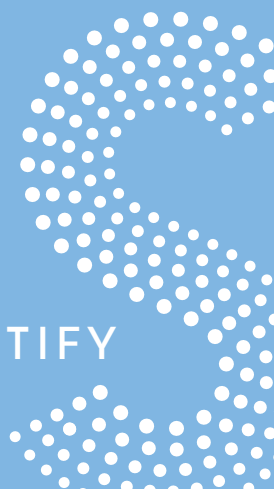


ISSN 2344-6773

Volume 6   Issue 1   August 2018

EXPERT JOURNAL *of*  
**MARKETING**

PUBLISHED BY SPRINT INVESTIFY



# Expert Journal of Marketing

<http://marketing.expertjournals.com>

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# Expert Journal of Marketing

*Editors in Chief*

Simona VINEREAN  
Sprint Investify Research Unit

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Lucian Blaga University of Sibiu

Volume 6, Issue 1  
August 2018

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Volume 6 • Issue 1 • 2018 • ISSN 2344-6773

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# Editor's Introduction to Volume 6, Issue 1 of Expert Journal of Marketing

Simona VINEREAN\*

Sprint Investify Research Unit

The first issue of volume six of *Expert Journal of Marketing* presents marketing articles that approach the competitiveness of a particular cultural house from Indonesia in its marketing attempts; the assessment of product quality in a physical store compared to an online store; the influence of motivation and self-efficacy on entrepreneurial intention to run a business; the health awareness and price sensitivity as predictors of consumers' purchase attitude towards soft drinks.

Further, I present a short description of each article published in *Expert Journal of Marketing*, vol. 6, issue 1, year 2018.

In '*Export Competitiveness of Minahasa Cultural House Production in North Sulawesi*', Yesita Windi Wuisan, Fulgentius Danardana Murwani and Suharto S.M. examine the extent of the business of Minahasa Cultural House and how it can compete in international market, particularly in facing other competitors while maintaining its uniqueness and cultural value. The key factor highlighted in this research that influences the competitiveness of this particular cultural house is the condition factor, such as the quality of the product, price of the product, human resources, uniqueness, innovation, and the demand of the product itself.

Mihaela Știr, in her paper '*Product Quality Evaluation in Physical Stores versus Online Stores*', investigates how consumers assess product quality by investigating which are the attributes used to define a high and a low quality product. The author also explores if there is any difference between attributes used to evaluate product quality in a physical store and attributes used to evaluate product quality in an online store. In order to gain insights into the criteria used by Romanian consumers to evaluate product quality, the author conducted eight in depth interviews and the results show that there are a lot of similarities between attributes used to evaluate product quality in a physical store and attributes used to evaluate product quality in an online store.

In their paper titled '*Influence of Motivation and Self-Efficacy on Entrepreneurial Intention to Run a Business*', Singgih Santoso and Budi Sutedjo Dharma Oetomo aimed to test a research model that proposes that self-efficacy and motivation will affect students' intentions to become entrepreneurs. As described by the authors, self-efficacy is a condition in which individuals believe that a behavior is easy or difficult to achieve, including experiences and obstacles that individuals consider; while motivation leads to entrepreneurial activities that can be interpreted as a stimulus that can encourage someone to run a business. By using a multiple regression analysis, the results showed that self-efficacy and motivation variables proved to be positively significant to entrepreneurial intention.

Authors Mahmoud Abdel Hamid Saleh, Abdullah Mohammed Alhidari, Abdulrahman Al-Mansour and AbdulElah Al-Khudhair published their paper titled '*Health Awareness and Price Sensitivity as Predictors of Consumers' Purchase Attitude towards Soft Drinks*'. This paper evaluates the association of both health

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Cite Reference:  
Vinerean, S., 2018. Editor's Introduction to Volume 6, Issue 1 of Expert Journal of Marketing. *Expert Journal of Marketing*, 6(1), pp. i-ii.

hazards awareness and price sensitivity of soft drinks with consumer's purchase attitude in Saudi Arabian market. The study also investigates whether there is a moderating role for each of consumer's gender, age, education, and monthly income on the two studied relationships, using a primary data research. The study findings revealed a statistically significant negative associations of both soft drinks' health hazards awareness and price sensitivity with consumer's purchase attitude.

### **A Final Thought**

On behalf of the Editorial Board of *Expert Journal of Marketing*, I would like to thank our Authors for publishing their studies with us, our Editors for their support and collaboration on expanding the reach of our journal, our Reviewers for their valuable insights and for their time committed to evaluating the submitted articles, and our Readers for advancing and disseminating these published articles in their future work!





# Export Competitiveness of Minahasa Cultural House Production in North Sulawesi

Yesita Windi WUISAN\*, Fulgentius Danardana MURWANI  
and SUHARTO S.M.

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*The purpose of this research is to understand the extent of the business of Minahasa Cultural House and how it can compete in international market, particularly in facing other competitors while maintaining its uniqueness and cultural value. The researchers used a qualitative approach, in addition to the case-study method. The data used in this research were both primary and secondary data. The data collection was achieved through observation technique, interview, and documentation. The data analysis implied three steps, namely (1) data reduction, (2) data display, (3) conclusions. The results of this research show the main factors that will help achieve the competitiveness of Minahasa Cultural House to other business competitors are: condition factor, demand factor, industrial-related factor, and the government's role. The key factor highlighted in this research that influences the competitiveness is the condition factor, such as the quality of the product, price of the product, human resources, uniqueness, innovation, and the demand of the product itself.*

**Keywords:** Competitiveness, Minahasa Cultural House, Marketing, Qualitative Research, House Production, Export Competitiveness

**JEL Classification:** M31, M21

## 1. Introduction

ASEAN Economic Community (AEC) is designed to integrate the economics of ASEAN in facing the free trade between countries, since it was founded in 2015. ASEAN Economic Community (AEC) is one of founders of ASEAN Vision 2020, together with ASEAN Security Community (ASC) and ASEAN Socio-Cultural Community (ASCC). The trade of international product or service which involved ten countries in South East Asia would engage in trade, in and out of Indonesia, freely with the member countries of ASEAN that agree with this contract and start to sell in every region of Indonesia. This competitiveness means a combination of institutions, policies, and factors affecting to the productivity level of a country by World

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Article History:

Received 14 April 2018 | Accepted 25 April 2017 | Available online 13 May 2018

Cite Reference:

Wuisn, Y.W, Murwani, F.D. and Suharto, S.M. 2018. Export Competitiveness of Minahasa Cultural House Production in North Sulawesi. *Expert Journal of Marketing*, 6(1), pp. 1-6.

Acknowledgement: The Corresponding Author is in deep gratitude to the following people who have helped her in accomplishing this paper: Prof. Dr. Fulgentius Danardana Murwani, M.M., and Dr. H. Suharto, M.Pd, M.M.

Economic Forum standards. This level of productivity, in turn, sets its prosperity level which is obtained from the economic situation (Schwab et al., 2011).

Competitiveness of each country is strengthened by the creative products from each country. This product competitiveness means that the product has not only the competence to realize its strategic target of production and marketing in the marketplace, but also the success to bring the product to superior levels in the market by improving its value, expanding its market share, and raising the product's price in the market. According to Iansiti and Levien (2004), the firm's performance is perceived from the advantage and superiority owned by each firm to increase the success in business world.

