphs may always be initiated by reading over published work while looking for gaps, inadequacies or limits within the body of theoretical knowledge or models, strange constructs.....etc. They proposed further, also for the possibility of such "investigations" to start with identifying companies' difficulties and managers' questions, while affirming that such an approach draws interest from the managerial point of view (ensuring that a "theoretical perspective on which the research problem and design will both rely"). Such an approach seems to fall within the "Mode1 and Mode 2" framework proposed by Hemsley-Brown (2005).

This approach also seems to be in line with that of Remenyi et al. (2003) in which it is suggested that, in business and management research, the main focus of research should be on issues relating to improving the efficiency and effectiveness of the business and management process (being the case with this research). Also, according to Baker (2003) business and management research is concerned with the formal search and analysis process and represents a deliberate and structured effort to provide answers to the problems faced by managers. This may be particularly valid especially in this case, since this thesis is for a DBA (Doctor in Business Administration), expected by the School of Management (University of Surrey) (2008) to make "a significant contribution towards the enhancement of professional practice in the area of management".

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In this case Royal Mail has been witnessing a decline in its revenue, especially since being exposed to competition when the UK postal market was opened to competition. This author has identified that one probable cause of this decline may be as a result of its parcels postal service consumers defecting to its competitive rivals. In an attempt to resolve this problem, it was identified in Gilbert's (2003, p.235) book, (a list of "problems that may arise if retail planning is ignored") that Royal Mail's service consumers may be switching to rivals because "their expectations might not have been met, and Royal Mail's service delivery might also "have weakened" as suggested by Gilbert (2003)". As a result, in an attempt to understand its service consumers' expectations, the need to understand its service consumers' perceived value is suggested.

This approach is in line with one of the theoretical proposals from Wilson and Gilligan (1998, p.768), to assist organisations respond to "environmental changes". It is in line with their proposal that Royal Mail's actions, strategy, and even structure, should follow the changes occurring in the competitive environment (whether in the form of opportunities or threats) if need be. In that light, they proposed marketing intelligence as vital in such an approach, in that it should identify environmental changes as a basis for reactive or proactive responses. Following their proposal Royal Mail may, therefore, need the consumer perceived value measure as an "intelligence signal", so that when an expected threshold is crossed, it should trigger its managers for corrective measures.
Fortunately another theoretical perspective proposed by Yang and Peterson (2004), Komulainen et al. (2004), Al-Sabbahy et al. (2003), Chen and Dubinsky (2003), Gilbert (2003), and Zeithaml (1988), seems to also hold a similar view that consumers’ perceived value should always be assessed from the consumers’ perspective. This perceived value seems to be important because it seems to be the key to consumers’ satisfaction (Gounaris et al. 2007, and Walter and Lancaster, 1999), and it seems to also be the key to consumers’ intentions to use the service (Sweeney et al. 1999), in addition to being the same key to consumers’ intentions to repurchase or reuse the service (Gounaris et al. 2007, Petrick and Backman 2002, Dodds 1999, Walters and Lancaster, 1999).

As proposed by Janis and Mann (1979, p.10), to evaluate if consumers achieved the ultimate success of their decision, “one would need to take into account the negative values of the bad consequences as well as the positive values of the good consequences”, by asking the consumers to give “subjective rating of the degree of their post decisional satisfaction or regret”. Such an approach is interesting but may not have been possible because:

- First of all, as highlighted in Chapter Three, the definition of value suggests that there seems to be no “negative value” but negative consequences.
- It may not be scientifically or empirically justifiable to ask of satisfactions and of regrets, from the same consumer. What this author is trying to explain is that, asking a consumer for example: the service is good for the expense it caused me; the service is bad
for the expense it caused me; etc, during the same interview or on
the same questionnaire may not be statistically rigorous.

This is probably the reason why according to the latter authors (p.10), such an
approach would yield "doubtful validity because they are subject to a variety of
errors deriving from face-saving distortions (interpreting errors) to
rationalisation". It is probably for this same reason that when consumer
perceived value researchers like Xin (2006), Chen (2004), Yang and Peterson
(2004), Komulainen et al. (2004), Al-Sabbahy et al. (2003), Chen and
Dubinsky (2003), Lapierre (2000), Chang and Wildt (1994), and Zeithaml
(1988) when researching this area could not evaluate the benefits and the
sacrifices (perceived value construct) at the same time or on the same
questionnaire. To them, they preferred using the "subjective satisfaction"
approach (seen from some of the questions posed by Al-Sabbahy 2004).

While the literature reviewed for this research has provided evidence about
the need to evaluate and eliminate sacrifices perceived by consumers, this
research will utilise the "subjective regret" approach to understand the
sacrifices that consumers perceived. In so doing since their understanding of
perceived value involves the evaluation of the benefits and sacrifices attached
to a product or service; while the benefits are the elements that a consumer
would go for, this research has argued and supported the fact that consumers
use perceived risk in assessing the sacrifices they have to make meaning that
the greater the perceived risk (sacrifice) the lower the value perceived and
vice versa.
According to Smith and Colgate (2007), Sánchez et al. (2006), Roig et al. (2006), Sweeney et al. (1999), consumer perceived value is a multidimensional construct. The dimensions that have been adopted for this research within perceived risk, following the notion that when identified and eliminated would create value, are those proposed by Mitchell (1998) and Gilbert (2003) being: performance or functional risk, financial risk, physical risk, psychological risk, social risk, and time risk.

Therefore in order to facilitate the understanding of this new perceived value knowledge or construct, this research will adopt the illustration made by Boksberger and Craig-Smith (2006, p.10) which assumes that identifying and eliminating the various dimensions of perceived risk is the way forward towards identifying the dimensions of perceived value, which may subsequently create perceived value as illustrated in Figure 5.1.
As indicated by Keith et al. (2004), developing close, long-lasting relationships with consumers may enhance the success of many firms, including firms that deliver services like Royal Mail. They proposed further that in services marketing, the relationship between the service provider and the consumer may be central to the perceived value of the service that is delivered. It will therefore be assumed that while Royal Mail is facing a decline in revenue suggesting a direct consequence of competition,
measuring or understanding the sacrifices perceived by its service consumers (using perceived risk) may be vital in understanding their behaviour (understanding why they defect). This research will therefore assume that measuring perceived sacrifices using perceived risk dimensions will provide an understanding of the various value dimensions and which subsequently all make up consumer perceived value.

Dimensions of Perceived Value

When one looks back at the definition of perceived value in this piece of research: "associated perceived benefits offered by (or linked to) a product or service, when the associated sacrifices have been evaluated, assessed or ignored", the above figure should be easily understood. It clearly shows that instead of expecting questionnaire respondents to judge a sacrifice they perceive while responding to a question about the benefits they perceive, like those posed (or the method used) by Al-Sabbahy (2004); it may be better as shown in the above figure to instead evaluate the perceived risk, especially since researchers like Boksberger et al. (2006), and Snoj et al. (2004) have demonstrated the fact that perceived risk has negative influence on perceived value.

Keth et al. (2004) might have had their research "tangled-up", because they evaluated perceived risk and perceived value on the same questionnaire, whereby respondents were "subject to a variety of errors deriving from face-saving distortions and rationalisation" (Janis and Mann 1979), or combining these questions gave room for ambiguity. One may therefore assume that they considered perceive risk to be so negative that they even tried to use one
question to assess all the six dimensions mentioned in this research. Such a question may not be easily interpreted by respondents, raising serious questions about their findings. At the same time they tried to use similar, but opposite questions within the same questionnaire, thereby causing concerns for ambiguity (some of the questions cited below)

Perceived risk:

- I can never be certain about exactly what benefits I will get from purchasing this service.
- When purchasing this service, there is a good chance that I could experience some kind of loss (e.g. financial, performance, social, psychological, physical time loss).
- I might experience disadvantages if I use this service.
- When I purchase this service, I take a risk on what I get.
- Etc.

Perceived value:

- Considering what I give to receive this service (e.g. time, money, effort), I get a lot in return.
- This service provider delivers good quality for what I give in order to get this service.
- Using this service provider gives me the best value I can get.
- Etc.

If a researcher like Dr. Al-Sabbahy looks at the above questions he would find that though the meaning in them are not well expressed, they seem to be evaluating a common phenomenon (perceived value), but from opposite sides. One side is from the benefit dimension (perceived value) just like his
research (2004), and the other side is from the sacrifice dimension (perceived risk) within which this research is based on; supporting this author's arguments with the conception that perceived risk negatively influences perceived value (therefore it is believed within this research and supported by Mitchell (1998) that understanding and eliminating this negative influence may be the best way to understand and enhance perceived value).

A Proposed Perceived Value Model

A model is an abstract conception of reality made up of the simplification of complex variables representing essential elements of a larger system regarded as a rough complicated reality (Karmarck 1983). It therefore represents a theoretical construction of phenomena which are expected to be interrelated and significant in influencing consumer behaviour; in this case based on consumer perceived risk, consumer perceived value, consumer satisfaction, and consumer behavioural intention, which were suggested by other researchers in the literature review, to be interrelated. This notion was particularly acknowledged by Sheth (1967), with the notion that a model is particularly useful in presenting marketing research problems because it endeavours to clarify relationships between inputs into a purchasing decision.

According to Thietart et al. (2001), a particular common form of model is the realisation of a system of logically connected propositions, whose testing should be down to "judging its quality, or representativeness", as a simulation of reality. In order to achieve this, they proposed that a business management research should be broken down into simple propositions, which
can then be individually tested. When tested the model should be "tentatively accepted" if all propositions are not refuted, "tentatively accepted in part" if some propositions are refuted, or "rejected" if all propositions are refuted.

Following this framework, this research (in terms of model) will adopt part of the framework suggested by Al-Sabbahy (2004) (Though one seriously disputes his perceived value construct) because as he puts it "perceived value is an outcome in the consumer's mind that results from comparing the benefits related to the sacrifices". But as illustrated above, this mental process may have other relating effects on consumer behaviour like their satisfaction, and intention to buy (behavioural intention). Al-Sabbahy (2004) confirmed the existence of sufficient evidence about a "significant bivariate relationship" between perceived value, consumer satisfaction, and behavioural intentions, though seriously disputing the direct relationship between some of these constructs and behavioural intentions. Following this dispute, he conceived a collective model that considers the relationship not only between the above constructs, but also between them and the dimensions of perceived value. Following this view, this research has also adopted a similar approach as illustrated by the figure below
Figure 5.2: Proposed research model for this thesis.

The model illustrates that, while Royal Mail (or other business managers) may have a keen interest in understanding behavioural intentions, this research will also analyse the link between perceived risk and behavioural intentions; the link between the latter, when perceived value comes into play, the link between perceived risk and consumer satisfaction (this particular link may be very important for Royal Mail, because as highlighted by Gourmaris et al. (2007), the degree of overall satisfaction is a function of the value the consumer expects in relation to the value actually received), the link between the latter when perceived value comes into play, the link between perceived value and consumer satisfaction, and the link between consumer satisfaction and behavioural intentions. The following propositions were therefore developed to guide (modified from Al-Sabahhy 2004) the exploration of the concept proposed in this research:
P1: There is a direct negative relationship between perceived risk and perceived value.

P2: The relationship between perceived risk and consumer satisfaction is partially mediated by perceived value.

P3: The relationship between perceived risk and behavioural intentions is partially mediated by perceived value.

P4: There is a direct positive relationship between perceived value and consumer satisfaction.

P5: There is a direct positive relationship between perceived value and behavioural intentions.

P6: The effect of perceived value on behavioural intentions is partially mediated by consumer satisfaction.

P7: There is a significant difference between respondents from Coventry, Kenilworth, and Nuneaton, in their perceived risk score.

5.2.3 Research Design (How to Research)

Though it is proposed by Thietart et al. (2001, p.38) that "the nature of knowledge sought and of research problem in the positivist epistemology, imply that in the research process, the research problem should be external to scientific activity"; one may argue this because it would be expected that if they expect the research problem to serve as a guide to the elaboration of "architecture and methodology" of research (assuming acceptance by other researchers), then the research problem cannot be external from scientific activities. This argument is supported by Remenyi et al. (2003), where they...
proposed that, to show or claim that valuable or significant addition has been made to knowledge, the researcher should comply with scientific methods or approaches (strict set of rules that have evolved to ensure the integrity, reliability and reproducibility of research work). In this light the figure below shows the research process, which justifies the stages proposed by Thietart et al. (2001), and Remenyi et al. (2003), to underline "hypothetico-deductive" or positivist approach respectively.

**Figure 5.3: Proposed Research Process**

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Source: Modified by this author from Thietart et al. (2001, p.63); Remenyi et al. (2003, p.83)
While the first two stages of the above research process have been completed in the previous paragraphs, just like that of Al-Sabbahy (2004), this research project is a survey, because it fits his description of a survey being based on a simple idea that if one wants to find out what people think about some topic, just ask them. According to Baker (2003), survey approach is the best known source of primary data collection in business and management research (not only marketing, but social science in general). He goes further to define a survey as "the evaluation, analysis and description of a population based upon a sample drawn from it". This therefore means that this research project like other market research surveys has a practical objective which is; to provide information on which Royal Mail's management team may base their decisions.

**Survey Type**

According to Denscombe (2003) a survey approach to research is a "research strategy", not a research method. This therefore means researchers engaged in such a strategy may then apply a range of methods within the strategy including; questionnaires, interviews, documents and observations. Amongst the types of surveys that the latter author has proposed the "postal questionnaires" type was adopted for this research. This type was chosen because of the time constraints faced to individually identify consumers who use Royal Mail's parcels postal service. If this research was a "longitudinal type" (a study that extend over a period of time as suggested by Remenyi et al. 2003), it could have provided enough time whereby individual parcels service users (senders and receivers) could have been identified or tracked,
by monitoring the parcels through the delivery offices, identifying their addresses and contacting them while ensuring all ethical standards are upheld.

It was also chosen because:

- This type of survey method offered the opportunity for this author to mail questionnaires to a wide audience, covering a wide geographical area (Denscombe 2003, Larson and Chow, 2003, Remenyi et al. 2003).

- It offered a number of benefits to a researcher (the concept of perceived value being proposed in this thesis) on tight budget, because it is relatively cheap compared to face-to-face interviews, telephone interviews, etc., and all questions are asked in identical order limiting the risk of “interviewer bias". (Larson and Chow 2003; Szwarc 2005).

- It is less intrusive to respondent’s daily schedule, and easy for them to reject if they do not want to participate (Larson and Chow 2003; Szwarc 2005).

- This type of approach guarantees anonymity (especially important in this case where respondents were asked of the “risks", or “how bad" they perceived Royal Mail's service), respondents have enough time to complete and return questionnaires, (Remenyi et al. 2003).
Sampling

According to Barker (2003), sampling offers an acceptable opportunity for a researcher to "compromise" (eliminating the need to study the whole population) during an observation, experiment or survey. As a result, part of the requirement for a positivist research to be empirical is "the selection of the individuals who are to provide the information" or sample (Remenyi et al. 2003). Since this survey is based on the positivist approach, and is aimed at understanding how Royal Mail's service consumers perceive the value delivered, the second option was adopted when conducting statistical research, as proposed by Sullivan and Gilbert (2004, p.77):- collecting the data personally (a primary data source); especially because one could have "total control over the aspect of data collection" and one could design the questionnaire to include questions that meet the interest of this research.

When this research was at the point of choosing a sample size, it became a research dilemma because accuracy and precision are key concepts in sampling and fundamental to all good sampling design (Sullivan and Gilbert 2004, and Baker 2003). Since this research project adopted a positivist approach, according to Remenyi et al. (2003), for such a positivist approach to be empirical there should be a selection of those individuals who provide the information. These individuals they claim make up a sample for the research.

During this research project, this author adopted to combine both judgement samples and simple random sampling. It was a combination because this author had to ensure that the evidence collected warrants the
use of any of the analysis methods suggested by Sullivan and Gilbert (2004). And though judgement sampling is a non-probability sampling method it was still needed because it was decided that this research was to be conducted across three different delivery areas, covered by different delivery offices: Nuneaton, Coventry, and Kenilworth (though one could also argue it as a cluster sampling); another probability sample was needed to ensure the above needs were met. The decision for a judgement sample was arrived at based on the fact that Royal Mail operates a system where each delivery office has its budget, and a quality target to meet. To encourage competition amongst the various delivery offices, employees within each delivery office are given the opportunity to develop their strategy on meeting their quality target, and they would get about 50% of any financial savings achieved thereby creating an environment where, one office could deliver more value to Royal Mail's service consumers than another.

Following such a judgement sampling, in order for one to be able to use any of the statistical methods proposed by Sullivan and Gilbert, (2004), this author adopted the simple random sampling method (probability sampling method) within each town (via a delivery office) in selecting the members of the population. This was also based on the notion that each member of the population should have an equal chance of being selected (Sullivan and Gilbert 2004, and Remenyi et al. 2003).

In an attempt to select the sample frame, this author was faced with one of the dilemmas suggested by Sullivan and Gilbert (2004), where there
was "no list" of consumers who use Royal Mail parcel service (either to send or to receive). Since the latter authors proposed that (p.91), "it is not always necessary to have a complete sampling frame for the entire population", this author selected the sample frame based on the following assumptions:

- It is assumed that most members of the population either send or receive parcels through Royal Mail's parcel service.

- Based on that assumption, streets were randomly selected, and questionnaires were delivered to each address (also increasing the chances of contacting Royal Mail's parcel service users).

- Since this research was already limited by time, in an attempt to define the sample size, this researcher was relieved by the comment from Remenyi et al. (2003, p.195) that "sample sizes resulting from the application of formulae are not always adhered to", and their proposal that "often the samples chosen are of a size that fit or are regarded as credible through having been used by others....."