Recently, the housing industry is in the great competition, that house is considered as one of primary need in the advancement of rapid economics. There are several types of housing needs which start from the materials of wood, concrete, glass, and so on. The change in market demand tends to alter according to customers' interest. The housing industry tends to be a great business opportunity for Minahasa Cultural House Production in Tomohon, North Sulawesi, Indonesia.

The production demand of Minahasa Cultural House comes from the tourists from overseas. Minahasa Cultural House has its own characteristics. It has sixteen up to eighteen pillar foundations which are able to load one extended family, around six to nine families, and two stairs on each side which have their own cultural history.

From the Department of Industry and Commerce of Sulawesi Utara, the export demand of wooden houses started in 2013, when it reached 69.603,2 export volumes (kilograms) from the number of export revenue, then, in 2014 the data showed a great increase of export, up to 293.987,19 (kilograms). This export demands are from Maladewa, Malaysia, and Saudi Arabia. In 2015, the export demand reached 261.340,6 (kilograms). In the first trimester of 2016 it reached 54.607,80 export volumes (kilograms) from Belgium, Maladewa, Thailand and Malaysia. From these data, the researchers identify the fluctuation of demand, experienced by the firms, which are caused by some obstacles like the limit of wood, as main material which is derived from the other region. This aspect affects the big opportunity of some other competitors to compete in the same industry of Minahasa Cultural House.

The competitiveness to create product superiority in each region was firstly offered by the manufacturer from Kalimantan with his main competitive superiority in producing the cultural houses of betang, lamin, and banjar. This housing industry highlighted the value of togetherness from each culture, especially to depict the life of Dayak Tribe. Besides, cultural house of Bali has particular characteristics in its entrance in the form of gapura, which also has Hindu cultural values. The quality of each competitor determines the successful opportunity in the competitive housing industry (Tsai et al., 2009).

This research is significant for the following reasons: 1) Minahasa Cultural House is able to compete with the other competitors from other regions, while maintaining its own regional culture, 2) competitiveness of Minahasa Cultural House uses knock down system, so the process of house construction is not long, 3) the demand of Minahasa Cultural House has recently increased especially from overseas customers, but it is still lacks production materials, 4) the production process of the Minahasa Cultural House is a bit overdue, since the materials needed in the construction process are derived from the outside of North Sulawesi.

This research is conducted to analyze the strategy of Minahasa Cultural House in competing in international markets, where it will encounter intense competition from other ASEAN Economic Community (AEC) countries, while also maintaining its regional culture.

## **2. Literature Review – Competitiveness and Export of the Minahasa Cultural House**

### **2.1. Competitiveness**

The competitiveness value of a country could be a source to build up a strong economy. This competitiveness is an interesting concept in a variety of examination levels, including the level of individual firms, the microeconomics level of the industrial policy, and the macroeconomics level for a competitive position of national economics (Nelson, 1992). Whatever the focus level, the competitiveness is related on the long-term performance of a related subject, which is then regarded as the result of competitive values. However, the competitiveness is also related to the factors affecting this competitiveness and the process of its achievement (Man et.al, 2002).

Gradually, on-time supply and competitive prices are influenced by two other important factors: the flexibility and capability to adapt the customer's needs and interests. The firm which does not own the value of competitiveness would not be able to compete in market. Therefore, this means that the firm does not have typical superiority to keep facing the competitive market in a long term. This competitiveness relates to how

far the effectiveness of a firm in a competitive market, compared to the other firms which offer similar products or services.

The firms which are able to manufacture and deliver the products and services with good quality are considered effective firms which means they are able to compete in a broader marketplace. Porter (1998) stated, "Competition is at the core of the success or failure of firms". The competitiveness here means the core of the success or failure is determinant of the firms' survival. There would appear to be two sides in a firm's competitiveness. On one side, success encourages the firm to be more dynamic and competitive in manufacturing the products and providing the best service to its target market. Therefore, this side considers the competitiveness as the firm's success booster. On the other hand, failure weakens the status of the firms, frightened by the competitors, the firm will not be able to manufacture the product with good quality, which leads to the failure of firm.

## **2.2. Export**

Export represents the sales of goods in overseas markets, by applying a system of payment, quality, quantity, and other sales standards which have been approved by the exporter and importer. Particularly, developed countries export capital and final goods, whereas the main exports of developing countries are the goods or products of the mining industry, especially natural resources (Fakhri and Samadova, 2010)

The export demand represents the number of products or services requested to export from one country to other country. Generally, the export process means an activity of product or commodity manufactured from a country and then sold in another country (van Weele, 2010). The product or service is valued as profitable for a firm when it has an affordable cost, is able to fulfill the customer's need in both quality and quantity aspects, and also time and location.

To expand the Indonesian product in broader marketplaces, this export activity is one of means to market the Indonesian products overseas. For example, batik is a product of Indonesia which is well-known and approved by the other countries. This export activity then increases the foreign exchange. This commerce between countries enables the Indonesian exporters to sell the products to overseas customers. Then, it could increase the country's wealth since the exchange is one of sources of country revenue.

The export activity would not only expand the employment possibilities and marketplace for the products of Indonesia, but also increase the production activity within the country. The more labor is needed, the employment possibility increases.

## **2.3. Minahasa Cultural House**

Minahasa Cultural House is originally from Sulawesi Utara Indonesia and known as "Wale" or "Bale" which means a place to do activities as a family. According to the philosophy of Minahasa people, Minahasa Cultural House has two stairs in front porch. Those two stairs have a special meaning in a marriage proposal. The man who would propose a woman comes in from the left stair. If the proposal is accepted, he would come out through the right stair; on other hand, if his proposal is rejected, he would come out through the left one. Once upon a time, a cultural house of Minahasa was able to include six to eight families. Each family takes care of their own family, particularly as it relates to the economic life.

The architecture of rumah panggung has two eras: namely, the period before the earthquake (1845) and after the earthquake (1845-1945). As for the inner space, rumah characteristics contained a shed for all activities. To determine the territorial divider was to fling out the rattan or rope fiber and hanging up the mat. The orientation of house direction was based on Tonaas, who got instruction from Empung Walian Wangko (God). Whereas, the characteristics of Minahasa Cultural House changed after earthquake, and had several rooms, like front space as living room, center space as a place to welcome the relatives, and bedrooms for parents and daughters, and the back room as the place to store the rice (sangkor). The kitchen is separated from the other building. Within rumah, the stair functioned as yields storage.

## **3. Research Methodology**

This research employs the method of case study with a qualitative approach. The case study approach has to identify the research background and position, as well as the interactional circles of certain social units. This qualitative approach is oriented on collecting the data which is gathered via the contextual data and to contribute in creating a deeper understanding (Sanders et al., 2014). The main data source of research is primary and secondary data. Within the analysis technique, the researchers conduct in-depth interviews which contain questions regarding the examined subject of research (Gauche et al., 2017). The researchers conduct the interview according to the interview instructions and interpreting the reports of human factor feedback

from one individual to another individual. The research is semi-structured which creates flexibility and enables the researcher's freedom to clarify the existing findings along the discussion process (Doddy and Noonan, 2013).