- Following the opportunities offered by the latter proposal from Remenyi et al. (2003), added to the fact that the budget for the research was low (also shown by the choice of postal survey), this researcher was already faced with another dilemma suggested by Sullivan and Gilbert (2004, p.89), being the "desired level of precision of the estimate". In order to balance the "trade-off between the desirable objectives of high precision and low cost" proposed by the latter authors; since one of the major analysis that was to be conducted during the data analysis was regression
analysis, this author ensured that the sample size combined with
the survey method should at least provide the minimum sample size
required for the regression analysis. Following the formulae
proposed by Pallant (2004, p. 136), for calculating minimum sample
size: \( N > 50 + 8m \) (with \( m = \) number of independent variables, "just
perceived risk in this case"); the sample size should not be less that
58. Therefore adopting a worst case postal survey response rate of
just 10%, following Denscombe’s (2003) suggestion that one would
be "lucky to get a 20% respond rate": a sample size of 1000 was
derived. In order to divide this sample equally between the three
towns, this researcher decided to increase the size to 1050 (while
hoping to also increase the survey precision). As a result 350
questionnaires were sent to each town making a total of 1050
questionnaires.

The Questionnaire

Since Muijs (2004) suggested that quantitative research should be
based on "numerical data" analysed statistically. The numerical data
according to Brace (2004) is mostly collected from a structured interview:
where respondents are asked a series of questions according to a
questionnaire or "prepared and fixed interviewing schedule". He proposed
further that, because questionnaires provide a platform for a standardised
interview across the entire sample chosen (asking the same question in the
same way to different people), questionnaires act as a medium of
communication between a researcher and the respondents, and are therefore
used in many different data-gathering media, different situations, and are written in many different ways. To Sullivan and Gilbert (2004), even if the interview was scheduled, or one decides to classify it as an "instrument", a questionnaire is a "formalised" set of questions used in obtaining information from respondents.

In marketing research, in order to engage respondents and stimulate their interest, the researcher needs to put him/herself in the shoes of the target respondents in order to design an effective questionnaire (Sullivan and Gilbert 2004). In a questionnaire three different types of questions are used: - behavioural, attitudinal, and classification (Eague 2004). The latter author proposed further that behavioural questions are used to "find out what people do", while attitudinal questions are used to understand people's opinions or belief, and classification questions used in classifying the information once it has been collected. Basically, Baker's (2003, p.215) four elements (length, complexity, layout and wording) of a questionnaire were adopt for the research.

Questionnaire Development

This aspect of this research was very conscious of the advice from Baker (2003) that questions need to be simple, intelligible and clear, and the specific objectives proposed by Sullivan and Gilbert (2004, p.364) being:

- "It should translate the information needed into specific questions that the respondents can and will answer,"
It should uplift, motivate and encourage the respondents to become involved in completing the questions,

And it should minimise error:"

Since this research was out to measure or evaluate what people were thinking in their minds, most of the questions were being asked using "I feel". In an attempt to ensure that questions in the questionnaire contributed to the information needed or served some specific purpose as suggested by the latter authors, "feel" was introduced to describe and bring out the emotion, that individuals have within themselves. This is supported by philosophers like Audi et al. (1999), where they described anger, fear, joy, or sadness etc., collectively as various states typically classified as emotion or qualitatively "distinct feeling of mental agitation". It was assumed that such an approach would therefore offer respondents the opportunity, to recognise that someone wants to know about what there are thinking of or have to say.

Unlike the popular design of questionnaire where the questionnaire usually begins by trying to understand the profile of respondents, the first part of the questionnaire was developed to start assessing their perceived risk. It was designed this way because it was perceived that, since respondents will read about the research in the letter sent to them, some of them may be discouraged to proceed if they start by responding to questions about their profile. This is in line with the techniques to be used in "increasing willingness of respondents", proposed in the list by Sullivan and Gilbert (2004, p.372).
Following the potential problem with postal surveys proposed by Szwarc (2005, p.56), where respondents’ thinking may be influenced when they are exposed to all the questions, it was decided to use the perceived risk questions on the first page while the rest are sent to the second page. This was based on the assumption that, since consumers are more worried about sacrifices they perceived with respect to the parcel postal service, those questions would immediately draw their attention, and they may be keen that those sacrifices should be understood, resolved or dealt with. This assumption was also based on the proposal from Sullivan and Gilbert (2004) that, questions at the beginning of the questionnaire should “establish involvement and rapport”.

a) Perceived Risk

Perceived risk was therefore measured in the first part of the questionnaire using its six dimensions (financial, functional, physical, psychological, social, time), and eighteen Likert statements were used, with three each statement representing each dimension. The Likert scale was adopted because of the advantages cited by Baker (2003), and Sullivan and Gilbert (2004):-  

- Comparatively easy to construct,
- Easy to administer, (especially with postal surveys like the case with this research).
- Easy for respondents to understand and use (especially in mail surveys where the researcher is not available to explain or teach respondents on use the scale)
When the Likert scale was adopted, this researcher had in mind the proposal from the latter authors that it is important to use items that invite the respondents to express a clear opinion. Also, since individual responses were important, and the data were to be analysed by sophisticated statistical techniques, this author adopted their suggestion, and used a seven-point Likert scale. This suggestion was also adopted because: since the questions were closed-ended (where respondents could only select from a list of predetermined and acceptable responses), a seven-point Likert scale may also contribute in "expanding respondents' choice"; being a disadvantage of closed-ended questions.

Following Sullivan and Gilbert's (2004) suggestion that researchers should ensure their questions are set out to measure "all the dimensions" required, the questionnaire was adapted from the works of Dodds (1996), Mitchell (1999), Soutar et al (2001), Al-Sabbahy (2004), Gilbert (2003), Laroche et al. (2004), Boksberger et al. (2007), and Johnson et al. (2008), then developed and modified to fit the context of the postal service industry. The following questions were developed:-
Table 5.2: Questions modified and used in this research and their origins

<table>
<thead>
<tr>
<th>Question adapted for the research</th>
<th>Original source of question</th>
</tr>
</thead>
<tbody>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail is not up to expected standard.</td>
<td>I cannot always trust performances at the (name of the theatre) to be good. (Johnson et al. 2008). The perceived likelihood of a service failure or inferior service quality implying that a consumer may not attain the best possible benefit. (Boksberger et al. 2007). As I consider the purchase of an item soon, I worry about whether it will really perform as well as it is supposed to (Laroche et al. 2004).</td>
</tr>
<tr>
<td>I feel that Royal Mail’s parcel postal service quality is poor.</td>
<td>I received a good quality service for a reasonable price. (Al-Sabbahy 2004, Keith et al. 2004). The perceived likelihood of a service failure or inferior service quality implying that a consumer may not attain the best possible benefit. (Boksberger et al. 2007).</td>
</tr>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail is not better than that provided by a similar company (e.g. DHL).</td>
<td>This bicycle will perform: (much better than competitive bicycles, to much less than competitive bicycles). (Dodds 1996). The perceived likelihood of a service failure or inferior service quality implying that a consumer may not attain the best possible benefit. (Boksberger et al. 2007).</td>
</tr>
<tr>
<td>I feel that Royal Mail’s parcel postal service does not provide value for money.</td>
<td>The price I paid was fair compared to the pleasure I experienced during my stay at the hotel. (Al-Sabbahy 2004, Sweeney et al. 1999). The perceived likelihood of not getting the best value for money resulting from an overpriced service or service replacement. (Boksberger et al. 2007). If I bought an item for myself within the next 12 months, I would be concerned that I would not get my money’s worth (Laroche et al. 2004).</td>
</tr>
<tr>
<td>Statement</td>
<td>Explanation</td>
</tr>
<tr>
<td>-----------</td>
<td>-------------</td>
</tr>
<tr>
<td>Compared to what I am willing to pay, I feel that the amount of money I spend sending/receiving parcels through Royal Mail is too much.</td>
<td>Compared to the maximum price I was ready to pay, for this hotel, the actual price I paid was a good deal. (Al-Sabbahy 2004). The perceived likelihood of not getting the best value for money resulting from an overpriced service or service replacement. (Boksberger et al. 2007). Purchasing this item could involve important financial losses (Laroche et al. 2004).</td>
</tr>
<tr>
<td>I feel that if my parcel is lost or damaged by Royal Mail, it will be difficult to successfully make a claim.</td>
<td>There is a chance that I will stand to lose money either because it would not work at all or costs more than it should to maintain. (Sweeney et al. 1999). The perceived likelihood of not getting the best value for money resulting from an overpriced service or service replacement. (Boksberger et al. 2007).</td>
</tr>
<tr>
<td>I feel that my parcel(s) delivered by Royal Mail is (are) not well handled.</td>
<td>The perceived probability that, due to a service failure, the physical and environmental circumstances of flying, and the passenger is injured or harmed. (Boksberger et al. 2007).</td>
</tr>
<tr>
<td>I feel that I may be injured or harmed when going to a Post Office or shop to post or receive a parcel.</td>
<td>The probability that, due to a service failure, the physical and environmental circumstances of flying, and the passenger is injured or harmed. (Boksberger et al. 2007).</td>
</tr>
<tr>
<td>I feel that using Royal Mail's parcel postal service can harm or cause injury to me or someone.</td>
<td>The probability that, due to a service failure, the physical and environmental circumstances of flying, and the passenger is injured or harmed. (Boksberger et al. 2007).</td>
</tr>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail makes me sad.</td>
<td>The likelihood of embarrassment or the loss of self-esteem resulting from using a service. The risk of a negative effect on the consumers' peace of mind or self-esteem as a result of difficulties. (Boksberger et al. 2007). The thought of purchasing a personal computer in</td>
</tr>
<tr>
<td>Perception</td>
<td>Explanation</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail has a bad reputation.</td>
<td>The thought of purchasing an item makes me psychologically uncomfortable (Laroche et al. 2004). (Supplier) has a good reputation in the market in general. (Hansen et al. 2008). The likelihood of embarrassment or the loss of self-esteem resulting from using a service. The risk of a negative effect on the consumers' peace of mind or self-esteem as a result of difficulties. (Boksberger et al. 2007).</td>
</tr>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail makes me feel stressed (worried).</td>
<td>I would feel good about this purchase (Dodds, 1996). The likelihood of embarrassment or the loss of self-esteem resulting from using a service. The risk of a negative effect on the consumers' peace of mind or self-esteem as a result of difficulties. (Boksberger et al. 2007). The thought of purchasing an item makes me to experience unnecessary tension (Laroche et al. 2004).</td>
</tr>
<tr>
<td>What I hear from people or the media about Royal Mail makes me feel I should not to use Royal Mail's parcel postal service.</td>
<td>(Supplier) has a good reputation among your colleagues and friends. (Hansen et al. 2008). The probability that an image or a reputation of chosen airline adversely affects the way others think about the passenger. (Boksberger et al. 2007).</td>
</tr>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail makes me uncomfortable among my friends/family members.</td>
<td>The probability that an image or a reputation of chosen airline adversely affects the way others think about the passenger. (Boksberger et al. 2007). The fear is that the peer group of the consumers may ask, &quot;where on earth did you buy this?&quot; (Gilbert 2003).</td>
</tr>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail embarrasses me among my friends/family members.</td>
<td></td>
</tr>
<tr>
<td>---</td>
<td></td>
</tr>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail wastes a lot of my time.</td>
<td></td>
</tr>
<tr>
<td>I feel that parcels take too long to be delivered by Royal Mail compared to a similar company (e.g. TNT).</td>
<td></td>
</tr>
<tr>
<td>I feel that it takes a lot of my time picking-up a parcel or having it re-delivered by Royal Mail compared to a similar company (e.g. TNT).</td>
<td></td>
</tr>
</tbody>
</table>

The probability that an image or a reputation of chosen airline adversely affects the way others think about the passenger. (Boksberger et al. 2007).

If I bought an item, I think I would be held in higher esteem by my family (Laroche et al. 2004).

The amount of time lost associated with a service failure, and/or extra effort getting the failure adjusted, repaired or replaced. (Boksberger et al. 2007).

Shopping hours, ease in getting around, fast checkout, delivering to home, etc., are all time risks. (Mitchell 1999). Purchasing an item could lead to inefficient use of my time (Laroche et al. 2004).

Shopping hours, ease in getting around, fast checkout, delivering to home, etc., are all time risks. (Mitchell 1999). Purchasing an item could involve important time losses (Laroche et al. 2004).

The amount of time lost associated with a service failure, and/or extra effort getting the failure adjusted, repaired or replaced. (Boksberger et al. 2007). Shopping hours, ease in getting around, fast checkout, delivering to home, etc., are all time risks. (Mitchell 1999). The demands on my schedule are such that purchasing an item concerns me, because it would create even more time pressure on me that I don't need. (Laroche et al. 2004).
The questions were divided into the following dimensions:

- **Functional Risk;**
  - I feel that the parcel postal service provided by Royal Mail is not up to expected standard.
  - I feel that Royal Mail's parcel postal service quality is poor.
  - I feel that the parcel postal service provided by Royal Mail is not better than that provided by a similar company (e.g. DHL).

- **Financial Risk**
  - I feel that Royal Mail's parcel postal service does not provide value for money.
  - Compared to what I am willing to pay, I feel that the amount of money I spend sending/receiving parcels through Royal Mail is too much.
  - I feel that if my parcel is lost or damaged by Royal Mail, it will be difficult to successfully make a claim.

- **Physical Risk**
  - I feel that my parcel(s) delivered by Royal Mail is (are) not well handled.
  - I feel that I may be injured or harmed when going to a Post Office or shop to post or receive a parcel.
  - I feel that using Royal Mail's parcel postal service can harm or cause injury to me or someone.
Psychological Risk
- I feel that the parcel postal service provided by Royal Mail makes me sad.
- I feel that the parcel postal service provided by Royal Mail has a bad reputation.
- I feel that the parcel postal service provided by Royal Mail makes me feel stressed (worried).

Social Risk
- What I hear from people or the media about Royal Mail makes me feel I should not to use Royal Mail's parcel postal service.
- I feel that the parcel postal service provided by Royal Mail makes me uncomfortable among my friends/family members.
- I feel that the parcel postal service provided by Royal Mail embarrasses me among my friends/family members.

Time Risk
- I feel that the parcel postal service provided by Royal Mail wastes a lot of my time.
- I feel that parcels take too long to be delivered by Royal Mail compared to a similar company (e.g. TNT).
- I feel that it takes a lot of my time picking-up a parcel or having it re-delivered by Royal Mail compared to a similar company (e.g. TNT)
Just like with that of Al-Sabbahy (2004), a 7-point Likert-type scale marked 1 = completely disagree; 2 = disagree; 3 = partially disagree; 4 = neither disagree nor agree; 5 = partially agree; 6 = agree; 7 = completely agree; was used.

Particular note should be taken that during the data analysis phase, this scale is not reversed as suggested by Sullivan and Gilbert (2004, p.342) that "when using this approach to determine the total score for each respondent on each bank, it is important to use a consistent scoring procedure so that high (or low) scores should consistently reflect favourable responses". Since the perceived risk statements are negative, as they suggest further that "categories assigned to the negative statements be scored by reversing the scale", it is not the case here because this is a perceived risk scale, and the favourable categories are those with high scores.

Respondents were asked to circle the number that best indicated their level of agreement with the statements. Such attitudinal questions according to Hague (2004) and Remenyi et al. (2003) provide information on the strength of “feeling” or opinion about objects, issues, activities and interest. For Baker (2003) in order to help predict how people will behave in the future, it is necessary to gather information on their “prevailing attitude”. This may probably be the reason why Al-Sabbahy (2004) favours the Likert-type scale because it may encourage respondents to “retrieve a judgement” representing their past behaviour.
The second part of the questionnaire contained the validation questions and demographic questions.

**Overall value:** This concept was adopted from Al-Sabbahy (2004), where he adopted Churchill's (1979), on how to establish the "concurrent validity of the scale". Respondents were asked to rate their evaluation of their overall value judgement with respect to Royal Mail's parcel postal service (sending and receiving parcels). A similar 7-point bipolar rating scale was used ranging from 1 = extremely poor value; 2 = poor value; 3 = partially poor value; 4 = neither poor nor good value; 5 = partially good value; 6 = good value; 7 = extremely good value. But unlike in his research where he expected to check for a perceived value scale convergent validity, this author expected to use this measure as a benchmark, with the notion that any level of perceived risk will create a resulting inversely-proportional level of perceived value; the higher (the more negative) the perceived risk, the lower the level of perceived value and vice versa.

**Overall consumer satisfaction:** This concept was still adopted from the latter author, where respondents were asked to rate their evaluation of their overall satisfaction with respect to Royal Mail’s parcel postal service (sending and receiving parcels). A similar 7-point bipolar rating scale was used ranging from; 1 = extremely dissatisfied; 2 = dissatisfied; 3 = partially dissatisfied; 4 = neither dissatisfied nor satisfied; 5 = partially satisfied; 6 = satisfied; 7 = extremely satisfied. It is expected that consumer satisfaction would partially mediate perceived value influence on behavioural intentions.
Overall Behavioural intentions: This concept was still adopted from the latter author, where he adopted Jacoby’s (1978) suggestion. According to Gounaris et al. (2007), consumer’s behavioural intentions, are indicators of their willingness to keep a sustainable relationship with the organisation. They stress further that, this aspect is important because retaining existing consumers appear to be financially more efficient than attracting new ones from competitors. The above argument may be of much importance to Royal Mail’s management team, and when combined with Gilbert’s (2003) marketing concept (introduced at the beginning of this thesis), consumer satisfaction may really mediate the relationship between perceived value and behavioural intentions. Two questions were used to evaluate behavioural intention. A 7-point bipolar rating scale was used ranging from 1 = extremely unlikely; 2 = unlikely; 3 = partially unlikely; 4 = neither unlikely nor likely; 5 = partially likely; 6 = likely; 7 = extremely likely.

Table 5.2a: Behavioural intention questions modified and used in this research and their origins

<table>
<thead>
<tr>
<th>Question adapted for the research</th>
<th>Original source of question</th>
</tr>
</thead>
<tbody>
<tr>
<td>I feel I would choose Royal Mail’s parcel delivery service when I am shopping online or over the phone.</td>
<td>How likely it is that you will buy this TV (Wood and Scheer 1996). The likelihood that I would purchase this bicycle is (Sweeney et al. 1999, Dodds 1996, Grewal et al. 1998). I will consume at this restaurant more frequently (Tam 2004).</td>
</tr>
<tr>
<td>I feel I would recommend Royal Mail to friends or family members sending or receiving parcels.</td>
<td>We would recommend (supplier) to someone who seeks our advice. (Hansen et al. 2008, Keith et al. 2004). I will recommend the restaurant to others (Tam 2004).</td>
</tr>
</tbody>
</table>
Pre-testing the Questionnaire

This author adopted the suggestion from Remenyi et al. (2003) that, pre-testing questionnaire can even be informal, where one consults friends, colleagues, experts, and people with diverse opinions. But, particular note should be taken about the lax nature of this assumption, because it was ensured as suggested by Sullivan and Gilbert (2004), that there was similarity between the respondents and the target group, in terms of background characteristic, familiarity with the topic, attitudes and behaviour of interest. The questionnaire was pre-tested by applying it to a small sample of Postmen and women in Nuneaton delivery office. They were requested to consider themselves as Royal Mail’s parcel postal service consumers, while responding to the questions. Respondents then had the opportunity to discuss what they did not understand in the questions or during the whole process. The main point raised by many, was the fact that names of Royal Mail competitors within the parcel postal market, should be included in the questionnaire. The main reason being that many linked Royal Mail services, mostly to mail delivery; therefore including those names could mean respondents could easily identify what the questions are all about. Interestingly such an approach is in line with that advocated by Sullivan and Gilbert (2004, p.331) that, in an attempt to ensure that most of the required information is obtained from respondents sometimes,".....rather than limiting the questions to the brand of interest, questions about competing brands may be included.....".
Data Collection Method/ Research Process (questionnaire administration)

Because it was difficult (due to time limit) to directly locate individuals who send and receive parcels, one decided to administer the questionnaire within each town. Very little literature is available describing this method, but this method is in line with the "drop and collect" survey method described by Baker (2003), to likely become a more popular method in the future. As he suggests further, this is because it combines the "low cost of the mail survey or telephone survey with an element of personal involvement" which encourages participation. To give respondents enough time and convenience, the questionnaire was delivered on a Friday and respondents were given the whole weekend, and the completed questionnaires were collected on Monday. This idea is advocated by Brown (1987) (cited in Baker 2003) that, as respondents can complete the questionnaire in their own time, it is possible to use longer and more detailed questionnaires than in most face-to-face or telephone surveys. He (Brown 1987) described this "drop and collect" technique as involving the hand delivery and subsequent recovery of self-completion questionnaires.

Some plastic bags were included in the same envelope with questionnaire, and respondents were instructed to leave the responded questionnaire by their door steps (in the plastic bags to protect against bad weather). This technique was preferred over the "postal return" type (where respondents are provided with a self-addressed and stamped envelope for them to use in returning the questionnaire to the researcher) used by Al-Sabbahy (2004) because, this author did not want to engage the respondents
in perceiving any sacrifice from their side e.g. sacrificing their time, fuel etc.,
going to a post office or post box to return any completed questionnaire. Just
this aspect alone may start indicating the relationship between perceived risk,
perceived value, and behavioural intentions. Areas within each town where
questionnaires were delivered were just randomly selected, and the
questionnaires were delivered through letter boxes.
5.3 Ethical Considerations

The vast amount of research available today may have been achieved thanks to the collaboration of the members of the consuming public, who are willing to share their thoughts and feelings with the researchers. Researchers may only be able to keep having this collaboration if the respondents' will are also respected. This is probably the reason why in the business environment, codes of conducts have been established like:-

- Those of the Market Research Society (in the UK),
- Those of the European Society for Opinion and Marketing Research,
- And those of the Council of the American Survey Research Organisation.

In the academic environment, though it has been suggested by Remenyi et al. (2003) that universities require very little from business and management studies, because they assume that the research is conducted at the highest ethical standard; this research went a step further beyond this assumption, because of the consequences that this author was exposed to.

Because the University of Surrey has strict ethical guidelines that need to be followed, this author did go through the ethical approval questions (see appendix 3). The only question that raised concerns was the following:-

"Will the respondents receive payment (including in kind or involvement in prize draws)?"

It did raise concerns because in an attempt to encourage respondents (or improve respond rate) as proposed by Larson and Chow (2003), this author
did include a tea bag with each questionnaire. Dr Anita Eves from the School of Management was consulted and she gave this response (05/08/2008):-

"...one teabag hardly constitutes an incentive that could be construed as coercive. In addition, every one gets one rather than it being only those who complete the questionnaire. I think the researcher will have to indicate the origin of the teabag (Sain Red label/PG/etc) to ensure no one comes to any harm from consuming it......”

Following that advice, this author did ensure that the tea bags were in individual sachets. The “English Breakfast Tea” originally manufactured by Taylors of Harrogate was chosen, especially because it comes in individual sachets. Also this author did include this disclaimer on the letter accompanying the questionnaire:-

Disclaimer:
1) You are under no obligation to complete the questionnaire.
2) The plastic bags were bought at Tesco, just for the purpose of this research and were handled in a clean environment. It may cause suffocation if not well handled
3) The tea bag attached was bought from Taylors of Harrogate in October 2008. No modification has been made to this product, and the expiring date is 30th September 2009. If you are not entirely satisfied consuming this product you may return it or dispose. If you are not entirely sure about this product do not consume.

As some sort of a conclusion, this research "stayed within the limits" as suggested by Remenyi et al. (2003). There were no hidden agendas during the data collection phase, and the analysis is based on accurate numerical and mathematical methods. The research process was funded by the researcher, and it was ensured that oral standards and ideas were adhered to.
Chapter 6: Data Analysis
6.1 Introduction

Since the results of this research are to confirm a concept that is being proposed, it is necessary to ensure as suggested in Paragraph 5.7 that the analysis are accurate and consistent with the format proposed in literature. According to Barker (2003) accuracy, precision, or reliability all describe levels that an academic or business management research has to attain, in order to ensure the knowledge contributed is up to standard. He proposes further that, though the business and management research discipline is "comparatively new", researchers within this domain should understand that they are still bound by the principles and conventions of social sciences on which they were founded. Therefore if any meaningful conclusions were to be drawn from the information generated by this business and management research, there is need to adhere to these principles and conventions.

In order to verify if this research attained the expected standard, the suggested procedure in Figure 6.1 will be followed. Muijs (2004) argues that no matter what one tries to do using a positivist (or quantitative) research approach (applied in this research), one is trying to measure something. And because one is interested in measuring; he argues; there is always the question of how well one is achieving what he/she wanted to achieve, thereby creating the need for validity and reliability.

Since most of the measures have been obtained from the perceived value scale, it is initially essential to ensure that the scale has measured what it intended, or the quality of data in other words.
Figure 6.1: Testing Goodness of measures

Source: Modified by author from Sullivan and Gilbert (2004, p.350)

6.2 Scale Evaluation

Field (2004) suggests that the first stage of any data analysis process should explore the data (looking for descriptive statistics) in order to understand any patterns within, though it is always important to “ensure the data meets the criteria necessary for statistical procedures”. The tables below provide descriptive analyses of the variables obtained during the research process (perceived risk, perceived value, satisfaction, behavioural intentions). According to Pallant (2004) descriptive analysis will provide mean, median, standard deviation etc.
Table 6.1a: Descriptive Analysis of the Perceived Risk Scale.

<table>
<thead>
<tr>
<th>Dimensions that make up the scale.</th>
<th>Std. Deviation</th>
<th>Mean</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail is not up to expected standard.</td>
<td>1.718</td>
<td>3.08</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>I feel that Royal Mail's parcel postal service quality is poor.</td>
<td>1.606</td>
<td>2.91</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail is not better than that provided by a</td>
<td>2.177</td>
<td>3.77</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>similar company (e.g. DHL).</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel that Royal Mail's parcel postal service does not provide value for money.</td>
<td>1.706</td>
<td>3.4</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>Compared to what I am willing to pay, I feel that the amount of money I spend sending/receiving</td>
<td>1.898</td>
<td>3.75</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>parcels through Royal Mail is too much.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel that if my parcel is lost or damaged by Royal Mail, it will be difficult to successfully</td>
<td>2.266</td>
<td>4.14</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>make a claim.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel that my parcel(s) delivered by Royal Mail is(are) not well handled.</td>
<td>1.641</td>
<td>3.27</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>I feel that I may be injured or harmed when going to a Post Office or shop to post or receive</td>
<td>0.933</td>
<td>1.42</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>a parcel.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel that using Royal Mail's parcel postal service can harm or cause an injury to me or someone.</td>
<td>0.885</td>
<td>1.33</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail makes me sad.</td>
<td>1.391</td>
<td>1.67</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail has a bad reputation.</td>
<td>1.896</td>
<td>3.13</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail makes me feel stressed (worried).</td>
<td>1.664</td>
<td>2.07</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>What I hear from people or the media about Royal Mail makes me feel I should not to use Royal</td>
<td>1.784</td>
<td>2.55</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>Mail's parcel postal service.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail makes me uncomfortable among my</td>
<td>1.182</td>
<td>1.5</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>friends/family members.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail embarrasses me among my friends/family</td>
<td>1.152</td>
<td>1.47</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>members.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail wastes a lot of my time</td>
<td>1.848</td>
<td>2.31</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>I feel that parcels take too long to be delivered by Royal Mail compared to a similar company (e.g.</td>
<td>1.861</td>
<td>2.87</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>TNT).</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel that it takes a lot of my time picking-up a parcel or having it re-delivered by Royal</td>
<td>2.065</td>
<td>3.19</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>Mail compared to a similar company (e.g. TNT).</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: This study
Table 6.1b: Descriptive Statistics for perceived value, Satisfaction and Behavioural Intentions

<table>
<thead>
<tr>
<th></th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived Value</td>
<td>0</td>
<td>6</td>
<td>4.68</td>
<td>1.374</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>1</td>
<td>7</td>
<td>5.09</td>
<td>1.345</td>
</tr>
<tr>
<td>Behavioural Intentions</td>
<td>0.00</td>
<td>14.00</td>
<td>9.1858</td>
<td>3.25954</td>
</tr>
</tbody>
</table>

Source: This study

The initial step that will be taken in ensuring that the perceived risk scale measured, what it was designed to measure, will be to assess the scale using factor and principal component analyses. This seems to have been particularly necessary especially because the questionnaire and scale were completely developed from literature, and not adapted from another study where they could have been tested. According to Pallant (2004), this approach is extensively used by researchers involved in “development and evaluation of tests and scales”, though the method chosen will usually depend on what the researcher is hoping to achieve with the analysis (Field 2003). The former author proposes further that the researchers always start with a large number of scale items and questions; then they refine and/or reduce the items to form a “smaller number of coherent subscales” using factor analysis and principal component analysis.

In order to achieve this, the following steps would be followed: assessment of suitability, of the data for factor analysis, factor extraction, factor rotation and interpretation of results.

A). Assessment of suitability

The initial information required during the assessment process to find out whether one’s data is suitable to be used in factor analysis is the sample size. The argument amongst researchers about the required sample size for
factor analysis seems to be ongoing and there are different suggestions from different researchers. Field (2003, p.443) explored some of these arguments and concluded that a sample size of 300 or more will probably provide a stable factor solution, though enough variables are required to ensure that all the factors are measured. Meanwhile Pallant (2004, p.153) on the other hand suggested the need for further research, if a researchers’ sample size is less that 150, or he/she is having a lot of variables.

For this research, 1050 questionnaires were equally distributed in Nuneaton, Coventry and Kenilworth, between the 28^{th} of November 2008 and the 25^{th} of December 2008. A total of 196 responses were collected (70 of those from Kenilworth making 35.7 per cent, 69 from Coventry making 35.2 per cent, and 57 from Nuneaton making 29.1 per cent), giving a respond rate of 18.66 per cent, confirming Denscombe (2003) suggestion that one would be lucky to get 20 per cent of the postal questionnaires returned.

<table>
<thead>
<tr>
<th>Table 6.2a: Distribution of questionnaires returned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Source: This study

But after screening and cleaning the data, as shown in Table 6.2b, a response rate of 17.42 per cent (183 responses) was recorded, distributed as follows: 37.7 per cent from Kenilworth, 31.7 per cent from Coventry, and 30.6 per cent from Nuneaton.
Table 6.2b: Distribution of questionnaires used in data analysis

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid Kenilworth</td>
<td>69</td>
<td>37.7</td>
<td>37.7</td>
<td>37.7</td>
</tr>
<tr>
<td>Coventry</td>
<td>58</td>
<td>31.7</td>
<td>31.7</td>
<td>69.4</td>
</tr>
<tr>
<td>Nuneaton</td>
<td>56</td>
<td>30.6</td>
<td>30.6</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>183</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: This study

Figure 6.2 below shows the distribution of the respondents by age group, of whom 102 of them were women and 81 of them were men.

Fortunately the response rate is above the level (150) suggested by Pallant (2004), thereby warranting the use of factor and principal component analyses.
| Question | 1.000 | 0.728 | 1.000 | 0.409 | 0.356 | 1.000 | 0.595 | 0.651 | 0.399 | 1.000 | 0.486 | 0.515 | 0.465 | 0.741 | 1.000 | 0.369 | 0.449 | 0.246 | 0.487 | 0.460 | 1.000 | 0.484 | 0.589 | 0.321 | 0.555 | 0.429 | 0.495 | 1.000 | 0.159 | 0.158 | 0.184 | 0.222 | 0.263 | 0.100 | 0.098 | 1.000 | 0.124 | 0.149 | 0.185 | 0.232 | 0.209 | 0.042 | 0.098 | 0.802 | 1.000 | 0.431 | 0.409 | 0.263 | 0.379 | 0.348 | 0.257 | 0.282 | 0.615 | 0.598 | 1.000 | 0.360 | 0.451 | 0.205 | 0.457 | 0.390 | 0.440 | 0.467 | 0.191 | 0.188 | 0.420 | 1.000 | 0.415 | 0.463 | 0.278 | 0.400 | 0.392 | 0.293 | 0.423 | 0.332 | 0.342 | 0.511 | 0.506 | 1.000 | 0.434 | 0.501 | 0.338 | 0.460 | 0.412 | 0.348 | 0.532 | 0.256 | 0.293 | 0.492 | 0.629 | 0.734 | 1.000 | 0.291 | 0.318 | 0.094 | 0.302 | 0.327 | 0.165 | 0.230 | 0.507 | 0.569 | 0.648 | 0.350 | 0.481 | 0.412 | 1.000 | 0.307 | 0.276 | 0.111 | 0.315 | 0.299 | 0.103 | 0.257 | 0.512 | 0.605 | 0.628 | 0.310 | 0.450 | 0.416 | 0.879 | 1.000 | 0.504 | 0.599 | 0.306 | 0.623 | 0.506 | 0.357 | 0.499 | 0.342 | 0.339 | 0.561 | 0.522 | 0.666 | 0.691 | 0.472 | 0.452 | 1.000 | 0.453 | 0.461 | 0.556 | 0.507 | 0.473 | 0.477 | 0.391 | 0.277 | 0.249 | 0.355 | 0.330 | 0.360 | 0.410 | 0.198 | 0.197 | 0.422 | 1.000 | 0.540 | 0.516 | 0.386 | 0.588 | 0.484 | 0.362 | 0.425 | 0.226 | 0.238 | 0.425 | 0.502 | 0.431 | 0.499 | 0.355 | 0.345 | 0.652 | 0.605 | 1.000 |

**Table 6.2c: Perceived Risk Scale Items Correlation Matrix.**

Source: This study
Following the same procedure as Pallant (2004, p.158), an SPSS analysis was run, and the suitability of data for factor analysis was assessed. Inspection of the correlation matrix in Table 6.2c above, revealed the presence of many coefficients of 0.3 and above. The Kaiser-Meyer-Oklin value as shown in Table 6.3 was 0.88, exceeding the value of 0.6, recommended by Pallant (2004).

**Table 6.3: KMO and Bartlett's Test**

<table>
<thead>
<tr>
<th>Kaiser-Meyer-Olkin Measure of Sampling Adequacy.</th>
<th>0.883</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bartlett's Test of Sphericity Approx. Chi-Square</td>
<td>2173.460</td>
</tr>
<tr>
<td>df</td>
<td>153</td>
</tr>
<tr>
<td>Sig.</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Source: This study

The Barlett's Test of Sphericity also reached statistical significance (sig = 0.00), supporting the factorability of the correlation matrix.