The sources of the main data in this research are primary and secondary data. Primary data is the data obtained directly from the source. Primary data were obtained through the interviewing of 65 businessmen and craftsmen of Minahasa Cultural House. However, the researcher only took 5 businessmen as the main sources of the research to obtain the data. The secondary data are the data obtained or collected by the researchers from various available sources. The secondary data can be obtained from the Department of Industry and Commerce of North Sulawesi, Indonesia regarding the export data of Minahasa Cultural House, in the time period of 2013-2016, books, and other supporting literatures.

#### **4. Research Findings**

Nowadays Minahasa Cultural House can compete either in the country or outside the country. The businessmen in this industry truly prioritizes the quality and the satisfaction of the consumers in order to be marketed more modernly. The selling development of Minahasa Cultural House sometimes experiences up and down trends and evolution. Sometimes there are many people who buy it and sometimes there are few people who buy it. However, in these recent years, the demands on this production are high and this causes the emergence of other competitors who want to access this market. There are some main factors which become the drivers of competitiveness excellence of Minahasa Cultural House, elaborated as follows.

First, the cost factor, which represents all expenses needed by a company to produce the products. The cost and the production price of Minahasa Cultural House nowadays are adjusted to the provided quality. The price of Minahasa Cultural House production is sold per square meter depends on the demanded type and the per design demanded, with prices that range from IDR 2,000,000 to IDR 3,000,000, and calculation of one house production unit can be priced between IDR 150,000,000 up to IDR 400,000,000. If exported, the cost can achieve double because of the additional expense for delivery depends on the destination country. The competitiveness in determining the price of the cultural house itself is said to be reasonable and this makes the consumers interested in buying it. Moreover the price competitiveness in creating a business, it requires a reasonable price and the guarantee of the product if it has problem or failure after the construction process. This gives consumers satisfaction and trust, attracting them to buy again or provide positive referrals.

Second, the quality of the product which is the quality that has fulfilled or exceeded the customers' expectations. The quality of the product can also be defined as the characteristics that depend on its ability to satisfy the needs of the customers. The quality of the product is the ability of a product or service to fulfill or exceed the customers' expectations. The quality of the product can also be defined as the characteristics of its ability to satisfy the needs of the customers. The quality of Minahasa Cultural House has good materials which are even acknowledged by the buyers. The raw materials in producing the cultural house are based on iron woods anti-termite, which can survive for decades with certificate from SVLK (The Verification Letter of Woods Legality).

Third, the time of production is another factor that explores the dimension of the competitiveness which covers the punctuality or the process of production and the punctuality in delivering the product. The production process is the activity in creating or adding the utility of the product or service. It related to the availability indicators such as the production time, the reduction of production waiting time, and the punctuality in finishing the product. Punctuality is highly necessary in an intense competition with other competitors. Making the house requires more or less than three to four months, however constructing the house by using a reworking system only requires one month to two months, in the working process. The industry of Minahasa Cultural House has to focus on the punctuality for its consumers.

The fourth factor is innovation, which means the renewal and the change of the product. Innovation of a product or service can be defined as the breakthrough which is related to the new products, new thoughts, and new processes. This cultural house gives uniqueness and creativity in the final developed product. If in previous decades only this type of houses were available, now there are some innovations of various types started from cottage, resort, villa, to gazebos. The determining competitiveness comes from innovation which explains the way of success in maintaining the leadership over other business competitors. It requires innovation supported by the consumers' needs which are never satisfied and want a difference in the performance until it increases the competitiveness with other competitors in the same industry.

The last factor is the demand. The demand in this context is related to the product and service by the consumers in one country, where the demand is influenced by the composition of willingness and consumers' needs, market reach, and market growth rate, the mechanism of needs distribution, and the needs of domestic

consumers to overseas markets. From the findings of the data obtained in November 2016, there was demand from the businessmen in Dubai which required Minahasa Cultural House to be produced and sent directly to Dubai in the amount of 500 units in a year. However, the lack of materials becomes the inhibitions of the production of Minahasa Cultural House. It can be concluded that demand factor is also another important key of the housing industry's competitiveness.

Next, Minahasa Cultural House in facing the same competitors does various effort in order to be able to compete either in local markets or in international markets by using marketing in a strategic manner. The increased demand is not apart from the marketing strategy of the marketing company. Marketing is also a whole system of the business activities conducted to plan the product, determine the price, promotion, and distribution from the producer to the consumers, in a precisely and quick manner. Minahasa Cultural House has three types of marketing tactics in maintaining the excellence in the market for a long term perspective.

First, the effectivity of the marketing of the cultural house, should be focused on personal selling marketing or direct marketing to customers. The purpose is to give the input about the willingness, type, and design in accordance with the consumers' taste either done via telephone or direct meeting. The second is through word of mouth marketing. The strategies achieved by Minahasa Cultural House show that by the existence of the communication, namely the communication process in the form of giving recommendations either individually or in group towards a product or service which aims to give information. From the results obtained, the selling done through word of mouth truly can achieve a doubling of profits and can add new networks in product marketing. And the last tactic that is used as part of the marketing strategy, involves the use of social media such as facebook, instagram, youtube, and website of Minahasa Cultural House that can be accessed via the link: <http://rumahkayuminahasa.com/>. The marketing activities on social media, like posting pictures of Minahasa Cultural House, also give people the opportunity to respond to it by providing comments on the pictures posted to ask and if they are not satisfied, they will come directly to the site of the business. It is also proven by the existence of the respondents of this research that people who obtain information from social media, will then contact the firms directly.

By the existence of Minahasa Cultural House, it is not apart from the competitors who are involved in the competition to be the most prominent ones in this wood house industry. There are some weaknesses in this cultural house industry such as the limited types of wood that must be taken from other regions and this gives opportunity to other competitors. This is proven by Enggelina Supit (2016) in her findings which state that Minahasa Cultural House gives a positive impact on decreasing the numbers of jobless people and also as it provides the source of country's foreign exchange from the export tax of Minahasa Cultural House as the prominent commodity of the government of North Sulawesi.

## 5. Conclusion

Based on the results of this research, the competitiveness of Minahasa Cultural House can be seen from the cost, the quality, the time, and the number of demands which are in line with some theories and indicators by Porter that it is able to compete with the other prominent industrial products in the same field. To maintain the prominent products of Minahasa Cultural House in North Sulawesi, some efforts to develop it further are required by doing personal selling marketing, word of mouth marketing, and through social media marketing.

For the companies, it is essential for them to improve and develop the marketing promotion via online mediums, either through website or social media. The development of online marketing should go beyond facebook, and focus more on other social media platforms, such as instagram which can directly introduce the photos of the product produced.

To sum up, this research provides insights how entrepreneur can pursue and competitive strategy in this industry. In this research, the marketing strategy of this type of cultural house was briefly mentioned in the interviews conducted and interpreted, so following studies should provide more discussion and focus on this topic.

The educational institution is one of the institutions which has big contribution for the country's advance which is measured from the number of people doing business. It is expected that through this educational institution, young entrepreneurs will have the willingness to do business until there are many generations that do not only work at certain institutions, but also entrepreneurs that will create jobs for the next generation.