The 18 items of the perceived risk scale were subjected to principal component analysis using SPSS. The analysis revealed the presence of three components (see Total Variance Explained table at the Appendix), with eigenvalues exceeding 1, explaining 44.36 per cent, 14.09 per cent, and 6.86 per cent of the variance respectively. An inspection of the screeplot (Figure 6.3) revealed a clear break from the second component. Using Catell's (1966) (cited in Pallant) Scree Test, it was first decided to retain one component for further investigation (as shown in Figure 6.3 where there is a change in direction from component 2, unlike Al-Sabbahy who ignored this assumption and retained two components).
Figure 6.3: The screeplot from the factor analysis

But because retaining only one component just led back to the original scale, because SPSS could not rotate one component to actually separate the pure items on the scale from the others; a decision was made to also retain the second component. This decision was taken, based on the conception that since and elbow starts from the second component, any item listed under that component may have a weaker effect on the perceived risk scale (it also came from the suggestion from Pallant (2004) that the underlining solution does not change, but the data is presented in a pattern and manner easier to interpret).
Following that assumption, to aid the interpretation of these two components, the Oblique Factor solution was adopted (since it is assumed that the items making up the perceived risk scale are correlated). One used Direct Oblimin (the most common type of this oblique factor solution as suggested by Pallant 2004) rotation (delta =0) (presented in Table 6.4).
### Table 6.4: A Principal Component Analysis of the Perceived Risk Scale

<table>
<thead>
<tr>
<th>Components</th>
<th>1</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail is not up to expected standard.</td>
<td>0.76</td>
<td></td>
</tr>
<tr>
<td>I feel that Royal Mail's parcel postal service quality is poor.</td>
<td>0.82</td>
<td></td>
</tr>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail is not better than that provided by a similar company (e.g. DHL).</td>
<td>0.57</td>
<td></td>
</tr>
<tr>
<td>I feel that Royal Mail's parcel postal service does not provide value for money.</td>
<td>0.82</td>
<td></td>
</tr>
<tr>
<td>Compared to what I am willing to pay, I feel that the amount of money I spend sending/receiving parcels through Royal Mail is too much.</td>
<td>0.73</td>
<td></td>
</tr>
<tr>
<td>I feel that if my parcel is lost or damaged by Royal Mail, it will be difficult to successfully make a claim.</td>
<td>0.71</td>
<td></td>
</tr>
<tr>
<td>I feel that my parcel(s) delivered by Royal Mail is(are) not well handled.</td>
<td>0.76</td>
<td></td>
</tr>
<tr>
<td>I feel that I may be injured or harmed when going to a Post Office or shop to post or receive a parcel.</td>
<td>0.83</td>
<td></td>
</tr>
<tr>
<td>I feel that using Royal Mail's parcel postal service can harm or cause an injury to me or someone.</td>
<td>0.87</td>
<td></td>
</tr>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail makes me sad.</td>
<td>0.71</td>
<td></td>
</tr>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail has a bad reputation.</td>
<td>0.60</td>
<td></td>
</tr>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail makes me feel stressed (worried).</td>
<td>0.49</td>
<td>0.37</td>
</tr>
<tr>
<td>What I hear from people or the media about Royal Mail makes me feel I should not to use Royal Mail's parcel postal service.</td>
<td>0.62</td>
<td></td>
</tr>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail makes me uncomfortable among my friends/family members.</td>
<td>0.83</td>
<td></td>
</tr>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail embarrasses me among my friends/family members.</td>
<td>0.84</td>
<td></td>
</tr>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail wastes a lot of my time.</td>
<td>0.66</td>
<td>0.30</td>
</tr>
<tr>
<td>I feel that parcels take too long to be delivered by Royal Mail compared to a similar company (e.g. TNT).</td>
<td>0.69</td>
<td></td>
</tr>
<tr>
<td>I feel that it takes a lot of my time picking-up a parcel or having it re-delivered by Royal Mail compared to a similar company (e.g. TNT)</td>
<td>0.71</td>
<td></td>
</tr>
<tr>
<td><strong>Eigenvalue</strong></td>
<td>7.28</td>
<td>5.01</td>
</tr>
<tr>
<td><strong>Total variance explained</strong></td>
<td>58.38%</td>
<td></td>
</tr>
</tbody>
</table>


Source: This Study
Following Pallant's (2004, p.165) suggestion that, one should consider removing items loading moderately on a number of different components and repeat the analysis, two components were removed from the first analysis and the whole process was repeated as shown in Table 6.5.

Table 6.5: A Refined Principal Component Analysis of the Perceived Risk Scale.

<table>
<thead>
<tr>
<th>Components</th>
<th>1</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail is not up to expected standard.</td>
<td>0.76</td>
<td></td>
</tr>
<tr>
<td>I feel that Royal Mail's parcel postal service quality is poor.</td>
<td>0.81</td>
<td></td>
</tr>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail is not better than that provided by a similar company (e.g. DHL).</td>
<td>0.60</td>
<td></td>
</tr>
<tr>
<td>I feel that Royal Mail's parcel postal service does not provide value for money. Compared to what I am willing to pay, I feel that the amount of money I spend sending/receiving parcels through Royal Mail is too much.</td>
<td>0.82</td>
<td></td>
</tr>
<tr>
<td>I feel that if my parcel is lost or damaged by Royal Mail, it will be difficult to successfully make a claim.</td>
<td>0.73</td>
<td></td>
</tr>
<tr>
<td>I feel that my parcel(s) delivered by Royal Mail is(are) not well handled.</td>
<td>0.71</td>
<td></td>
</tr>
<tr>
<td>I feel that I may be injured or harmed when going to a Post Office or shop to post or receive a parcel. What I hear from people or the media about Royal Mail makes me feel I should not to use Royal Mail's parcel postal service.</td>
<td>0.76</td>
<td></td>
</tr>
<tr>
<td>I feel that using Royal Mail's parcel postal service can harm or cause injury to me or someone.</td>
<td>0.84</td>
<td></td>
</tr>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail makes me sad.</td>
<td>0.89</td>
<td></td>
</tr>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail has a bad reputation.</td>
<td>0.72</td>
<td></td>
</tr>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail makes me uncomfortable among my friends/family members.</td>
<td>0.60</td>
<td></td>
</tr>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail embarrasses me among my friends/family members.</td>
<td>0.60</td>
<td></td>
</tr>
<tr>
<td>I feel that parcels take too long to be delivered by Royal Mail compared to a similar company (e.g. TNT). I feel that it takes a lot of my time picking-up a parcel or having it re-delivered by Royal Mail compared to a similar company (e.g. TNT).</td>
<td>0.83</td>
<td></td>
</tr>
<tr>
<td>Eigenvalue</td>
<td>6.30</td>
<td>4.45</td>
</tr>
<tr>
<td>Total variance explained</td>
<td>61.23</td>
<td></td>
</tr>
</tbody>
</table>

Source: This study
Since it is assumed that the items that make up the perceived risk scale (or the dimensions) are correlated, the deviation (as shown on the scree plot in Figure 6.2) from the second point may suggest that, items from that point (component two) may be having a weaker effect on the perceived risk scale. Therefore following that note, added to the latter suggestion from Pallant (2004, p.165), only the items under component one were adopted as those that make up a perceived risk scale as shown in the table below:

**Table 6.6a: Items that make up the perceived risk scale for this research**

<table>
<thead>
<tr>
<th>Item</th>
<th>Source: This study</th>
</tr>
</thead>
<tbody>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail is not up to expected standard.</td>
<td></td>
</tr>
<tr>
<td>I feel that Royal Mail's parcel postal service quality is poor.</td>
<td></td>
</tr>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail is not better than that provided by a similar company (e.g. DHL).</td>
<td></td>
</tr>
<tr>
<td>I feel that Royal Mail's parcel postal service does not provide value for money.</td>
<td></td>
</tr>
<tr>
<td>Compared to what I am willing to pay, I feel that the amount of money I spend sending/receiving parcels through Royal Mail is too much.</td>
<td></td>
</tr>
<tr>
<td>I feel that if my parcel is lost or damaged by Royal Mail, it will be difficult to successfully make a claim.</td>
<td></td>
</tr>
<tr>
<td>I feel that my parcel(s) delivered by Royal Mail is (are) not well handled.</td>
<td></td>
</tr>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail has a bad reputation.</td>
<td></td>
</tr>
<tr>
<td>What I hear from people or the media about Royal Mail makes me feel I should not to use Royal Mail's parcel postal service.</td>
<td></td>
</tr>
<tr>
<td>I feel that parcels take too long to be delivered by Royal Mail compared to a similar company (e.g. TNT).</td>
<td></td>
</tr>
<tr>
<td>I feel that it takes a lot of my time picking-up a parcel or having it re-delivered by Royal Mail compared to a similar company (e.g. TNT)</td>
<td></td>
</tr>
</tbody>
</table>

In an attempt to justify the above assumption, further tests were conducted. A paired-sample t-test was conducted in an attempt to find out the impact of the intervention on the perceived risk measure, after those questions have been eliminated. There was a statistically significant decrease in the perceived risk measure before the elimination process (mean = 47.84, Standard Deviation = 19.83) and after the process (mean = 36.06, Standard Deviation = 14.70). With eta squared statistic (0.52) indicating a large effect
size. But interestingly this large significant effect seems to have played a minor role in its explaining power because, no matter the fact that some questions (almost half in number) were instead removed; a least squares regression analysis conducted before the elimination process (testing the relationship between perceived risk and perceived value) had the following results: $R^2 = 0.34$, $F = 94.37$, $df = 1$, $p < 0.001$ ($\text{std } \beta$ – perceived risk = -0.047, $B = -9.71$, $p < 0.001$; and after the elimination process: $R^2 = 0.36$, $F = 103.55$, $df = 1$, $p < 0.001$ ($\text{std } \beta$ – perceived risk = -0.056, $B = -10.17$, $p < 0.001$).

Indicating that, though there seems to have been a statistically significant difference, before and after eliminating those numbers of questions (seven in total), the effect on the scale's explanation or accounting ability seems to have been instead enhanced; confirming the argument that, those questions may have had a damping effect on the perceived risk scale, and confirming the reason why those questions were classified under the second dimension during the factor analysis.

### 6.2.1 Validity

Since Muijs (2004) suggested the purpose of a quantitative research being to measure and the need for validity and reliability, he continued by proposing validity to represent asking a question if one is measuring what he/she wanted to measure. According to Pallant (2004), Frankfort-Nachmias and Nachmias (1992), and Thietart et al. (2001), validity of a scale refers to the degree to which this scale measures what it is supposed to measure. To
Sullivan and Gilbert (2004, p.352) validity describes "the extent to which differences in observed scale score reflect true differences among objects on the characteristic being measured, rather than systematic error". It is probably for such a reason that Al-Sabbahy (2004), describes it as being crucial to the scientific credibility of a research or measurement. Amongst the various types of validity, as suggested in Figure 6.1, or by Sullivan and Gilbert (2004), researches need to assess content validity, criterion validity or construct validity.

A) Content Validity

According to Al-Sabbahy (2004, p.168), a scale has content validity "if it includes an adequate and representative set of items that tap the concept". It seems to be for such a reason that Sullivan and Gilbert (2004) may sometimes classify it as face validity since it is a "common-sense" interpretation of the fitness of the content of a scale with respect to what is being measured. As it has been mentioned in section 5.3 (ethical considerations), this research adhered to scientific steps, in developing the perceived risk concept and the scale that enables its measurement. Even before using the scale in the main research, it was pre-tested to ensure measurements represented what was expected. This was in line with Muijs' (2004) suggestion that content validity has more to do with whether or not the content of the manifest variables is right to measure the "latent concept" that one is trying to measure; while proposing that an extensive search in literature on the concept one is trying to measure may assist one in achieving content validity.
During the research process, even as this author supports the suggestion by Thietart et al. (2001, p.197) that "it is not always possible to determine tests specific to each type of validity......making especial content validity quite difficult to assess in social sciences" in an attempt to reducing any biases and improving content validity, the main purpose of the research was fully disclosed to the participants, in a letter that accompanied the questionnaires; with the hope that it may encourage them to participate in ensuring that their perceived risks may be eliminated, providing them with more benefits (though it was clearly mentioned that the research was mainly for academic purposes). Questions that could contribute in identifying any respondent (identification questions) were not included in the questionnaire, and participants were randomly selected not on the basis of extreme scores as suggested by Thietart et al. (2001).

B) Criterion Validity

According to Muijs (2004) this type of validity is closely related to "theory", or the expectations from the researcher that his/her theories or concepts "relate to others" or "predict certain outcomes". This type of validity seems to be made up of predictive and concurrent validity. Predictive validity will be assessed when the model on Figure 5.2 will be tested (though some of that has been tested in the previous paragraphs where this author was attempting to test the refined perceived risk scale). Concurrent validity would be assessed when the relationships in Figure 5.2, are being evaluated. Whereby one would be able to assess whether the scores on the instruments proposed
will agree with scores of other factors related to. An initial assessment of the relationship between perceived risk and perceived value using Pearson Correlation as shown in the table below

Table 6.6b Correlations table for perceived risk and perceived value

<table>
<thead>
<tr>
<th>Correlations</th>
<th>Perceived Value</th>
<th>Perceived Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived Value</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>1.000</td>
<td>-.603**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>183.000</td>
<td>183</td>
</tr>
<tr>
<td>Perceived Risk</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>-.603**</td>
<td>1.000</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>183</td>
<td>183.000</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

Source: This study

The above table shows that perceived risk had a strong (correlation = -.0603) and significantly (Sig <0.05) negative relationship with perceived value, showing a concurrent validity.

C) Construct Validity

According to Thietart et al. (2001), because the research within social sciences, involves triangulation on one or several concepts that are not always "observable", content validity is very essential in order to ensure that (p.197) the "building blocks of propositions and theories used to explain or predict organisational phenomena" are valid, especially being one of the difficulties in assessing construct validity in management research. Sullivan and Gilbert (2004) suggest that construct validity (p.315) should address the question of "what construct or characteristic the scale is in fact measuring".

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Alternatively it relates to one's "theoretical knowledge" of the concept one is attempting to measure (Muijs, 2004). As suggested by Thietart et al. (2001), the nature of the perceived value definition which was being disputed by many researchers, was illustrated in the literature review. And a new perceived value construct was suggested, involving the identification and elimination of perceived risk. A partial test to confirm the construct of this concept was suggested during the principal component analysis process, and in the Pearson Correlation table above, where it was identified that perceived risk negatively influences perceived value.

The latter author proposes further, of the need for one to ensure that different variables used to measure the same phenomenon "correlate strongly with each other" (convergent validity), and that variables used to measure different phenomena are "not perfectly correlated" (discriminant validity). Part of such proposals (correlation between items that make up the perceived risk scale) will be assessed during the reliability test, and the other aspect of "discriminant validity" will be assessed during the model testing phase.

6.2.2 Reliability

Going back to the "measurement" aspect with quantitative research suggested by Muijs (2004), reliability seems also to be a determinant of the quality of a "measurement". He suggests further that because most measurement processes are subject to errors or "measurement errors" reliability when conducting a quantitative research refers to the extent to which test scores are free of measurement errors. This analogy is explained
further by Sullivan and Gilbert (2004, p.313), as they differentiate that though errors may occur during measurement ..."systematic sources of error do not have an adverse impact on reliability, because they affect the measurement in a contrast way and do not lead to inconsistency.....meanwhile random error produces inconsistency, leading to lower reliability".

Though there are different types of reliability analysis one could assess (test/re-test or repeated measurement, alternative forms, internal consistency, etc. Sullivan and Gilbert, 2004) this research is particularly interested in the "internal consistency" approach. According to Muijs (2004, p.73) "this form of reliability is only applicable to instruments that have more than one item... as it refers to how homogeneous the items of the test are and how well they measure a single construct". The principal component analysis has been successfully used to ensure that the right items are used in the perceived risk scale. The sample size used in the analysis is consistent with Pallant’s (2004) suggestion. Since regression analysis will be conducted sometime in the research, the sample size is also consistent with that proposed by Kleinbaum et al. (2008), Pallant (2004), and Cohen et al. (2003), being $N > 50 + 8m$ (with $m =$ independent variables). After these items have been selected, it is important to find out if the items that make up the scale “hang together” (Pallant 2004). According to the latter author (p.85), Cronbach’s alpha is one of the most commonly used indicators of internal consistency. She suggests further that a value of 0.7 or above is always an indication that the scale is consistent, while warning researchers to expect 0.5 if the items on their scales
are less than ten and suggesting that: at this stage, researchers should report the mean “inter-item correlation” for the items.

After refining the perceived risk scale using the principal component analysis, the internal consistency of this refined scale was explored. As shown in Table 6.6c the Cronbach’s alpha coefficient, which, in this case is 0.90 is above the recommended 0.7, suggested by Pallant (2004) indicating that the scale can be considered reliable with the sample.

Table 6.6c: Perceived Risk Scale Reliability Statistics

<table>
<thead>
<tr>
<th>Cronbach’s Alpha</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.901</td>
<td>11</td>
</tr>
</tbody>
</table>

Source: This study

The inter-item correlations which give an indication of the degree to which items correlate with the total score are shown in Table 6.6d which shows that the inter-item correlation values are above the recommended minimum of 0.3, thereby confirming that the perceived risk scale is reliable.
### Table 6.6d Perceived Risk Scale Inter-item Correlation

<table>
<thead>
<tr>
<th>Perceived Risk Scale items</th>
<th>Inter-item correlation</th>
<th>Cronbach's Alpha if Item Deleted</th>
</tr>
</thead>
<tbody>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail is not up to expected standard.</td>
<td>0.67</td>
<td>0.89</td>
</tr>
<tr>
<td>I feel that Royal Mail's parcel postal service quality is poor.</td>
<td>0.73</td>
<td>0.89</td>
</tr>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail is not better than that provided by a similar company (e.g. DHL).</td>
<td>0.50</td>
<td>0.90</td>
</tr>
<tr>
<td>I feel that Royal Mail's parcel postal service does not provide value for money.</td>
<td>0.76</td>
<td>0.89</td>
</tr>
<tr>
<td>Compared to what I am willing to pay, I feel that the amount of money I spend sending/receiving parcels through Royal Mail is too much.</td>
<td>0.68</td>
<td>0.89</td>
</tr>
<tr>
<td>I feel that if my parcel is lost or damaged by Royal Mail, it will be difficult to successfully make a claim.</td>
<td>0.56</td>
<td>0.90</td>
</tr>
<tr>
<td>I feel that my parcel(s) delivered by Royal Mail is (are) not well handled.</td>
<td>0.65</td>
<td>0.89</td>
</tr>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail has a bad reputation.</td>
<td>0.58</td>
<td>0.89</td>
</tr>
<tr>
<td>What I hear from people or the media about Royal Mail makes me feel I should not to use Royal Mail's parcel postal service.</td>
<td>0.63</td>
<td>0.89</td>
</tr>
<tr>
<td>I feel that parcels take too long to be delivered by Royal Mail compared to a similar company (e.g. TNT).</td>
<td>0.66</td>
<td>0.89</td>
</tr>
<tr>
<td>I feel that it takes a lot of my time picking-up a parcel or having it re-delivered by Royal Mail compared to a similar company (e.g. TNT)</td>
<td>0.68</td>
<td>0.89</td>
</tr>
</tbody>
</table>

According to Pallant (2004), one should compare the Alpha value of “if the items are deleted” with that obtained, and should consider removing any item from the scale if its value is greater than that of the final alpha especially if “the final alpha is low”. In this case, the final alpha is high, and no item has a value higher than the final alpha; thereby further strengthening the case about the perceived risk scale being reliable.
6.3 Results (Model Testing)

The model suggested in Figure 5.2, represents an attempt in this thesis to demonstrate how perceived risk, plays a vital role in consumers’ behaviour. Such models in management research may contribute in assisting business managers, in identifying market variables and understanding their impact and interrelationships. For that reason, it may be necessary for the models to provide or support relevant argument, which should be valid and should not be vague or poorly constructed. Regression analysis would therefore be used to examine the interrelationships amongst the items in the model. This analysis may contribute in enhancing knowledge or understanding about the relationship between one or more items, direction of causality, the influence, and the significance (Sullivan and Gilbert 2004).

Therefore in an attempt to ensure the proposed model for this research represents what it aims at representing, or in an attempt to ensure the propositions within the model when analysed will represent scientific knowledge, it is essential to make sure that the following tests are conducted on the perceived risk score (since the sample size was proven to meet the required size, suggested in the rule of thumb $N > 50+8m$): normality, independence, multicollinearity, linearity. This will also ensure the data is up to standard, where one will be able to use some of the analysis methods (parametric tests) suggested by Sullivan and Gilbert (2004), who hold the simplistic view that "many random variables turn out to be Normally distributed" (p.10).
A). Normality Test

According to Pallant (2004), "normal", (p.54), "is used to describe a symmetrical, bell shaped curve... which has the greatest frequency of scores in the middle....with smaller frequencies towards the extremes". Using the Kolmogorov-Smirnov test (Table 6.7a), a significant result less than 0.05 ($p<0.05$) suggested a violation of the assumption of normality.

<table>
<thead>
<tr>
<th>Perceived Risk</th>
<th>Kolmogorov-Smirnov(a)</th>
<th>Statistic</th>
<th>df</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>.094</td>
<td>183</td>
<td>.000</td>
</tr>
</tbody>
</table>

But as suggested by Pallant (2004, p.58), "this is quite common in larger scales" (with a sample size of 184 used in her illustration, similar to that used in this research), "and in cases: e.g. depression test, where most respondents record low scores on the scale" (p.78), (a similar situation here where respondents may have recorded low scores on the perceived risk scale). She suggests that researchers who find themselves in this situation should look at the "bell-shaped" histogram for a "reasonable normality" view, with the support of the normal probability plots as shown in Figure 6.4(a) and (b). This approach is also acknowledged by Field (2003) where he suggests that (p.42) "histograms are a good way of getting and instant picture of the distribution".
Figure 6.4a: Perceived Risk score histogram

Source: This study
Figure 6.4b: Perceived risk score, normal probability plots.

Normal Q-Q Plot of Perceived Risk

Source: This study

Following the warning from Bryman (1999, p.96), that researchers should be careful, when there is a very “marked discrepancy” from a normal distribution, when treating variables as “though they were normally distributed”, like with this case; the histogram in Figure 6.4a is not skewed as any of those suggested in his book. Instead, this histogram shows that the perceived risk score is fairly or reasonably normally distributed.
B). Independence

Because only a single questionnaire was posted to each household (addressed to “a senior member of the family”), it was assumed that there was no collaboration between different households (even if during the process of completing the questionnaire, if there was collaboration “within a household” it would instead provide valid responses, like those obtained from a focused group study).

C). Multicollinearity

According to Field (2003), when there is a strong correlation between two or more independent variables in a regression model, multicollinearity exists; especially using the VIF (Variance Inflation Factor) which indicates whether an independent variable has a strong linear relationship with another. According to Pallant (2003), one needs to ensure that the independent variables show at least some relationship with the dependent variable (above 0.3), while the correlation between each independent variable is “not too high” (it should be less that 0.7). In order to verify those suggestions, a multiple regression analysis was run using perceived risk and perceived value scores as independent variables, satisfaction as dependent variable (though this author did ensure rest of the multiple regression analyses met the same rule);

Following Pallant’s (2004) suggestions above, the independent variables moderately correlated amongst themselves (-0.60) and substantially correlated (above 0.3) with the dependent variable (-0.64 and 0.64 respectfully).
Following Field's (2003) suggestion, to obtain the collinearity statistics, Pallant (2004) suggests that if the Tolerance is "near to zero" or very low, there is possibility of multicollinearity. In this case it was 0.64, being quite respectable; therefore the assumption was not violated. According to Miles and Shevlin (2001, p.130) the VIF = 1/Tolerance, and should be less than 2. In this case the VIF value was 1.57, indicating, there is no serious multicollinearity problem.

D). Linearity

The regression model was also checked for normality residuals using the Normal Probability Plot suggested by Pallant (2004). As shown in Figure 6.5a the points were aligned in a reasonable straight diagonal line from bottom left to top right, indicating no major deviation from normality.

**Figure 6.5a: Normal P-P Plot of Regression Standardised**

Source: This study
6.3.1 Analysis of Propositions

There is a direct negative relationship between perceived risk and perceived value:-

To explore this proposition a simple regression analysis suggested by Sullivan and Gilbert (2004); Field, (2003), was used as table 6.8 summarises.

Table 6.8a: proposition summary for proposition one

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.603(a)</td>
<td>.364</td>
<td>.360</td>
<td>1.099</td>
</tr>
</tbody>
</table>

a Predictors: (Constant), Perceived Risk
Source: This study

The model summary above provides the value for R and R^2. The value for R^2 is 0.36, which suggests that perceived risk can explain 36% of the variation in perceived value.

Table 6.8b: Coefficients (a)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>95% Confidence Interval for B</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td>Lower Bound</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Upper Bound</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>6.716</td>
<td>.216</td>
<td></td>
<td>.000</td>
<td>6.291</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>7.142</td>
</tr>
<tr>
<td>Perceived Risk</td>
<td>-.056</td>
<td>.006</td>
<td>-.603</td>
<td>-.067</td>
<td>-.045</td>
</tr>
</tbody>
</table>
According to Sullivan and Gilbert (2004), for one to create a better understanding of the above proposition, it is “conventional” to report the regression equation. In this case: $Y$ (the best prediction of the perceived value score) = $a + \beta X$ ($X$, being perceived risk)

- $\beta$ (for the slope) is: $\beta = -0.06$ (two decimal places, with the negative sign indicating a negative relationship)
- The intercept ($a$) or “constant” is $a = 6.72$

Therefore: $Y = 6.72 + (-0.06) X$; whereby when perceived risk ($X$) is $= 0$, the model predicts that perceived Value ($Y$) will be $= 6.72$. Therefore, for every increase of 1 unit on the perceived risk score, the perceived value score would change negatively by $-0.06$. Meaning that perceived risk has a negative and significant influence ($\beta = -0.06$, $t = -10.18$, $p < 0.001$) in explaining perceived value.

The relationship between perceived risk and consumer satisfaction is partially mediated by perceived value:

In order to analyse this, this author applied the approach adopted by Al-Sabahhy, (2004), suggested by Baron and Kenny, (1986) and Judd and Kenny, (1981); where a series of steps are required to confirm or reject this mediation concerns:

- Using a simple regression analysis, perceived risk was found to have a negative and significant influence on satisfaction ($R^2 =$
Using a simple regression analysis, perceived risk was already found to have a negative and significant influence on perceived value ($R^2 = 0.36$, $F = 103.56$, $df = 1$, $\varphi < 0.001$) ($\beta = -0.06$, $t = -10.18$, $\varphi < 0.001$) ($Y = 6.72 + (-0.06) X$).

Using a hierarchical multiple regression analysis, perceived value was entered first, and it significantly explained 44% variance in satisfaction ($F = 142.71$, $\varphi < 0.001$). When perceived risk was entered second, a further significant increment of 9% of the variance ($F = 33.46$, $\varphi < 0.001$) was explained.

Using a hierarchical multiple regression, perceived risk was entered first, and it significantly explained 41% variance in satisfaction ($F = 123.37$, $\varphi < 0.001$). When perceived value was entered second, a further significant increment of 12% of the variance ($F = 47.92$, $\varphi < 0.001$) ($\beta$-perceived risk = -0.03, $t = -5.78$) was explained.

According to Baron and Kenny (1986); Judd and Kenny (1981), to be able to establish that perceived value mediates the relationship between perceived risk and satisfaction, the effect of perceived risk upon controlling perceived value should be zero. In this case, there was a small but significant effect, therefore perceived value partially mediates the relationship between perceived risk and satisfaction.
The relationship between perceived risk and behavioural intentions (return intention and intention to recommend) is partially mediated by perceived value.

Adopting the same approach as with the previous case:-

- Using a simple regression analysis, perceived risk was found to have a negative and significant influence on return intention ($R^2 = 0.13$, $F = 27.92$, $df = 1$, $p < 0.001$) ($\beta = -0.05$, $t = -5.28$, $p < 0.001$) ($Y = 6.54 + (-0.05) X$).

- Using a simple regression analysis, perceived risk was already found to have a negative and significant influence on perceived value ($R^2 = 0.36$, $F = 103.56$, $df = 1$, $p < 0.001$) ($\beta = -0.06$, $t = -10.18$, $p < 0.001$) ($Y = 6.72 + (-0.06) X$).

- Using a hierarchical multiple regression, perceived value was entered first, and it significantly explained 10% variance in return intention ($F = 20.79$, $p < 0.001$). When perceived risk was entered second, a further insignificant increment of 5% of the variance ($F = 9.83$, $p = 0.002$) was explained.

- Using a hierarchical multiple regression, perceived risk was entered first, and it significantly explained 13% variance in return intention ($F = 27.92$, $p < 0.001$). When perceived value was entered second, a further small and insignificant increment of 2% of the variance ($F = 3.36$, $p = 0.069$) ($\beta$-perceived risk = -0.04, $t = -3.12$) was explained.

Using a similar approach with intention to recommend:-
Using a simple regression analysis, perceived risk was found to make a negative significant influence on intention to recommend ($R^2 = 0.25, F = 60.70, df = 1, \varphi < 0.001$) ($\beta = -0.06, t = -7.79, \varphi < 0.001$) ($Y = 6.72 + (-0.06) X$).

Using a simple regression analysis, perceived risk was already found to make a negative significant influence on perceived value ($R^2 = 0.36, F = 103.56, df = 1, \varphi < 0.001$) ($\beta = -0.06, t = -10.18, \varphi < 0.001$) ($Y = 6.72 + (-0.06) X$).

Using a hierarchical multiple regression, perceived value was entered first, and it significantly explained 19% variance in intention to recommend ($F = 42.66, \varphi < 0.001$). When perceived risk was entered second, a further significant increment of 9% of the variance ($F = 22.19, \varphi < 0.001$) was explained.

Using a hierarchical multiple regression, perceived risk was entered first, and it significantly explained 25% variance in intention to recommend ($F = 60.70, \varphi < 0.001$). When perceived value was entered second, a further small and insignificant increment of 3% of the variance ($F = 7.10, \varphi = 0.008$) ($\beta$-perceived risk $= -0.05, t = -4.71$) was explained.

All the analyses show that perceived value is a complete mediator in the relationship between perceived risk and behavioural intentions.
There is a direct positive relationship between perceived value and consumer satisfaction.

The results of a simple/linear regression analysis is found in Table 6.9(a) (b)

Table 6.9(a): Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.664(a)</td>
<td>.441</td>
<td>.438</td>
<td>1.009</td>
</tr>
</tbody>
</table>

a Predictors: (Constant), Perceived Value
Source: This study

The model summary above provides the value for R and R², the value for R² is 0.44, which explains that perceived value can explain 44% of the variation in satisfaction.

Table 6.9(b): Coefficients (a)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>95% Confidence Interval for B</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td>Lower Bound</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>2.048</td>
<td>.266</td>
<td>.7714</td>
<td>.000</td>
<td>1.524</td>
</tr>
<tr>
<td>Perceived Value</td>
<td>.650</td>
<td>.054</td>
<td>.664</td>
<td>11.946</td>
<td>.000</td>
</tr>
</tbody>
</table>

a Dependent Variable: Satisfaction
Source: This study

For the regression equation: Y (the best prediction of the satisfaction score) = a + βX (X, being perceived value)
- β (for the slope) is: = 0.65 (indicating a positive relationship)
- The intercept (a) or "constant" is = 2.05

Therefore: Y = 2.05 + (0.65)X; whereby when perceived value (X) is = 0, the model predicts that satisfaction (Y) will be = 2.05. Therefore, for every increase of 1 unit on the perceived value score, the satisfaction score would
change positively by 0.65. Meaning that perceived value has a positive and significant influence ($\beta = 0.65$, $t = 11.95$, $\varphi < 0.001$) in explaining satisfaction.

> There is a direct positive relationship between perceived value and behavioural intentions.

Using a simple regression analysis:-

- Perceived value was found to have a positive and significant influence ($R^2 = 0.10$, $F = 20.79$, $df = 1$, $\varphi < 0.001$) ($\beta = 0.46$, $t = 4.56$, $\varphi < 0.001$) in explaining return intention ($Y = 2.64 + (0.46)X$). Therefore when perceived value ($X$) is = 0, the model predicts that return intention ($Y$) will be = 2.65. Therefore, for every increase of 1 unit on the perceived value score, the return intention score would change positively by 0.46.

- Perceived value was also found to have a positive and significant influence ($R^2 = 0.19$, $F = 42.66$, $df = 1$, $\varphi < 0.001$) ($\beta = 0.6$, $t = 6.53$, $\varphi < 0.001$) in explaining intention to recommend ($Y = 1.60 + (0.6)X$). Therefore when perceived value ($X$) is = 0, the model predicts that intention to recommend ($Y$) will be = 1.60. Therefore, for every increase of 1 unit on the perceived value score, the return intention score would change positively by 0.6.

One can therefore conclude that, there is a positive relationship between perceived value and behavioural intentions.
The effect of perceived value on behavioural intentions is partially mediated by consumer satisfaction.

Applying the same approach as with the former cases:

- As seen above, perceived value was found to have a positive and significant influence on return intention ($R^2 = 0.10$, $F = 20.79$, $df = 1$, $p < 0.001$) ($\beta = 0.46$, $t = 4.56$, $p < 0.001$) ($Y = 2.64 + (0.46)X$).

- As seen above perceived value was already found to have a positive and significant influence on satisfaction ($R^2 = 0.44$, $F = 142.71$, $df = 1$, $p < 0.001$) ($\beta = 0.65$, $t = 11.95$, $p < 0.001$) ($Y = 2.05 + (0.65)X$).

- Using a hierarchical multiple regression, satisfaction was entered first, and it significantly explained 17% variance in return intention ($F = 35.66$, $p < 0.001$). When perceived value was entered second, no further increment of the variance ($F = 1.03$, $p = 0.311$) was noticed.

- Using a hierarchical multiple regression, perceived value was entered first, and it significantly explained 10% variance in return intention ($F = 20.79$, $p < 0.001$). When satisfaction was entered second, a further significant increment of 7% of the variance ($F = 14.38$, $p < 0.001$) ($\beta$-perceived value = 0.13, $t = 1.01$) was explained.

Using a similar approach with intention to recommend:
Perceived value was already found to have a positive and significant influence on intention to recommend ($R^2 = 0.19$, $F = 42.65$, $df = 1$, $\varphi < 0.001$) ($\beta = 0.6$, $t = 6.53$, $\varphi < 0.001$) ($Y = 1.60 + (0.6) X$).

As seen above perceived value was already found to have a positive and significant influence on satisfaction ($R^2 = 0.44$, $F = 142.71$, $df = 1$, $\varphi < 0.001$) ($\beta = 0.65$, $t = 11.95$, $\varphi < 0.001$) ($Y = 2.05 + (0.65) X$).

Using a hierarchical multiple regression, satisfaction was entered first, and it significantly explained 20% variance in intention to recommend ($F = 46.43$, $\varphi < 0.001$). When perceived value was entered second, a further small and insignificant increment of 4% of the variance ($F = 7.89$, $\varphi = 0.006$) was explained.

Using a hierarchical multiple regression, perceived value was entered first, and it significantly explained 19% variance in intention to recommend ($F = 42.66$, $\varphi < 0.001$). When satisfaction was entered second, a further small and significant increment of 5% of the variance ($F = 11.06$, $\varphi = 0.001$) ($\beta$-perceived value = 0.34, $t = 2.81$) was explained (adopting the view from Salkind (2000, p.178) that a representation of $\varphi < 0.001$ means anything from 0.000 to 0.001).

The above analyses suggest that there was a small but significant effect, meaning satisfaction partially mediates the effects between perceived value and behavioural intentions.
There is a significant difference between respondents from Coventry, Kenilworth, and Nuneaton, in their perceived risk score.

According to Sullivan and Gilbert (2004), Pallant (2004), and Field (2003), when one is confronted with a situation where there is need to analyse difference between three or more experimental groups, ANOVA (or analysis of variance) is one of the best suitable techniques that can be employed, especially because it provides information on how variables interact with each other. The one-way between groups ANOVA was therefore adopted, (especially ensuring that all assumptions were met: random sampling, independence of observation, normal distribution etc.) to analyse this proposition.