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# Product Quality Evaluation in Physical Stores versus Online Stores

Mihaela ȘTIR\*

Alexandru Ioan Cuza University of Iasi, Romania

*In Romania, the value of online shopping reached 2.8 billion in 2017, 40% more than in 2016, being one of the highest increases in the European Union. However, the e-commerce market value is still small compared to other European countries, one of the main reasons that people prefer not to buy online is mistrust in the quality of the products offered. In order to gain insights into the criteria used by Romanian consumers to evaluate product quality, we conducted eight in depth interviews. The results show that there are a lot of similarities between attributes used to evaluate product quality in a physical store and attributes used to evaluate product quality in an online store. Meanwhile, the differences consists in the presence of customer reviews as the most relevant attribute for the online stores and price as the most relevant attribute for physical stores.*

**Keywords:** *Product Quality, Online Store, Physical Store, Product Quality Evaluation*

**JEL Classification:** *L15, L20, L81, M30, M31*

## 1. Introduction

Product quality is a very important factor considered when making a purchasing decision for goods and services. A study by InfoCons investigated the criteria that Romanians consider when choosing to place a product in the shopping cart. The results found the following factors that influence the purchasing decision, presented in order of their importance: the price - 80% of the Romanians choose the products according to the price. Romanians tend to choose the cheapest products: "the lower the price of a food, the greater the chances that the product will reach the shopping cart" (Spiridon, 2017). Another important criterion is quality, 74% of consumers consider quality to be important or very important, followed by brand and package.

In this paper, we explore how consumers assess product quality by investigating which are the attributes used to define a high and a low quality product. We also explore if there is any difference between attributes used to evaluate product quality in a physical store and attributes used to evaluate product quality in an online store. The interest for the online environment is motivated by its evolution experienced in recent years. In Romania the value of the e-commerce market in the total retail market registered a proportion of 5.6%, in 2017, up from 4% in 2016. The variety of online stores can be remarked, with 7,000 relevant online shops in terms of traffic and orders in 2017, compared to 5000 online stores in 2016. Out of the 5,000 active

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Article History:  
Received 12 April 2018 | Accepted 9 May 2017 | Available online 18 May 2018

Cite Reference:  
Știr, M., 2018. Product Quality Evaluation in Physical Stores versus Online Stores. *Expert Journal of Marketing*, 6(1), pp. 7-13.

online stores in the Romanian e-commerce landscape in 2016 “approximately 200 are big and medium businesses, exceeding 1 million EUR in annual turnover” (Radu, 2016). Considering this information our focus is on understanding how a consumer evaluates the product quality in physical stores versus e-commerce.

We obtained our data from eight semi-structured in-depth interviews. First we developed an interview guide to help us to address the most important aspects for our research. Each discussion was individual and summed up how the product quality is perceived by the respondents as well as the particularities of how a product is evaluated in the online environment versus a physical store. After analyzing the data we obtained seven categories of important attributes used in product quality evaluation based on the variables identified previously in the literature.

Defining the most important attributes that consumers use to assess the product quality is very difficult. Zeithaml (1988) sustains that “specific or concrete intrinsic attributes differ widely across products, as do the attributes consumers use to infer quality. Obviously, attributes that signal quality in fruit juice are not the same as those indicating quality in washing machines or automobiles. Even within a product category, specific attributes may provide different signals about quality” (Zeithaml, 1988, p. 7). In order to obtain representative data the attributes must be abstract so it could be applied to more alternatives.

This paper aims to provide answers to questions such as: “What do consumers understand by the “quality” construct?”; “Which are the variables that lead consumers to evaluate a product as high or low quality?” and “Are there differences between how a consumer evaluates the product quality in a physical store and how the same product is evaluated in an online store?”.

## 2. Literature Review

Product quality assessment requires a systematic review and comparison of competing products in a product category (Maeyer and Estelami, 2011). Perceived quality is a theme that captures the interest of many researchers because of cultural differences that can lead to different assessments of this concept and also due to changes in the market and in consumer preferences (Tsotsos, 2005; Bei and Chiao, 2001). From the definition of the quality concept to the importance of purchasing quality and how consumers evaluate product quality, all have been research topics for many authors (Ding et al., 2010; Auer et al, 2018; Brucks et al, 2000; Hallak, 2006; Chen and Juvenal, 2016; Burton and Lichtenstein, 1990). In most cases, quality is closely linked to price: a higher quality will require a high price, while a lower quality is characterized by a low price (Day and Stephen, 1986).

Lichtenstein and Burton (1989) distinguish between objective quality and perceived quality. Objective quality is defined as the impartial evaluation of the quality of a product, taking into account technical attributes, appearance or durability (Mittra and Golder, 2006). On the other hand, the perceived quality refers to “the overall subjective judgment of quality relative to the expectation of quality. These expectations are based on one’s own and others’ experiences, plus various other sources including brand reputation, price, and advertising” (Mittra and Golder, 2006). When we talk about the product quality, we must be aware that the assessment can be made at the time of purchase or at the point of consumption. Zeithaml (1988) argues that when the assessment is made at the point of consumption, intrinsic attributes such as taste or smell have a higher importance in determining product quality because they have a greater predictive value than extrinsic attributes. However, many assessments are made at the time of purchase when there is insufficient information about intrinsic attributes, so extrinsic attributes such as brand, price, warranties or packaging becomes more important. At this point we have evidence that both intrinsic and extrinsic attributes weigh in the consumer assessment process, without being able to tell which one weighs the most in decision making process.

Many authors have investigated over time what are the most important attributes that consumers are considering when assessing the product quality. Garvin (1987) argues that a product's assessment in terms of quality can be made on eight dimensions: performance, perceived quality, serviceability, conformance, durability, reliability, aesthetics and features. According to Garvin, the performance refers to the main features of the product or the measurable attributes (for example for a television performance means image clarity). Features, the second dimension, are often a secondary aspect of performance and represents features that complement the core functionality (for example, the availability to purchase a product in different colors or sizes). Reliability reflects the likelihood of a product malfunctioning or not working for a certain amount of time. This dimension is more characteristic of long life products than for instant consumption products and services. Durability refers to „the amount of use one gets from a product before it deteriorates” (Garvin, 1987). Conformance can be defined as the degree to which the main features of a product meet the established standards. Serviceability refers to after sales services and measures the kindness of the employees, the speed, the competence and the ease of repair of a product. The aesthetic aspect refers to how a product looks, how it



feels when it's touched, how it taste or smell. The last dimension, perceived quality refers to all external sources that can help the consumer to form a perception about the quality of a product. According to Garvin advertising and brand reputation are elements of perceived quality.

Brucks and Zeithaml (2000) identify six abstract dimensions based on which consumers assess durable goods quality: ease of use, functionality, performance, durability, serviceability and prestige. Three of the six dimensions identified are identical to those previously proposed by Garvin: performance, durability and serviceability. The ease of use refers to the complexity of long life products that have become overwhelming in recent years. Therefore, in spite of their complexity, in order to have a high quality, the products must be easy to use, without requiring much effort and prior training. Functionality implies the amount and complexity of features that distinguish the model from a standard model. Prestige implies the visible features of the product, such as appearance, but also includes a less tangible social component that reflects on the image of the product or brand.

Aesthetics, also, has a symbolic function that influences how a product is understood and evaluated in terms of quality (Bloch, 2003). This dimension has raised the interest of researchers, who mainly studied the role of packaging in product evaluation (Magnier et al., 2016; Steenis et al., 2017; Simmonds and Spence, 2017; Ooijen et al. 2017; Westerman et al., 2013). Simmonds et al (2018) conducted a study to investigate how transparent packaging influences product attractiveness, willingness to pay, taste expectations, product freshness expectations, perceived innovation and perceived quality. They showed to respondents three variants of design packaging of a product: one with a transparent window through which the product could be seen, one had a picture with a suggestion for serving, and the last variant had just the brand and product name with no picture or transparent window. The results of the study have shown that transparent windows in the design packaging lead to a positive assessment of the freshness and quality of the products, as well as a higher willingness to pay for several product categories.