- Following the analysis, the homogeneity of variances was assessed, and the significant value for Levene’s test was $= 0.122$ (sig $= 0.122$), meaning that the assumption of homogeneity was not violated, since this value was greater than 0.05 (Pallant, 2004).

- There was an overall significant value of 0.004 (being less than 0.05), indicating a statistically significant result somewhere amongst the groups in Table 6.10
Table 6.10: One-way ANOVA Multiple Comparisons results for the towns

<table>
<thead>
<tr>
<th>(I) Town</th>
<th>(J) Town</th>
<th>Mean Difference (I-J)</th>
<th>Std. Error</th>
<th>Sig.</th>
<th>95% Confidence Interval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenilworth</td>
<td>Nuneaton</td>
<td>-4.48654</td>
<td>2.57742</td>
<td>.193</td>
<td>-10.5777 1.6046</td>
</tr>
<tr>
<td>Coventry</td>
<td>Kenilworth</td>
<td>8.67866(*)</td>
<td>2.55277</td>
<td>.002</td>
<td>2.6458 14.7115</td>
</tr>
<tr>
<td>Coventry</td>
<td>Nuneaton</td>
<td>4.19212</td>
<td>2.68468</td>
<td>.265</td>
<td>-2.1525 10.5367</td>
</tr>
<tr>
<td>Nuneaton</td>
<td>Kenilworth</td>
<td>4.48654</td>
<td>2.57742</td>
<td>.193</td>
<td>-1.9046 10.5777</td>
</tr>
<tr>
<td>Nuneaton</td>
<td>Coventry</td>
<td>-4.19212</td>
<td>2.68468</td>
<td>.265</td>
<td>-10.5367 2.1525</td>
</tr>
</tbody>
</table>

* The mean difference is significant at the .05 level.
Dependent Variable: Perceived Risk, Tukey HSD
Source: This study

The above table shows that only respondents from Kenilworth (mean = 31.94, SD = 12.78) and respondents from Coventry (mean = 40.62, SD = 14.41), were significantly different from one another in terms of their perceived risk score. Respondents from Nuneaton (mean = 36.42, SD = 15.97) did not differ significantly from either those from Kenilworth or Coventry. The effect size, calculated using eta squared, was 0.06, classified in Pallant (2004, p.192) as medium effect.

For explorative purposes, this author also investigated if there was any significant different between male and female respondents.

- Following the analysis, the homogeneity of variances was assessed, and the significant value for Levene's test was = 0.28 (sig = 0.599), meaning that the assumption of homogeneity was not violated, since its significance was greater than 0.05.

- There was an overall significant value of 0.088 (being more than 0.05), indicating that there is no significant difference among the mean scores of males and females (Pallant, 2004). This was also
supported by the eta squared value of 0.016, classified in Pallant (2004) as small effect.

Another one-way between-groups analysis of variance was conducted to explore the impact of age on the perceived risk score. The respondents were divided into three groups (30 and below; 31-50; 51 and above).

- The homogeneity of variances was assessed, and the significant value for Levene’s test was = 0.04 (sig = 0.96), meaning that the assumption of homogeneity was not violated, since its significance was greater than 0.05.

- There was an overall significant value of 0.014 (being less than 0.05), indicating a statistically significant result somewhere amongst the groups in Table 6.10a.

- There was an overall significant value of 0.004 (being less than 0.05), indicating a statistically significant result somewhere amongst the groups in table 6.10a.

Table 6.10a: One-way ANOVA Multiple Comparisons Results for the Age Groups

<table>
<thead>
<tr>
<th>(I) Age</th>
<th>(J) Age</th>
<th>Mean Difference</th>
<th>Std. Error</th>
<th>Sig.</th>
<th>95% Confidence Interval</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(I-J)</td>
<td></td>
<td></td>
<td>Lower Bound</td>
</tr>
<tr>
<td>30 and below</td>
<td>31-50</td>
<td>18.05000*</td>
<td>7.40947</td>
<td>.042</td>
<td>.5395</td>
</tr>
<tr>
<td></td>
<td>51 and above</td>
<td>20.74038*</td>
<td>7.35698</td>
<td>.015</td>
<td>3.3539</td>
</tr>
<tr>
<td>31-50</td>
<td>30 and below</td>
<td>-18.05000*</td>
<td>7.40947</td>
<td>.042</td>
<td>-35.5605</td>
</tr>
<tr>
<td></td>
<td>51 and above</td>
<td>2.69038*</td>
<td>2.18733</td>
<td>.437</td>
<td>-7.8596</td>
</tr>
<tr>
<td>51 and above</td>
<td>30 and below</td>
<td>-20.74038*</td>
<td>7.35698</td>
<td>.015</td>
<td>-36.1269</td>
</tr>
<tr>
<td></td>
<td>31-50</td>
<td>-2.69038*</td>
<td>2.18733</td>
<td>.437</td>
<td>-7.8596</td>
</tr>
</tbody>
</table>

*. The mean difference is significant at the 0.05 level.

Source: This study
Table 6.10a shows that there was a statistically significant difference at \([F(2, 180) = 4.37, \text{sig} = 0.014]\). Despite reaching statistical significance, the actual difference in the mean scores between the groups was quite small. The effect size, calculated using eta squared, was 0.046 indicating a medium effect. Post-hoc comparisons using the Tukey HSD test indicated that the mean score for '30 and below' group (\(M = 55.25, \text{SD} = 13.52\)) was significantly different from the '51 and above' group (\(M = 34.51, \text{SD} = 14.63\)). The '31-50' group (\(M = 37.2, \text{SD} = 14.21\)) was significantly different from the '51 and above' group (\(M = 34.51, \text{SD} = 14.63\)). The '30 and below' group (\(M = 55.25, \text{SD} = 13.52\)) was significantly different from the '31-50' group (\(M = 37.2, \text{SD} = 14.21\)).
Discussion

Following the factor analysis, it was very interesting to find how some of the items suggested in the questionnaire were rejected or loaded more poorly than expected. Interestingly enough, most of the items rejected were those of psychological and social risk dimensions respectively. This therefore seems to be in line with the suggestion by Mitchell (1998) and Gilbert (2003) that psychological risk has social risk embedded in its characteristics (e.g. resulting from friends or family members thinking that a consumer has made a poor or inferior choice). According to Mitchell (1998) psychological risk is always also present when family and friends are “privy” to any resulting consequences of a product or service failure. To Gilbert (2003), psychological risk typically involves fear from a consumer that his/her peer group may ask (p.62) “where on earth did you buy this?” It is obvious from the following items that were rejected:

- I feel that the parcel postal service provided by Royal Mail makes me sad.
- I feel that the parcel postal service provided by Royal Mail makes me uncomfortable among my friends/family members.
- I feel that the parcel postal service provided by Royal Mail embarrasses me among my friends/family members.
- I feel that the parcel postal service provided by Royal Mail makes me feel stressed (worried).
that the parcel postal service may not have so much influence on people’s emotion. This may be as a result of the fact that there is very limited direct involvement in the service from consumers. What this explains is that since most consumers would receive a parcel after just an “online click”, telephone conversation, or/and as a surprise etc. there is little involvement from them, from the origin of the parcel to the delivery point. This is contrary to studies within the air travel industry, retail environment like those of Boksberger et al. (2007), and Mitchell and Harris (2005) respectively where consumers personally experience the service. This phenomenon is supported by He and Mukherjee (2007) in their explanation of Oliver’s (1997) findings that consumers might perceive value differently at the time of purchase than they do during use. The former authors explain that during purchase thoughts about attributes seem to play more of a role whereas during use performance issues step in and the consequences are more salient.

It may therefore be as a consequence of this low involvement that the only items that make up psychological risk are those that reflect the image of the organisation:-

- I feel that the parcel postal service provided by Royal Mail has a bad reputation.
- What I hear from people or the media about Royal Mail makes me feel I should not to use Royal Mail’s parcel postal service.

These items that reflect the image of the organisation that were accepted in the analysis, seem to also support the notion from Keith
et al. (2004) that in services marketing, the relationship between the service provider and the consumer may be central to the perceived value of the service that is delivered. This aspect of image and reputation is also suggested by Drummond et al. (2008) as one of the items in the list of consumer based assets, being assets that the consumer perceives as being important.

This notion is also supported by He and Mukherjee (2007) who suggested that because consumer perceived value is subjective, with subjective judgements being highly like to be influenced by image-related perceptions such as "self-concept and store image", it is highly likely that a consumer would make a favourable judgement of the value offered by a store/service provider whose image matches their self-concept. Interestingly Walsh et al. (2006) also found that there was a strong correlation between corporate reputation and consumer satisfaction. This means that respondents may have viewed this relationship to potentially have many sacrifices, following information about Royal Mail's reputation and what is being said by people or the media.

Looking at the physical risk items that were rejected in the analysis:

- I feel that I may be injured or harmed when going to a Post Office or shop to post or receive a parcel.
- I feel that using Royal Mail's parcel postal service can harm or cause an injury to me or someone.
It seems to be obvious and valid for those items to be rejected because unlike the previously mentioned industries where consumers experience involvement, consumers are hardly involved in postal services in such a way that they could be physically harmed or injured directly. Therefore consumers are mostly concerned about the physical handling of the parcels.

Looking at the time risk item rejected:
- I feel that the parcel postal service provided by Royal Mail wastes a lot of my time.

It seems to be valid for this item to be rejected because when consumers buy from an online shop or website and over the telephone for example, they are hardly ever informed (except provided with a tracking number), of the day or time that their parcel was handed to the service provider. This is different from the retail environment (Gilbert 2003) or at airports (Boksberger et al. 2007), where consumers are directly involved through waiting in a queue etc. where time risk could be highly perceived. It seems difficult for consumers to directly understand where their time is involved, in the postal industry. This assumption seems to be true because the questions within which another service provider was compared with Royal Mail:
- I feel that parcels take too long to be delivered by Royal Mail compared to a similar company (e.g. TNT).
- I feel that it takes a lot of my time picking-up a parcel or having it re-delivered by Royal Mail compared to a similar company (e.g. TNT).

Respondents may have been able to evaluate or compare how much time it takes for parcels to be delivered through Royal Mail, compared to TNT, DHL etc.

➢ Functional/performance risk and financial risk items were all accepted. This may be as a result of the fact that consumers like to receive benefits or value worth what they give (the money they spend). This seems to confirm the notion from He and Mukherjee (2007) that during product or service use performance is a consumer’s major concern.

➢ Predictive validity was confirmed during the testing phase of the model in Figure 5.2, where the variables (perceived risk, and perceived value) predicted as expected
Model Testing

The table below provides a complete result of the analysis that was carry out in order to test the model and Figure 6.6 on the next page is a replica of the model (Figure 5.2) within which the findings have been included.

Table 6.11: Proposition Analysis Summary

<table>
<thead>
<tr>
<th>Proposition tested</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is a direct negative relationship between perceived risk and perceived value</td>
<td>Accepted</td>
</tr>
<tr>
<td>The relationship between perceived risk and consumer satisfaction is partially mediated by perceived value</td>
<td>Accepted</td>
</tr>
<tr>
<td>The relationship between perceived risk and behavioural intentions (return intention and intention to recommend) is partially mediated by perceived value</td>
<td>Accepted (perceived value is a complete mediator)</td>
</tr>
<tr>
<td>There is a direct positive relationship between perceived value and consumer satisfaction</td>
<td>Accepted</td>
</tr>
<tr>
<td>There is a direct positive relationship between perceived value and behavioural intentions</td>
<td>Accepted</td>
</tr>
<tr>
<td>The effect of perceived value on behavioural intentions is partially mediated by consumer satisfaction</td>
<td>Accepted</td>
</tr>
<tr>
<td>There is a significant difference between respondents from Coventry, Kenilworth, and Nuneaton, in their perceived risk score</td>
<td>Partially accepted (Kenilworth and Coventry)</td>
</tr>
</tbody>
</table>

Table 6.11 above shows that the conceptual model suggested in this research was supported.

- As demonstrated in Figure 6.6, the negative relationship between perceived risk and perceived value is in line with the findings from Sweeney et al. (1999), Agarwal and Teas (2004), Snoj et al. (2004),
and Boksberger and Craig-Smith (2006), confirming the suggestions in this research that perceived risk dimensions need to be identified and eliminated in order to create perceived value dimensions.

Finding perceived value to partially mediate the relationship between perceived risk and satisfaction seems to suggest that the more perceived value is enhanced, satisfaction may also be enhanced, especially since satisfaction has a positive relationship with perceived value. This same analogy applies to the relationship between perceived risk and behavioural intentions.

The positive relationship between perceived value and consumer satisfaction was in line with the findings from Gale (1994), Ravald and Grönros (1996), Slater (1997), and Walters and Lancaster (1999), confirming the suggestion in this research that enhancing perceived value may contribute in creating satisfaction as shown in Figure 6.6.

It was found that satisfaction partially mediates the effects of perceived value on behavioural intentions, with satisfaction positively relating to perceived value, and perceived value positively relating to behavioural intention. This therefore suggests that researchers and marketing managers have been doing the right thing in focusing on enhancing these three variables (Figure 6.6).
Figure 6.6: The model suggested for this thesis in Figure 5.2 with findings included. Source: This Study

Conclusion

Even though there seems to have been a fair amount of consensus among academic researchers and marketing managers, that perceived value impacts desired outcomes like satisfaction and behavioural intention, this research has addressed the perceived value construct and has suggested a potentially widely-accepted definition of, and measure for, perceived value. This author has been able to develop, test and apply the perceived risk measure to assess consumer perceived value. Moreover, this author has also suggested and tested a set of antecedent and consequent relationships to explore influences on, and behavioural outcomes of, perceived value.

For managers concerned about achieving competitive positioning and retention by providing value to their consumers, clarification of these different value conceptualisations has been suggested. While understanding the relationship between the antecedents and the actual behavioural...
consequences of perceived value is important to manage perceived value over time. This author has also suggested further insights into the nature of perceived value, and has also developed a measure to understand how consumers value products and services so as to help businesses in the postal industry formulate a clear statement of their value proposition.

6.5 Managerial Implications

A new perceived value construct has been suggested in this research, and the findings seem to support this construct. In an ideal business environment (where consumers do not have to make any sacrifices), it is expected that consumers perceived risk should not exist (or equals to zero); meaning that consumers only perceive the benefits (value) offered (as illustrated in Figure 4.4). But since this research finding seems to suggest that the respondents did perceived a significant level of risk with respect to the parcel postal service provided by Royal Mail, it is therefore recommended that Royal Mail's management team should revisit and enhance the value they are attempting to deliver.

They may need to evaluate their service while ensuring that the service consumers get the value they are expecting. In so doing they may need to understand indicators like:-

- What is delivery performance? (e.g. by evaluating and ensuring on-time delivery)
What is driving service level? (e.g. by benchmarking their service with those of their rivals and industry standards)

What is driving responsiveness? (especially ensuring that consumers get the right information, complaints and claims are handled efficiently)

Understanding these indicators may contribute in positioning Royal Mail in the mind of consumers, creating an opportunity for it to maximise the potential benefits. According to Kotler et al. (2006), the result of such positioning is the successful creation of a 'customer-focused' value proposition, “a cogent reason why the target market should buy or use a product or service” (p.214). This notion is particularly valid because as the latter authors suggest further, (p.215) “positioning is not what you do with a product or service but what you do to the mind of the prospect”. This means that strategic positioning will assist Royal Mail create value for their consumers (especially since this value is perceived by the consumers).

Though price or financial risk was one of the important dimensions identified in the analysis it can be argued, and as suggested by Gilbert (2003) that, if other value dimensions or service attributes (some motioned above) are improved upon meaning that the service quality level is enhanced, which may outweigh any financial cost that consumers incur. It is probably for this same reason that other rivals in the same market are winning over consumers from Royal Mail even though their charges for a similar service provided by Royal Mail may be higher.
It is probably for this same reason that relationship marketing researchers like Egan (2001) suggest that it may be far more cost-effective for Royal Mail's management to work hard in retaining existing consumers, compared to trying to get new ones (acquisition). Therefore they should adopt the findings in this research and ensure that they convert their consumers to loyal consumers, while ensuring that they are satisfied. This is especially because as suggested by Drummond (2008) such loyal consumers can generate word-of-mouth referrals and they are also a great source of new product ideas, competitive intelligence and industry credibility.

6.6 Directions for Future Research

Though a new perceived value construct has been suggested, with the findings validating the conceptualisation, interpretivists or qualitative research advocates may attempt to question the positivists' approach that has been used in this research. In response, they would be directed to the suggestion from Remenyi et al. (2003) that positivism involves a reductionist approach to exploring the relationship among the variables being studied, in order to be able to control an experiment or an investigation and thus be able to understand how the variables concerned are behaving. That has been the case in this research where the relationship between variables has been studied. In order to ensure that this knowledge is confirmed, it will be recommended that the same conceptualisation should be testing using a qualitative
research approach. While some items in the questionnaire were rejected after the factor analysis, a qualitative approach is absolutely recommended because it may provide new items that could be used in testing a similar model. If possible, user of the parcel postal service provided by Royal Mail should be identified (e.g. by monitoring the parcel traffic at delivery offices or through website providers like eBay) so that it would facilitate any qualitative research method.

Because of the sample size of and the area where this research was conducted, these finding cannot be generalised. It will therefore be recommended that the concepts tested in this research should again be validated using a larger sample and a wider area. Also because the concepts were only tested in the postal industry, one cannot generalise the findings. The conceptual model in this study should therefore be tested in other industries or sectors.

During the analysis of the model (Figure 5.2) it was found that most of the regression analysis involving the behavioural intention variables recorded a very low explanation percentage. This was assumed to have been as a result of using a single item each to measure the variable. The argument being suggested here is that although Al-Sabbahy (2004) recorded a high explanation result, this could have been as a result of the fact that his research involved hotel users who could directly predict whether they will be
using a particular hotel or not. The argument is that consumers seem to have a direct experience when they use products or services in the hospitality industry, whereby they may be able to evaluate the benefits they received, and may then be able to return or recommend to others. Meanwhile in the postal industry most consumers may not be able to predict when they will buy an item which would be delivered by post (as a parcel), or when a parcel would be sent to them, whereby they will be able to predict the postal service provider they can use or recommend. This means that most of the respondents may have ignored the questions or choose to tick the “no opinion” option. Also this low recording may have been as a result of the fact that just one question each was used in measuring those variables. If one takes return intention, for example, one may find that a respondent’s return intention may not only be measured using one question, not to talk of intention to recommend. This means that although Al-Sabbahy had a high score in his analysis, it will be recommended that additional questions should be used to measure both return intention and intention to recommend respectively. In so doing a similar test used in this research should be conducted, so as to verify this argument.
Chapter 7: Recommendations
7.1 Management Control System, the Way Forward

Because it has been identified that Royal Mail's management team may need to adopt a strategy that would easily identify potential deficiencies in the value delivered to consumers, it is recommended that an effective management control system should be implemented.

Since the aim of this research is to contribute to management knowledge, this subject (management) would be treated, following DuBrin's (2000, p.3) definition as "the process of using the organisation's resources to achieve organisational objectives through the functions of planning, organising and staffing, leading, and controlling". A similar definition from Armstrong (2006, p.1) describes management as "the systematic and analytical methods used by managers to assist in decision making, the improvement of efficiency and effectiveness and, in particular, the conduct of the two key managerial activities of planning and control".

The need for a management control system to be implemented within Royal Mail thereby should draw attention to the aspect of "improvement of efficiency, effectiveness and control" in the latter definition. This is probably the reason behind Wilson and Gilligan's (1998) conceptualisation (p.703) that "it is possible for an organisation having a good strategy to fail because it has a poor control system and vice versa". This may also be the reason behind Herath's (2007) view that organisational effectiveness largely depends upon the existing control system characteristics and Carlos' (1988) (cited in Herath,
2007) proposing the use of different control systems when there is need for achievement of different types of organisational performance.

Since Royal Mail has found itself operating in the “ever-changing environment” suggested by Gilbert (2003), such changes may also affect its structure, processes etc. Steps therefore are supposed to be put in place, to ensure that the desired performance is achieved. For academics or in academic literature the concept of control seems to be the recommended approach to achieving such steps. According to Merchant (1985, p.2) control, identified as the final function in the “management process”, is defined as keeping things on track. A similar definition is echoed by Wilson and Gilligan (1998 p.700) as “a set of organised actions directed towards achieving specific goals in the face of constraint”. The latter authors propose further that the control process should not look at past mistakes but should focus its attention on current and future activities to ensure desired outcomes are achieved (in this case Royal Mail delivering value expected by consumers).

According to Herath (2007), control in organisations is achieved in many ways ranging from direct surveillance, through feedback systems, to social and cultural control. Drummond et al. (2008) assumed that control has been “given a bad press” by limiting its meaning to “limiting freedom and keeping cost at the absolute minimum”. To the latter authors, the control process should be considered just as a “mechanism” to protect an organisation’s strategic plans. As they suggest that “prevention is better the cure”, what they expect from a control process or system within an
organisation is that it should contribute in detecting and rectifying problems before they become significant, for example by “comparing what should happen with what actually happened or is likely to happen” (p.275).

This concept of management control is defined by Anthony (1965 p.17) as the “processes by which managers assure that resources are obtained and used effectively and efficiently, in the accomplishment of the organisation’s objectives”. It is also defined by Maciariello (1984, p.5) as the “process of ensuring that human, physical, and technological resources are allocated so as to achieve the overall purposes in an organisation”. It is also regarded as those steps, taken by the management team, that attempt to increase the likelihood that the objectives set down at the planning stage are attained, and to ensure all parts of the organisation function in a manner consistent with the organisation’s policies by Garrison and Noreen (2000).

While the last paragraphs have been the views of academics or what is proposed in academic literature, practitioners have adopted the concept of Enterprise Risk Management (ERM), which seems to be a management control concept, with similar ideology to that suggested by academics. Throughout the last decade, risk management seems to have evolved well beyond its traditional construct to including a variety of other types; operational risks, reputation risks, hazard risks, strategic risks etc (with such an expansion likely to have been triggered by the fact that risk management before, seems to mostly have concentrated on the bigger picture, while neglecting the smaller details; e.g. consumer complaints, consumer
behaviour, asset depreciation etc). Such an expansion seems to have left organisations interested in managing risks in one of two fundamentally different ways: (1) one risk at a time, on a largely compartmentalised and decentralised basis; or (2) all risks viewed together within a coordinated and strategic framework, with this latter approach often called (especially by consultants) enterprise risk management (Tarantino 2006).

Enterprise risk management (ERM) seems to be an evolving management control concept that has been designed (by practitioners) to provide timely and accurate information to management, and the board of directors concerning key risks facing their organisations. In other words, it seems to provide some sort of a platform, from where organisations are able to identify and manage various or potential risks (financial risks, operational risks, and strategic risk and hazard risks). That is probably the reason behind the notes from the IBM Global Business Services (2007, p.32), that "enterprises must begin to move toward risk-adjusted performance management, meaning the convergence of performance and risk management". According to Monahan (2008) risk mitigation or "control" is always intended to reduce "uncertainty or soften the blow" on strategic objectives of an organisation. Calandro et al. (2008) also suggest that a key objective of risk management is to evaluate performance in the context of the "relative volatility" in which business operations are undertaken.
7.2 Comparing the Concept of Management Control and Enterprise Risk Management

While attempting to suggest the best control mechanism that may be implemented within Royal Mail in an attempt to monitor and ensure the delivery of value, it is decided that both concepts should be explored because some similarities were noticed between them. Following on Maclariello’s (1984, p.5) definition, a management control system should “attempt to bring unity of purpose to the diverse efforts of a multitude of organisational subunits so as to steer the overall organisation and its managers towards its objectives and goals”. This view is supported by Drummond et al. (2008) as they suggest that management control takes place at a number of different levels, overseen at a strategic level by senior management.

Meanwhile, the Committee of Sponsoring Organisations (COSO) (cited in Tarantino, 2006) defines enterprise risk management as "the process, effected by an entity’s board of directors, management and other personnel, applied in strategic setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk within its risk appetite, to provide reasonable assurance regarding the achievement of the entity". It is made up of all the structures, methods and processes used by organisations to identify, measure, and manage risks, linked to any achievement of business and strategic objectives. This may be the reason behind Monahan’s (2008) definition of ERM (p.13) as being a “methodology for managing risks associated with strategic objectives of an organisation".
Though risk management seems to be mostly linked to financial institutions, it may be argued that it is required by any organisation nowadays, if the organisation is determined to maintain any value created to achieve competitive advantage (as also suggested in the Turnbull Report (1999) in the UK, and the recent publication (2005) of risk management guidelines in higher education by the Higher Education Funding Council for England). For example evidence in recent years from penalties to organisations like Royal Mail, Npower, Severn Trent, seems to suggest that risk management or managers may have been unable to deal with unstructured data (e.g. customer complaints, asset depreciation etc). It can also be seen from recent events which have shown that not only financial institutions can be exposed to inadequate identification and management of risk; e.g. The British Airways terminal five/baggage problems. As a result, this may increase external pressures on many organisations to begin or expand their ERM efforts.

The knowledge in management control literature or those from ERM literature can be viewed in the following figure proposed by Wilson and Gilligan (1998) whereby, if implemented, Royal Mail's Management team may be able to monitor and enhance value delivered to its consumers.
The similarity in the former definitions takes this recommendation to the assumption that the name ERM may have been conceptualised following the fact that an organisation will end up having an impact on its finances or a financial loss when adequate management control is not implemented. For example, operational risk refers to financial losses resulting from a host of potential operational breakdowns (Crouhy et al. 2006). Also, potential breakdowns in an organisation’s strategy, health and safety policy implementation etc, may lead to financial losses, due to strategic and hazard risks respectively. Typical examples for the above argument are the Palm and Nokia cases cited by Crouhy et al. (2006, p.32&33) which show that though the failures are seen by risk practitioners as failures in risk management, this author instead argues that the failures should be looked at within the
management control concept, where it can be suggested that failures in management strategy seem to have resulted in the significant financial losses.

The interesting aspect assumed while suggesting the ERM concept is the fact that the management control (MC) concept seems to have strong empirical underpinning, but seems to lacks practical application for one to refer to, while the ERM concept seems to have wide practical application but has weak empirical support. Practitioners (like Monahan, 2008) have been able to adopt some of the knowledge proposed by academics, and have attempted to implement their concept and put it into practice (unlike the management control concept which seems to lack practical application within organisations). Therefore in addition to the need for this thesis to contribute to resolving a management problem; or in an attempt to show the effects of MC when implemented in an organisation, this author recommends the implementation of an effective ERM system within Royal Mail. Hoping that such a system, if well implemented may contribute in identifying deficiencies in value delivering.

This approach of understanding ERM through the ideology of management control may therefore contribute to clarify some of the difficulties within the ERM concept. This may contribute to clarify the significant challenge of how to deal with, assess or monitor business risks that cannot be measured using current methods or in complement within the banking industry's treatment of classic credit and market risk etc e.g. "failures in business ethics and reputation risk", cited by, Crouhy et al. (2006). For
example, during the data analysis phase, the items that discussed reputation and image of Royal Mail on the questionnaire were accepted during the factor analysis. This may suggest that respondents did identify or perceive Royal Mail's reputation to have an effect on what they sacrifice. It would therefore be suggested (a suggestion that Crouhy et al. (2006) may have an interest in) that in an attempt to understand reputation risk, management control approach to identifying failures may be the best and should be integrated into the ERM concept. This is because like with the case in this research, reputation is image related and is always perceived by stakeholders. Therefore understanding reputation risk may be easier through the implementation of ERM and MC together.

7.3 The Value of Enterprise Risk Management

ERM may help within Royal Mail create value through its effects at both macro level and micro (business unit) level. According to Nocco and Stulz (2006) at the macro level, value may be created through ERM by enabling senior management to quantify and manage the risk-return trade-off that faces the entire organisation. This may be potentially dangerous for Royal Mail because its business units are distributed across the nation or even across national boundaries and it may be potentially difficult for a risk manager to effectively oversee risk management strategy. Instead ERM at the micro level, just like with the “democratised concept” in management control, may become a way of life for managers and employees at all levels of the
organisation (Stulz, 2002). The micro-level benefits of ERM may be extremely
important in practice, because they may transform an organisation from the
traditional “top-bottom strategy” to a more democratic approach.

This may also create a new opportunity to start analysing Royal Mail’s
efficiency or effectiveness from the bottom. E.g. if sales figures are declining,
it may be vital to start diagnosing this decline from where the physical cash is
generated (start by looking for clues into whether consumers are not
buying/buying less or employees are stealing cash). This approach is
acknowledged by Koenig (2008) where he proposes that “the existing top-
down designs are neither realistic nor pragmatic” and by the survey (though it
may scientific rigor) conducted by Microsoft and the Professional Risk
Manager’s International Association (PRMIA) (May 2008), where 92% of
respondents agreed of the importance of a close collaboration between Group
Risk Management and Line Managers. Therefore a well-designed ERM
system within Royal Mail may ensure that all risks are contained and risk-
return trade-offs carefully evaluated, by operating managers and employees
throughout the organisation offering a “democratic” approach of management
control.
7.4 The Way Forward in an ERM Culture

Organisations that have succeeded in creating an effective ERM may have a competitive advantage over those that have not. The argument is that, by measuring and managing risks consistently and systematically (or by implementing effective management control), and by providing managers with the information and incentives to optimise the trade-off between risk and strategic objectives, Royal Mail may strengthen its ability to carry out its strategic plan.

Current Risk Management Practices within Royal Mail

Risk management within the Royal Mail group (as suggested in the 2007-08 annual report) is under the supervision of an Audit and Risk Committee. This Committee reports to the Board and mostly meets quarterly to monitor and review the effectiveness of the risk management processes and the control environment. It reviews the scope of work, authority and resources of the internal audit and risk management function. As proposed in the 2007-08 accounts report, the following processes were ongoing within Royal Mail Group:

- The business units are given the authority to manage within the limits set by the Board and within the scope of reserved powers. The Group’s Code of Business Standards sets the principles of professionalism and integrity for its people.
- Discussion and approval by the Board, of the strategic direction, plans and objectives of the Group and each operating company, and the risks to achieving them.

- Review and approval by the Board, of budgets and forecasts.

- Monthly review of performance by reference to key performance indicators, updated forecasts and information on the key risk areas.

- At least quarterly review by the Audit and Risk Committee of the scope and results of internal audit work across the Group. The scope of the work covers all key activities of the Group and concentrates on higher risk areas.

- Review of the scope of the work of the external auditors by the Audit and Risk Committee and any significant issues arising.

- Review by the Audit and Risk Committee of accounting policies and delegated authority levels.

- Consideration by the Board of the major risks facing the Group and procedures to manage them.

The Group's risk management process is embedded into the operations of the Group and consists of formal identification by management at each level of the Group, of the key risks to achieving their business objectives and the controls in place to manage them. The likelihood and potential impact of each risk or weaknesses are carefully monitored or evaluated. The process also includes:

- Bi-annual certification by management that they are responsible for managing the risks to their business objectives and that the internal
controls are such that they provide reasonable but not absolute assurance that the risks are appropriately identified evaluated and managed.

- Independent assurance by Internal Audit as to the existence and effectiveness of the risk management activities described by management.

This author is not trying to judge whether the risk management structure within the Group is good or bad, but trying to highlight the fact that when one looks at the figures provided in chapter one as an ERM practitioner (which all show a decline in revenue), it may be found that the business seems to have a potential objective at risk. And if the risk management process within the Group was efficient, it should have been expected as highlighted in its risk management process above, that the management would identify this scenario and investigate further.

Therefore it would have been expected that, even the financial instruments within Royal Mail aimed at analysing the financial or liquidity needs of the business operation (suggested in the 2007-08 account report), should have looked at, or identified the cause of decline in revenue (being a financial risk). Probably the way the Group has been attempting to resolve or cope with this decline has been through the internal restructuring, which has been going on since the beginning of 2006. If this is true, it should not be of any surprise, but should go to confirm the findings of the survey conducted in September 2008 by the Professional Risk Manager International Association (PRMIA) in partnership with Ernst & Young, where they found that more than
three quarters of the respondents (77%) stated that "their firms do not use external losses directly to help measure its operational risk exposure".

This therefore may confirm the fact that most of the restructuring and efficiency improvement processes that Royal Mail has been engaged with, might only aim at satisfying or meeting up with the Regulator's quality of service target (compliance), while seriously neglecting to understand the consumers who keep the business functioning by using it, thereby creating a risk of decline in revenue caused by consumers defecting to competitive rivals.

Even DHL, a rival to Royal Mail, especially in the parcel business seems to have adopted a similar ERM approach. In its Group Risk Management report for 2007, various forms of risks have been analysed ranging from: general business environment and industry-specific risks, business strategy risks, performance and profitability risk, environmental risk, personnel risks, legal risks, financial risks, information technology risk etc. Interestingly in this report, competition (because of the liberalised German postal market) is seen as a risk and understood that this "competition" can create a reduction in consumer demand of its services. Since any such competition may affect its market share as with the case with Royal Mail, it claims that it would "absorb any impending losses of market share through "consistent consumer focus", new products and further internationalisation", similar to the approach recommended in this thesis. Such a drastic analysis of key risks it may face and measures to counter them, may be the key to its mother company's (Deutsche Post) recent gain in the German postal market.
share from 88.7 to 89.3%* (*Courier, May, 2009 issue), despite the postal market being opened to full competition.

7.5. The Role of Marketing

Even if some marketing researchers or practitioners want to argue why management control or enterprise risk management is being suggested to be implemented within Royal Mail, the response would be that, it seems to be as a result of failure from the side of marketing managers within Royal Mail, which has led to revenue decline which is a risk manager’s concern. They would also be referred to the proposal from Drummond et al. (2008, p.290) that “marketing managers are concerned with the following control mechanisms: - annual plans, profitability, efficiency of marketing, and strategic control”. And since concern is about the potential failures in strategic management control in this thesis, especially adopting the latter’s proposal that (p.10) “strategy must address issues such as consumers, competitors and market trend”, marketing is being used just as they have suggested as a “functional activity” with the aim of transforming objectives and strategy into a competitive market position.

They would also be referred to the proposal from Gilbert (2003, p.237) that “markets are ever-changing and characterised by risk and threats that could be minimised through risk analysis of the internal and external environments”, in his description of a marketing plan. The fact that this plan has to be “formulated” as he suggests, in relation to those forces that “impinge
on the likelihood of success" (competition being one) should also provide an answer to this argument, in that the concept of management control or enterprise risk management has to be used in evaluating any "impinge" on the likelihood of success. In this case perceived value is the metric that has been identified, to understand the behaviour of consumers in the UK postal market which seems to have contributed in impinging on Royal Mail’s revenue.

According to Mosimann et al. (2007), many marketing metrics are important indicators for an organisation’s scorecard. They propose further about the responsibility of marketing in "defining, understanding and leading" the following core areas of an organisation’s decision making (p.31):

- Market opportunities (what is the profit opportunity)
- Consumers (how do the consumers view the organisation)
- Competitive positioning (what are the “competitive risks” to achieving it)
- Chain strategy (the core value proposition)
- Pricing strategy (what is it worth)
- Market and consumer feedback
- Media and promotions

Therefore, because marketing can contribute in differentiating an organisation’s activities, or products by meeting consumer needs, more effectively than their competitors as Drummond et al. (2008) proposed, one is using marketing as “an instrument” to understand a problem.