Maeyer and Estelami (2011) argue that a large number of consumers are experiencing difficulties in evaluating a product quality, and often rely on external information such as third-party opinions, price or advertising content to form an opinion on product quality. Starting from this point of view, they have proposed to evaluate how third-party product ratings organizations that provide consumer information in the form of expert reviews or other consumers testimonials influence consumer perceptions of product quality. The results have shown that the consumer confidence in the provided data can be significantly influenced by the manner in which product quality information is communicated to the consumer. For example, for tangible goods, consumers value more the experts testimonials on product quality.

Grohmann and Spangenberg (2007) studied the extent to which consumers evaluate the products quality differently when they are allowed to touch them. The features of each product were shown on a whiteboard along with the message "If you want you can touch the product" or "Please do not touch the product during the evaluation." The results showed that higher quality products that could be touched have benefited from more favorable evaluations from the respondents. With regard to low quality products, the tactile contribution did not lead to less favorable assessments.

### **3. Research Methodology**

To obtain our data, we have conducted eight semi-structured in-depth interviews. There were 30-45 minutes individual discussions on how product quality is perceived by respondents as well as on particularities of how a product is evaluated. We used an interview guide structured as follows: questions about the meaning of the quality concept in general, questions about the attributes considered when product quality is evaluated and questions about the particularities of how the evaluation is done in a physical store and also in an online store. The sample was a convenience one, consisting of 8 people (4 women and 4 men) aged between 24 and 35, with higher education level and urban backgrounds who are familiar with the online environment and who interact at least once a day with it - regardless we are talking about social networks, online stores or online newspapers / magazines.

For the data analysis, we used an emergent coding procedure. Coding was done by the interviewer based on the notes taken during the interview. Both the presence and the frequency of the concepts have been encoded, and the irrelevant information has been eliminated. After we performed a content analysis, a categorization of the main attributes based on their implicit or explicit significance was made.

#### 4. Results

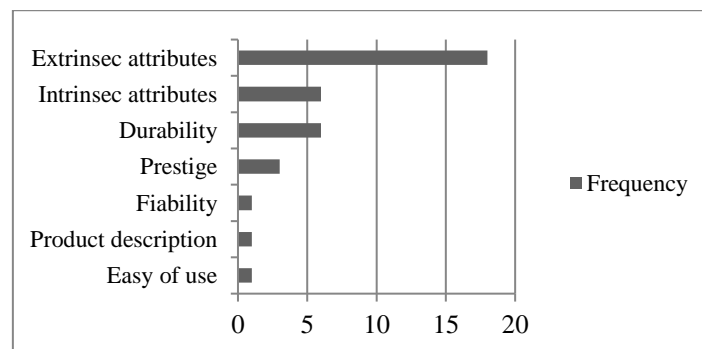
Asked to define „quality” construct, the participants referred both to attributes (see Table 1) and to characterizations such as: "more benefits that I can enjoy", "something to satisfy my needs at the most high level, taking into account personal preferences", "a qualification of a product by comparing it with the existing alternatives that satisfy the same need". In terms of attributes, quality is associated with durability, price, high quality raw material and reliability. Regarding the attributes used to evaluate product quality, in Table 1 we can observe a great diversity, each respondent mentioning at least four criteria that he / she considers when evaluates a product.

**Table 1.** *Attributes used to define quality and product quality*

Attributes used to define quality	Attributes used to define product quality
Durability	Design
Fiability	Composition
High quality raw material	Price
Price	Brand
Satisfying needs without compromises	Package
Comparison with other products	Colour
Ecological	Smell
	Product lifetime
	Expiration date
	Features
	Texture
	Taste
	Fiability
	Easy to use
	Origin
	Manufacturing Technology
	Warranty period
	Wear Resistance

Considering the identified attributes for product quality evaluation, we grouped them in seven categories based on the variables identified in the literature as follows:

- Extrinsic attributes – in this category we included package, origin, manufacturing technology, price, design and composition.
- Intrinsic attributes – in this category we included texture, taste, color and smell.
- Durability – we included wear resistance, expiration date, product lifetime, warranty period.
- Prestige - this variable refers to the brand reputation that can transmit information about the quality of the products.
- Product description – in this category we included product features.
- Ease of use.
- Viability.

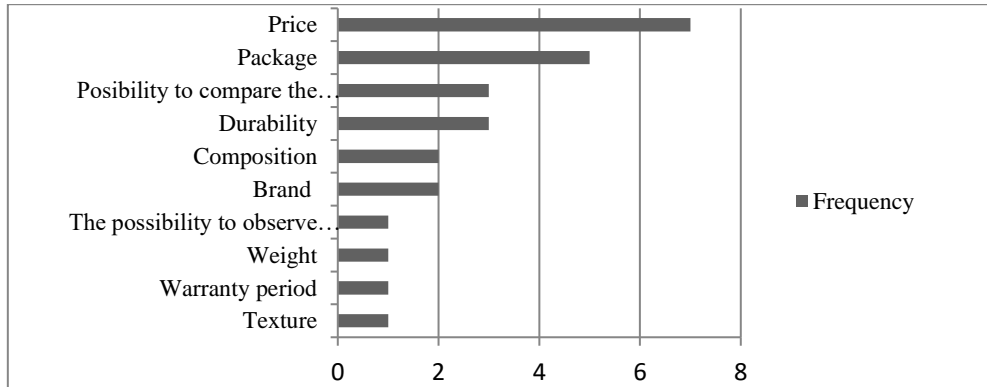


**Figure 1.** *Variables used to evaluate product quality*

From Figure 1 it can be observed that extrinsic attributes are those most often invoked when it is necessary to perform a product evaluation in terms of quality. The frequency of extrinsic attributes mentioned by the participants is twice as high as the frequency of the second or the third most important variable

considered in the process of evaluating a product as high or low quality. Moreover we can see that the frequency of extrinsic attributes is equal to the sum of the frequencies of the other six variables identified.

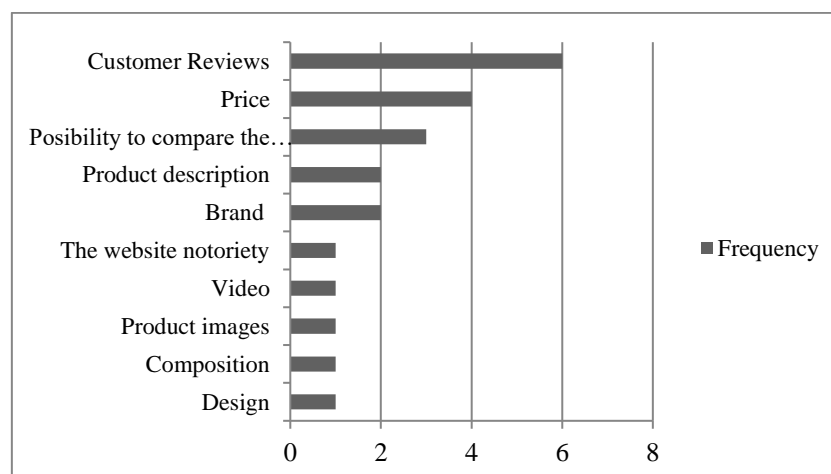
Figure 2 shows us that in the case of brick and mortar stores, the price is the most important attribute, seven of the eight people mentioning it. The following attributes of major importance are packaging, the possibility to compare products and durability. In addition to these attributes, there are references to criteria that we consider to be specific to this environment: the possibility to observe other clients preferences or the possibility to touch the product and feel the texture.



**Figure 2.** Specific attributes used to evaluate product quality in brick and mortar stores

Asked to describe the importance of the buying environment, for physical stores the participants listed advantages like: the possibility to smell and touch the product, the store design offers an advantage in terms of quality product evaluation ("if a store inspires me trust I go with the idea that the products are high quality (even if they are not)"; "the way it looks, smells or how merchandise is arranged gives me a clear picture about the kind of products offered"), product exposure facilitates comparisons between products in the same category.

For e-commerce the main attribute of product quality assessment is represented by customer reviews (see Figure 3). This attribute was mentioned by six of the eight respondents, its importance being amplified by comments such as "If there are no reviews on that site, I search on other sites", "I search on Google reviews of the product". Just as in the case of physical stores, the price and the possibility to compare the actual product with other products are found in the top three criteria. We can also notice specific elements for online environment, such as website notoriety, image clarity and video presence. In the absence of direct contact with the product, the respondents stated that they need clear images and, depending on the product, even video elements in order to make a decision.



**Figure 3.** Specific attributes used to evaluate product quality online stores

According to the respondents, the online environment presents advantages like: "you can find opinions from persons who have already used the product", "the way a website is built makes me trust about product quality". There are products that respondents prefer to buy online due to the benefits this environment offers. These products belong to electronics or entertainment category ("I can better set the quality of a movie if I buy it from an online store rather than from a physical store. In an online store I can see a trailer unlike a physical

store where I can see just two photos on the cover of a DVD"). However, for most of the products purchased through online stores, there are disadvantages such as: "I feel nervous until the parcel arrives to see if the products meets my expectations ", "in the case of clothes you cannot touch the material and have to rely only on pictures that in some cases do not show details. The same is applied in the case of perfumes, lotions that you cannot smell".

## 5. Conclusions

Product quality is one of the most important factors considered by Romanians before making a purchase decision. Knowing what Romanian consumers define by quality is very important for companies so they can choose the right market positioning strategy. However, defining the most important attributes that consumers use to assess the product quality is a difficult task due to the various features specific to the different product categories. The literature offers a series of abstract attributes investigated by different authors: performance, aesthetics, reliability, conformance, functionality, durability, serviceability, features, ease of use, perceived quality, and prestige. We have also seen that extrinsic attributes and intrinsic attributes, which are very important to consumers, often fall under product performance.

The results of our study showed consistency regarding the attributes used to evaluate both a high quality product and a low quality product. Price is the most important attribute considered by consumers when they qualify a product as high or low quality. Also, the attributes used by respondents to define product quality could be categorized as variables identified by other researchers in the literature. We have therefore seen that for Romanian consumers extrinsic attributes have the greatest importance in the process of assessing the product quality. Along with extrinsic attributes, intrinsic attributes, durability, prestige, reliability, product descriptions and ease of use can be met. These dimensions have been previously identified in the literature by different researchers (Garvin, 1987; Parasuman et al., 1985; Brucks and Zeithaml, 2000).

We also showed that there are similarities between attributes used to evaluate product quality in a physical store and attributes used to evaluate product quality in an online store. On the online environment, the customer reviews attribute has the most importance. Respondents trust and even look for the opinions of people who already purchased and used the product and after that follow the cues offered by price and results obtained by comparing several products in the same category. If we talk about how a certain quality is attributed to a product purchased from a physical store, the price is the main attribute considered by most respondents, followed by product packaging and the results obtained by comparing several products in the same category.

Our approach has some limits. One of these is that, in the absence of a specific product category that needs to be evaluated, respondents have reported to a variety of products: from food and clothing to electronic products or furniture. To form a clear picture of the main attributes that indicate the quality level of a product was somewhat difficult, especially in the case of intrinsic attributes that differ widely between product categories. Another limit may be the small sample considered for interviewing. A larger sample would be more representative for the target population concerned. However, the consistency of the responses among the eight respondents suggests the existence of a core key attributes that defines the way consumer evaluate product quality. This study can also represent the starting point for future research that can focus on how the quality of a particular product category is assessed in the online environment.

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# Influence of Motivation and Self-Efficacy on Entrepreneurial Intention to Run a Business

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*Nowadays, amid increasingly tight competition in the business environment and the difficulties students are experiencing in getting new jobs, being an entrepreneur is increasingly in high demand among college graduates. The advancement of information technology has enabled many jobs to be carried out efficiently. Moreover, the dissemination of knowledge takes place quickly and widely, so that one's interest to start up a business by utilizing information technology is also increasing. The purpose of this research is to test research model that proposes that self-efficacy and motivation will affect students' intentions to become entrepreneurs. In general, self-efficacy is a condition in which individuals believe that a behavior is easy or difficult to achieve, including experiences and obstacles that individuals consider; while motivation leads to entrepreneurial activities that can be interpreted as a stimulus that can encourage someone to run a business. The research design is represented by the survey technique, which implied using a questionnaire provided to a number of students, selected with purposive sampling technique. By using a multiple regression analysis, the results showed that self-efficacy and motivation variables proved to be positively significant to entrepreneurial intention. However, parents' profession did not moderate the relationship between self-efficacy and motivation to entrepreneurial intention.*

**Keywords:** *Self-Efficacy, Motivation, Entrepreneurial Intention, Start-up Business, Empirical Analysis*

**JEL Classification:** *M30*

## 1. Introduction

In an open and highly competitive economy like the present one, entrepreneurs play an important role in improving people's welfare; along with this idea, the efforts to foster the interest of young people to become entrepreneurs after graduation must continue to be pursued. For the younger generation, the emphasis to start pursuing entrepreneurship since youth should be enhanced, along with the complexity and dynamics of society, as well as the macroeconomic issues in Indonesia that focus on two main issues, namely economic growth and reduction of unemployment rate. Currently in Indonesia it is estimated that only 570,339 people or 0.24% of the total population of 270 million people are active entrepreneurs (Louisdavidoror.com, 2015); other data also

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Article History:  
 Received 30 April 2018 | Accepted 25 May 2018 | Available online 1 June 2018

Cite Reference:  
 Santoso, S. and Sutedjo Dharma Oetomo, B. 2018. Influence of Motivation and Self-Efficacy on Entrepreneurial Intention to Run a Business. *Expert Journal of Marketing*, 6(1), pp. 14-21.

indicates that people's interest in becoming entrepreneurs is also low: college graduates who are interested in becoming entrepreneurs represent only 6.4%, while for high school the level is 22.4%. Whereas the potential of young age groups to become entrepreneurs today is relatively large, with graduation rates reaching three hundred thousand students and high school graduates to two and a half million people per year. Therefore, entrepreneurship development becomes an important issue in an effort to build a stronger economic foundation and reduce unemployment rates.