Addressing this problem using the concept of enterprise risk management or management control may also contribute in strengthening the
position of marketing in the Boardroom. According to Doyle (2000), marketing has had little impact in the boardroom that "its importance justifies", because marketers have failed to show how marketing activities and costs influence shareholder value. This view is also supported by Foreman (2000), where in an attempt to resolve it, proposes that marketers should "explicitly" detail the benefits of marketing to the "health of an organisation". This is probably the reason why Mosimann et al. (2007, p.34) expected that marketers within Royal Mail were supposed to "notice and interpret the trends that were not readily apparent to the frontline and provide the business context for what is being sold or not and the associated value proposition".

This simply means that, while revenue or sales revenue seems to be one of the metrics used in understanding an organisation's competitive position in a market, it should have been apparent to marketers within Royal Mail that such a decline in revenue may indicate a shift in its competitive position with respect to the value offered by Royal Mail. Further to that "revenue" itself being an indicator to a goal (competition) definitely may have its own indicators(s) as shown in Royal Mail's business model discussed in the Chapter One; being consumers. But unlike revenue which can be analysed using sales figures, as suggested above perceived value is one of the interesting measurements that can be used in analysing and understanding consumers' behaviour.
7.6 Emphasis on the Role of Enterprise Risk Management

Particular care should be taken in understanding the role of ERM in this suggestion. ERM has just been suggested as a management control concept, that when implemented (ensuring that knowledge from a management control system is imported so as to assure scientific rigor) may easily contribute in identifying strategic objectives at risk or the areas where Royal Mail seems to be going wrong. The metric identified in this case: perceived value seems to fall under "market objectives" described by Monahan (2008) as objectives which "focus on the position of the organisation within its market place; that is, how it is placed or perceived to be placed relative to its competitors, with its suppliers, partners, regulators and consumers".

This metric (perceived value) goes beyond any of those identified or proposed by Monahan (2008), and may therefore provide managers involved in a management control system or enterprise risk managers with a new "strategic objective metric" relating to consumers. Therefore while Porter (1985) proposed the need for value to be delivered by organisations that wish to gain competitive advantage, perceived value is the proposed metric, that when measured from the consumers' perspective, Royal Mail may be provided with key indication about the value it delivers. This concept is also accepted by Johnson et al. (2005, p.96) where they proposed that
understanding consumer perceived value and how it differs is key to “developing the appropriate strategic capability” within an organisation.

7.7 Summary

This author concludes this thesis by suggesting that an adequate management control system should be implemented within Royal Mail. Such a control system should be able to link up and monitor (through a bird's eye view) the various business aspects of the organisation: finance, marketing, customer service, human resources, product development, operations, IT, and executive management. Such a system should ensure that the business is performing as expected (using performance indicators). Since the business relies on consumers like other service businesses, effective control should be put in place to ensure that the value expected by consumers is identified and delivered. According to Kotler et al. (2006, p.308) “services differ as to whether they meet a personal need or business need”. Therefore, each strategy should be developed to meet the needs of the various segments. Such a segmentation strategy may contribute in building a customer relationship that secures long-term loyalty and sustainable performance (Gilbert 2003).

Control managers in service businesses should ensure that customer service is effectively monitored. This is especially important because as suggested by Mosimann et al. (2007, p.53), “the risks of poor customer service are greater because they are less visible”. They suggest further that
customer service generates unique insights into the customer experience, providing an overview of the company’s value proposition. Therefore, effective control should ensure that customer perceived value is understood, and its delivery process should be integrated into the services provided.

For example, while an issue like the financial value of a claim for a lost or damaged parcel can be quantified, others such as late deliveries or complaints should be categorised. By tracking and categorising these complaints, a control manager can gauge the seriousness and severity of various risks and prevent them in the future. Delivering letters and parcels on time should be one of the most important performance criteria; therefore, reducing time-related bottlenecks should be crucial because it will in turn create a just-in-time benefit. This notion is supported by Kotler et al. (2006) who argue that because of the intangible nature of services (unlike physical products), service providers should endeavour to demonstrate their service quality through physical evidence and presentation (p.309).

Since Kotler et al. (2006) also argue that service users are aware of the variable nature of services (the differences between service providers), control managers should therefore, ensure that they evaluate the services provided by Royal Mail to ensure that service delivery meets external and internal standards. Effective monitoring therefore may highlight a negative trend while enabling a faster customer service response.
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S.N. Aviehf  DBA, 2009


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S.N. Aviehof, DBA 2009


S.N. Aviehfor DBA, 2009

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Appendices
Appendix 1: Survey Letter

SAMUEL A. NGWANKA'A
FACULTY OF MANAGEMENT AND LAW
UNIVERSITY OF SURREY
GUILDFORD
GU2 7XH
Email: S.Ngwanka'-A@surrey.ac.uk

Dear Sir/ Madam,

I am a student at the School of Management, University of Surrey. In partial fulfilment for my degree, I am conducting a research to examine the way Royal Mail's parcel postal service (not mail postal service) is valued, while hoping to also enhance knowledge. Your contribution in this, by completing a short questionnaire is appreciated and vital to the success of the research. The findings may also contribute to Royal Mail's postal service development.

I will therefore very much appreciate if you can kindly spend some of your precious time this weekend on a cup of tea (tea bag included in the envelope), while completing the attached questionnaire. The questions are developed without any bias with respect to Royal Mail’s service delivery, but to test a development in business management knowledge, which may assist businesses in offering or delivering value to customers. Therefore your sincere feeling or judgement when completing the questionnaire will be required to provide a valid result.

To save your time and cost of sending back the completed questionnaire, kindly place them in the same envelope, put the envelope in the plastic bag provided, then place (or stick) the plastic bag somewhere visible outside your property (maybe on the floor). Someone will be going around your area between Saturday the 6th of December 2008 and Monday the 8th of December 2008 picking them up.

Please rest assured that while this research is purely for academic purposes, there is no question in the questionnaire that can reveal any personal information. Any other information obtained will be kept confidentially.

Yours truly,

Samuel

Disclaimer:
5) You are under no obligation to complete the questionnaire.
6) The plastic bags have been bought over the counter at Tesco just for the purpose of this research and were handled in a clean environment. It may cause suffocation if not well handled.
7) The tea bag attached was bought from Taylors of Harrogate in November 2008. No modification has been made to this product, and the expiring date is 30th September 2009. If you are not entirely satisfied consuming this product you may return it or dispose. If you are not entirely sure about this product do not consume.
Appendix 2: Questionnaire

Questionnaire to be completed

> Kindly circle the number that indicates your level of agreement for each statement below.

1 = completely disagree; 2 = disagree; 3 = partially disagree; 4 = neither disagree nor agree; 5 = partially agree; 6 = agree; 7 = completely agree

Example: I like food: 1 2 3 4 5 6 7

<table>
<thead>
<tr>
<th></th>
<th>Completely disagree</th>
<th>Completely agree</th>
<th>No opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail is not up to expected standard.</td>
<td>1 2 3 4 5 6 7 0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel that Royal Mail’s parcel postal service quality is poor.</td>
<td>1 2 3 4 5 6 7 0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail is not better than that provided by a similar company (e.g. DHL).</td>
<td>1 2 3 4 5 6 7 0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel that Royal Mail’s parcel postal service does not provide value for money.</td>
<td>1 2 3 4 5 6 7 0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compared to what I am willing to pay, I feel that the amount of money I spend sending/receiving parcels through Royal Mail is too much.</td>
<td>1 2 3 4 5 6 7 0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel that if my parcel is lost or damaged by Royal Mail, it will be difficult to successfully make a claim.</td>
<td>1 2 3 4 5 6 7 0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel that my parcel(s) delivered by Royal Mail is (are) not well handled.</td>
<td>1 2 3 4 5 6 7 0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel that I may be injured or harmed when going to a Post Office or shop to post or receive a parcel.</td>
<td>1 2 3 4 5 6 7 0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel that using Royal Mail’s parcel postal service can cause harm or injury to me or someone.</td>
<td>1 2 3 4 5 6 7 0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail makes me sad.</td>
<td>1 2 3 4 5 6 7 0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail has a bad reputation.</td>
<td>1 2 3 4 5 6 7 0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail makes me feel stressed (worried).</td>
<td>1 2 3 4 5 6 7 0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>What I hear from people or the media about Royal Mail makes me feel as not to use Royal Mail’s parcel postal service.</td>
<td>1 2 3 4 5 6 7 0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail makes me uncomfortable among my friends/family members.</td>
<td>1 2 3 4 5 6 7 0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail embarrasses me among my friends/family members.</td>
<td>1 2 3 4 5 6 7 0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel that the parcel postal service provided by Royal Mail wastes a lot of my time.</td>
<td>1 2 3 4 5 6 7 0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel that parcels take too long to be delivered by Royal Mail compared to a similar company (e.g. TNT).</td>
<td>1 2 3 4 5 6 7 0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel that it takes a lot of my time picking-up a parcel or having it re-delivered by Royal Mail compared to a similar company</td>
<td>1 2 3 4 5 6 7 0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Kindly rate (by circling) your level of overall value judgement with respect to Royal Mail's parcel postal service (sending and receiving parcels):

1=extremely poor value; 2=poor value; 3=partially poor value; 4=neither poor nor good value; 5=partially good value 6=good value; 7=extremely good value 0=no opinion

Kindly rate (by circling) your level of overall satisfaction with respect to Royal Mail's parcel postal service (sending and receiving parcels).

1=extremely dissatisfied; 2=dissatisfied; 3=partially dissatisfied; 4=neither dissatisfied nor satisfied; 5=partially satisfied 6=satisfied; 7=extremely satisfied 0=no opinion

Kindly circle the number that indicates your level of judgement for the following statements:-

- I feel I would choose Royal Mail's parcel delivery service when I am shopping online or over the phone.

1=extremely unlikely; 2=unlikely; 3=partially unlikely; 4=neither unlikely nor likely; 5=partially likely 6=likely; 7=extremely likely; 0=no opinion

- I feel I would recommend Royal Mail to friends or family members sending or receiving parcels

1=extremely unlikely; 2=unlikely; 3=partially unlikely; 4=neither unlikely nor likely; 5=partially likely 6=likely; 7=extremely likely; 0=no opinion

Kindly circle the age group in which you belong.

aleigh 30 and below 31-50 51 and above

Kindly circle your gender group

Male Female

Thank you very much for your time
Appendix 3: Ethical Considerations

Questionnaire

Some types of research need ethical approval. The form below is designed to allow you and your supervisor to establish very quickly whether your study will need ethical approval, and if so from whom. It will also allow you to discuss with your supervisor alternative approaches that do not require ethical approval.

If you find that ethical approval is required, please follow the instructions on the reverse of this form. You are advised to do this as soon as you can. Approval may take as little as 2 weeks, but could take longer if issues arise.

ALL STUDENTS MUST APPEND THE COMPLETED FORM TO THEIR DISSERTATION

Name of student: SAMUEL NGWANKA'A AYIEHFOR

Course: DBA

Supervisor: Dr Jane Hemsley-Brown

Dissertation topic: The contribution to management, of the benefit and understanding of the application of perceived Value

Please answer Yes or No to the following questions. If you answer Yes to any question, ethical approval will be required for your study either from the Faculty of Management and Law Ethics' Committee or the University Ethics' Committee (UEC).

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does the study, or may the study, involve FML students?</td>
<td>Seek FML ethical approval</td>
<td>NO</td>
</tr>
<tr>
<td>Does, or may the study, involve UG students across the University of Surrey?</td>
<td>Seek approval from UEC</td>
<td>NO</td>
</tr>
<tr>
<td>Does, or may, the study, involve FML staff as subjects?</td>
<td>Seek FML ethical approval</td>
<td>NO</td>
</tr>
<tr>
<td>Does, or may, the study involve staff across The University of Surrey?</td>
<td>Seek approval from UEC</td>
<td>NO</td>
</tr>
<tr>
<td>Does the study involve vulnerable groups (e.g. children)?</td>
<td>Seek FML ethical approval</td>
<td>NO</td>
</tr>
<tr>
<td>Will the respondents receive payment (including in kind or involvement in prize draws)?</td>
<td>Seek FML ethical approval</td>
<td>NO</td>
</tr>
<tr>
<td>Could questioning – in questionnaire or in interview – or other methods used, cause offence or be deemed as sensitive?</td>
<td>Seek FML ethical approval</td>
<td>NO</td>
</tr>
<tr>
<td>Does the study involve invasive procedures (e.g. blood tests) or feeding trials?</td>
<td>Seek approval from UEC</td>
<td>NO</td>
</tr>
<tr>
<td>Does your research study involve staff or patients from the NHS?</td>
<td>Seek approval from NHS Research Ethics Committee AND UEC</td>
<td>NO</td>
</tr>
</tbody>
</table>

Supervisor comments: ___________________________ Supervisor's signature _________ Date________
## Appendix 4: Factor Analysis

### Total Variance Explained

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial Eigenvalues</th>
<th>Extraction Sums of Squared Loadings</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of Variance</td>
</tr>
<tr>
<td>1</td>
<td>7.985</td>
<td>44.360</td>
</tr>
<tr>
<td>2</td>
<td>2.537</td>
<td>14.097</td>
</tr>
<tr>
<td>4</td>
<td>.883</td>
<td>4.906</td>
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<td>5</td>
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<td>6</td>
<td>.634</td>
<td>3.620</td>
</tr>
<tr>
<td>7</td>
<td>.609</td>
<td>3.381</td>
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<td>8</td>
<td>.591</td>
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<td>9</td>
<td>.484</td>
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<td>10</td>
<td>.462</td>
<td>2.566</td>
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<td>11</td>
<td>.337</td>
<td>1.870</td>
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<td>12</td>
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<td>16</td>
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<td>17</td>
<td>.146</td>
<td>.812</td>
</tr>
<tr>
<td>18</td>
<td>.102</td>
<td>.565</td>
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Extraction Method: Principal Component Analysis.

### Communalities

<table>
<thead>
<tr>
<th>Variable</th>
<th>Initial</th>
<th>Extraction</th>
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<tbody>
<tr>
<td>Perrisk1</td>
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<td>.570</td>
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<tr>
<td>Perrisk2</td>
<td>1.000</td>
<td>.654</td>
</tr>
<tr>
<td>Perrisk3</td>
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</tr>
<tr>
<td>Finrisk1</td>
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<td>.687</td>
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<tr>
<td>Finrisk2</td>
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<td>Phyrisk1</td>
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<td>.568</td>
</tr>
<tr>
<td>Phyrisk2</td>
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<td>.759</td>
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<td>Phyrisk3</td>
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<td>.806</td>
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<td>Sorisk2</td>
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<td>.751</td>
</tr>
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<td>Sorisk3</td>
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</tr>
<tr>
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<td>.585</td>
</tr>
<tr>
<td>Timerisk3</td>
<td>1.000</td>
<td>.573</td>
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</table>

Extraction Method: Principal Component Analysis.
Appendix 5: Perceived Risk- Perceived Value Regression

Scatterplot

ANOVA(b)

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
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<tbody>
<tr>
<td>Regression</td>
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<td>1</td>
<td>125.051</td>
<td>103.557</td>
<td>.000(a)</td>
</tr>
<tr>
<td>Residual</td>
<td>218.567</td>
<td>181</td>
<td>1.208</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>343.617</td>
<td>182</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a Predictors: (Constant), Perceived Risk
b Dependent Variable: PERVALUE

Coefficients(a)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>6.716</td>
<td>.218</td>
</tr>
<tr>
<td>Perceived Risk</td>
<td>-0.055</td>
<td>.006</td>
</tr>
</tbody>
</table>

a Dependent Variable: PERVALUE

Casewise Diagnostics(a)

<table>
<thead>
<tr>
<th>Case Number</th>
<th>Std. Residual</th>
<th>PERVALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>82</td>
<td>-3.598</td>
<td>0</td>
</tr>
<tr>
<td>101</td>
<td>-4.162</td>
<td>0</td>
</tr>
<tr>
<td>183</td>
<td>-5.496</td>
<td>0</td>
</tr>
</tbody>
</table>

a Dependent Variable: PERVALUE
## Appendix 6: Correlations amongst the variables

<table>
<thead>
<tr>
<th>Perceived Value</th>
<th>Pearson Correlation</th>
<th>Perceived Risk</th>
<th>Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived Value</td>
<td>Pearson Correlation</td>
<td>1</td>
<td>-.603(**)</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>N</td>
<td>183</td>
</tr>
<tr>
<td>N</td>
<td>183</td>
<td>183</td>
<td></td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level (2-tailed).

<table>
<thead>
<tr>
<th>Perceived Risk</th>
<th>Pearson Correlation</th>
<th>Satisfaction</th>
<th>Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived Risk</td>
<td>Pearson Correlation</td>
<td>1</td>
<td>-.637(**)</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>N</td>
<td>183</td>
</tr>
<tr>
<td>N</td>
<td>183</td>
<td>183</td>
<td></td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level (2-tailed).

<table>
<thead>
<tr>
<th>Perceived Risk</th>
<th>Pearson Correlation</th>
<th>Return Intention</th>
<th>Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived Risk</td>
<td>Pearson Correlation</td>
<td>1</td>
<td>-.366(**)</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>N</td>
<td>183</td>
</tr>
<tr>
<td>N</td>
<td>183</td>
<td>183</td>
<td></td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level (2-tailed).

<table>
<thead>
<tr>
<th>Perceived Risk</th>
<th>Pearson Correlation</th>
<th>Intention to Recommend</th>
<th>Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived Risk</td>
<td>Pearson Correlation</td>
<td>1</td>
<td>-.501(**)</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>N</td>
<td>183</td>
</tr>
<tr>
<td>N</td>
<td>183</td>
<td>183</td>
<td></td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level (2-tailed).