On the other hand, today there has been a shift in business and consumer behavior, fueled by the rapid advances in information technology and has been applied in almost all areas of life. Consumer behavior is now more horizontal, where fellow consumers can easily communicate and discuss different aspects about a product or a brand via Facebook, twitter, and others; another impact is that consumers are becoming increasingly inclusive and the company can no longer be exclusive in determining its new products, or it will be abandoned by its customers. The development of information technology in the business environment provides momentum to the growth of many start-up businesses. A tech start-up business is a business based on this information technology, and if runs successful in a given time period, moreover the tech start-up business can be offered to be funded by a number of angel investors in the form of venture capital or other capital influxes. Go-Jek is one example of start-up business with original ideas that then generated doubled profits in a relatively short time. Because the students are educated community groups who have the opportunity to learn and enjoy the advancement of information technology today, the intentions of entrepreneurship among students or young generations in general, should be closely related to the possibility of using information technology in the activities of entrepreneurship later on. It can also be assumed to raise the interest of students to establish a start-up business after they graduate.

Raising a successful entrepreneur is essentially influenced by many factors, both external and internal. Regarding the external factors, these include stable economic growth and good social conditions of society, which are important factors for the growth and development of entrepreneurial activities. The internal factors are the influence of parents, the type of work their parents do, a person's ability to manage a business unit (self-efficacy), personality, courage to take risks, motivation to achieve objectives.

From the above background, the research was appointed to find out that two important internal factors, namely the motivation and self-efficacy of a person, more specifically a student with the ability of the information technology and authority in this domain, to his/her interest to become an entrepreneur by managing a start-up business after he graduated. Therefore, the research purpose is to test whether self-efficacy and self-motivation of students affect the interest toward entrepreneurship by building start-up business. In practice, entrepreneur does not have to be a person who performs all the tasks in a business. Sinha and Srivastava (2013) state the existence of a number of employees who work in an organization and indirectly, also run the principles of entrepreneurship, called intrapreneurship. The entrepreneurship profession can be taught in class.

## **2. Literature Review**

Research on entrepreneurship behavior is interesting for researchers in various Asian and European countries. The research on entrepreneurship behavior evolves from various perspectives namely economics, psychology and sociology. The economic perspective views entrepreneurship behavior based on the condition of entrepreneurship readiness through economic instruments such as economic conditions, capital, government rules and other economic factors. The entrepreneurship behavior is seen from the perspective of sociology which explains the relationship of human relations, the pattern of community life and the norms and culture of society that shape entrepreneurial behavior. The psychological perspective on entrepreneurship behavior is seen from psychological factors such as personal aspects and entrepreneurial motives (Hamilton and Harper, 1994). Various models derived from research findings on entrepreneurial behavior have also developed in recent times. Jain and Ali (2015) state the influence of self-efficacy against a person's interest to become an entrepreneur. The following sections will describe the variables that will be examined in the empirical analysis.

### **2.1. Self-Efficacy Variable**

In general, self-efficacy is a condition in which individuals believe that a behavior is easy or difficult to achieve, including the experience and obstacles that individuals consider in the process or assessment of a situation (Wijaya, 2008). Wilson et al. (2007) expresses the similarity of self-efficacy with self-confidence; in their research on the effects of self-efficacy on entrepreneurial activity, they claim a strong relationship between belief and self-confidence to be able to do his/her job by becoming an entrepreneur. Self-efficacy is important in the research on entrepreneurship because of the nature of the variable; self-efficacy is associated with a task-oriented ability of a person to assess internal barriers and opportunities (personality) and the

external ability to observe the business environment (Drnovsek et al., 2010). A person with low self-efficacy is less likely to believe in the capabilities he or she possesses to effectively perform certain tasks (Aviram, 2006). Moreover, Wilson et al. (2007) and Ayodele (2013) mentioned that there are six dimensions of self-efficacy, namely ability to solve problems, make decisions, manage finance, creative, persuasion ability, and ability to lead. Sarwoko (2011) measures three dimensions of self-efficacy, namely confidence, soul leadership, and mental maturity. Several studies have shown a close relationship of self-efficacy to a person's interests and abilities toward entrepreneurship (Konakli, 2015; Aviram, 2006; Iz et al., 2012). The research model from Wijaya (2008) concludes the opposite, namely that partially self-efficacy has no effect on one's interest to entrepreneurship, although simultaneously research model about the influence of entrepreneurship attitudes, self-efficacy, and subjective norms on entrepreneurship interests and entrepreneurship behaviors meet eligibility model.

## 2.2. Entrepreneurial Intention

Basically the interest of entrepreneurship is the desire, interest, and willingness to work hard or strong-will to stand up or try to meet the needs of his life without fear of the risks that will occur, and strong-will to learn from failure. For Ayodele (2013) interest in entrepreneurship is a reliable predictor of entrepreneurial behavior; while Sarwoko (2011) considers entrepreneurship interest more the individual tendencies to engage in entrepreneurship by creating new products through business opportunities and risk taking.

Peng et al. (2012) states the existence of several other terms for entrepreneurial interests, such as career orientation, newborn entrepreneurs, just to name a few. Peng et al. (2012) define entrepreneurship interest as a mental orientation such as strong desire, dreams, and hope to influence their choice of entrepreneurial activities. In general, 'interest' can be interpreted as a relatively sedentary tendency for a person to feel attracted to a particular field and to feel happy engaging in various activities related to that field; thus, the individuals who are interested in becoming entrepreneurs are generally interested and tend to be happy with their entrepreneurial profession.

Individuals who are interested in becoming entrepreneurs cognitively have sufficient understanding of the benefits, challenges and risks to be faced, feel good about their choices (affective), and will act (conative) as he believed. This shows that self-efficacy has a positive and significant relationship with the entrepreneurial intention of individuals. This outcome is consistent with the findings of Shinnar et al. (2014) and Tsai et al. (2016) which state a positive and tangible relationship between the two variables.

## 2.3. Motivation Variable

In addition to self-efficacy variables and entrepreneurial interests, there are other independent variables that affect entrepreneurial interest among young people. In general, motivation is a stimulus that can encourage a person to perform an activity to achieve certain goals. While self-motivation that leads to entrepreneurial activities can be interpreted as a stimulus that can encourage a person to do a business, which is done with a vigorous, creative, innovative, and dare to take risks in order to gain profit, either in the form of money or others benefits. Research from Abdullah (2014) conducted among students of *SMKN Teknologi Industri dan Pariwisata* in Bantul stated that there is a positive and significant correlation between high entrepreneurship motivation to student interest to become entrepreneur in the future; while the research of Kumaran and Anand (2016) on a number of scholars at the Faculty of Agriculture revealed the same result.

## 3. Research Premises

This research will test the relationship between entrepreneurial intention, as dependent variable, and self-efficacy and motivation, as independent variables. The proposed research model is presented in Figure 1.

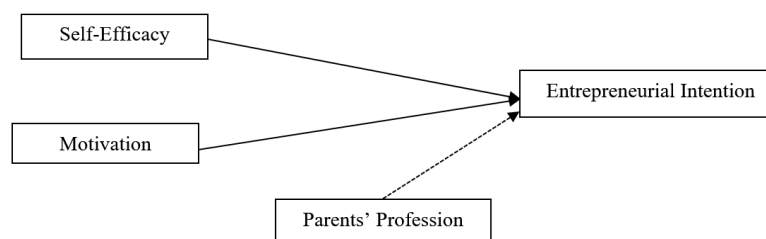


Figure 1. Research Model

From the above model, the hypothesis proposed in this research are:



H1: Self-efficacy has a positive and significant impact on Entrepreneurial Intention.

H2: Motivation has a positive and significant impact on Entrepreneurial Intention.

H3: The Parents' Profession moderates the relationship between Self-efficacy and Motivation with Entrepreneurial Intention.

#### 4. Research Methodology

##### 4.1. Research Context

The design of this research is based on survey activity using a questionnaire. The research process begins with sampling of 97 students, who become the subjects of research to test the research model. The sampling technique used is based on purposive sampling. Before that, 30 students filled questionnaire to test validity and reliability of questionnaire. To test the hypotheses, the research conducted a multiple regression model to test if the independent variables influence the dependent variable.

##### 4.2. Measurement and Research Instrument

All independent variables and dependent variable were measured with Likert scales. The independent variables are Motivation and Self Efficacy, and the dependent variable is Students' Intention to become an entrepreneur and start their own business.

##### 4.3. Data Collection and Sample

The questionnaire consists of two parts. The first part is gaining information about their profiles, such as gender, age, monthly expenses, the desire to become a future start-up business entrepreneur, the field they would like to pursue and be an entrepreneur in, and their parents' background; the second part of the questionnaire contains questions aimed at discovering the self-efficacy of respondents, motivation for entrepreneurship, and interest for entrepreneurship in the future. Then on a sample of 30 students we have tested the validity and reliability of the survey; after passing the two tests, the questionnaires were distributed to 97 students, using the purposive sampling method.

#### 5. Analysis and Results

Validity and reliability tests show the Cronbach Alpha coefficient of 0.827 (above the 0.7 threshold) indicating the fact that questionnaire is reliable. Moreover, validity test results show all variables are reliable.

##### 5.1. Respondents' Profile

For the respondent profile, we explore various aspects in the following tables and their associated interpretations. All the tables include primary research data, from 2017.

First, Table 1 presents the gender profile of the research participants. As it can be observed in Table 1, the research implied more males than females, although the difference is not notable.

*Table 1. Gender Composition*

Variable	Frequency	Percent	Cumulative Percent
Male	58	59.8	59.8
Female	39	40.2	100.0
Total	97	100.0	

In table 2, we explore the tribe composition of the respondents. From the observations in Table 2, we note that most respondents are Javanese.

*Table 2. Tribe Composition*

Variable	Frequency	Percent	Cumulative Percent
Javanese	33	34.0	34.0
Others (Sumba, Papua dll)	20	20.6	54.6
Chinese	13	13.4	68.0
Toraja tribe	11	11.3	79.4
Dayak tribe	8	8.2	87.6
Balinese	5	5.2	92.8
Batak tribe	4	4.1	96.9
Maluku tribe	3	3.1	100.0
Total	97	100.0	

Table 3 presents the respondents' monthly spend. From the Table 3 above, we can see that most respondents spend between 35-70 USD per month in a proportion of 39.2%, with 36.1% of students who spend between 70 to 100 USD per month.

**Table 3. Spend per Month**

Variable	Frequency	Percent	Cumulative Percent
< US\$ 35 / month	3	3.1	3.1
US\$ 35/ month to US\$ 70 / month	38	39.2	42.3
US\$ 70 / month to US\$ 105 / month	35	36.1	78.4
> US\$ 105 / month	21	21.6	100.0
Total	97	100.0	

Table 4 presents the opinion of students on entrepreneurship. Most notably, most respondents (75%) said they will work as employees before establishing themselves to be entrepreneurs. Only 6% of respondents said they would directly entrepreneurship after graduation.

**Table 4. Opinion on Entrepreneurship**

Variable	Frequency	Percent	Cumulative Percent
After being an employee, you intend to be an entrepreneur in the future.	73	75.3	75.3
You will be an employee, and you are not sure you wish to become an entrepreneur.	9	9.3	84.5
You intend to be an entrepreneur right after graduation.	6	6.2	90.7
You don't know	5	5.2	95.9
Other answers	4	4.1	100.0
Total	97	100.0	

Table 5 shows the opinion of the respondents regarding using information and communication technology for a new entrepreneurship venture. Most respondents (78%) see the mastery and application of information technology in the business as a must in this competitive business world (table 5).

**Table 5. Opinion on Information and Communication Technology in Entrepreneurship**

Variable	Frequency	Percent	Cumulative Percent
It's a must to have IT and communication knowledge for entrepreneurship	76	78.4	78.4
It is not necessary or required	21	21.6	100.0
Total	97	100.0	

Table 6 displays the profession of the students' parents. Therefore, for this study, most students have entrepreneurs as parents in a percentage of 56.7%, however the students whose parents have normal jobs is 43.3%, which does not highlight a huge difference between these 2 groups.

**Table 6. Parent's Profession**

Variable	Frequency	Percent	Cumulative Percent
Not an entrepreneur	55	56.7	56.7
Entrepreneur	42	43.3	100.0
Total	97	100.0	

## 5.2. Model Test Results

To test research model, we applied a multiple regression model and the main results are presented in Table 7.

**Table 7. Model Summary**

R	R Square	Adjusted R Square	Std. Error of the Estimate
.622 <sup>a</sup>	.387	.374	2.34927

Table 7 above shows that 38.7% of entrepreneurial intention is influenced by motivation and self-efficacy; while the rest of the proportion (61.3%) by other variables, such as economic condition pressures, parental influence, continuing parents' business venture, and other factors.

**Table 8. Regression Coefficient Test**

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.213	2.389		.926	.357
	Self-Efficacy	.414	.093	.394	4.460	.000
	Motivation	.423	.105	.357	4.044	.000
2	(Constant)	4.534	2.675		1.695	.094
	Self-Efficacy	.417	.092	.397	4.547	.000
	Motivation	.377	.106	.319	3.553	.001
	Parents' Profession	-.915	.498	-.154	-1.839	.069

Table 8 above shows that Self-Efficacy and Motivation have a significant positive effect on Entrepreneurial Intention; this is indicated by the Sig value. (0.00) which is far below 0.05. Thus, it can be said that the Self-efficacy of a person becomes an influential factor in shaping one's attitude towards the entrepreneurial profession. However, in the model that included Parents' Profession as a moderating variable, the results show a significance value is 0.069, which exceeds the 0.05 threshold. This result indicates that Parents' Profession did not moderate the relationship between Self-Efficacy and Motivation, as they influence Entrepreneurial Intention. This result is in line with Santoso's (2016) research which found that student backgrounds, including parent's job, did not moderate the relationship between self-efficacy and entrepreneurial intention.

As a conclusion for model tests, H1 and H2 cannot be rejected, namely that Self-efficacy and Motivation have a positive and direct effect on Entrepreneurial Intention, however, H3 can be rejected, because Parents' Profession does not moderate this relationship in a statistically significant manner.

## 6. Discussion and Conclusion

### 6.1. Discussion

People who feel they have the ability to work, have received adequate education, including in entrepreneurial activities, have adequate information technology supplies, and they will have high confidence to become entrepreneurs. This factor can encourage them to become entrepreneurs in the future. Bullough et al. (2013) found that people can develop their entrepreneurial intentions if they are expert in their entrepreneurial self-efficacy. In their research about Iranian students' behavior based on the theory of planned behavior, Karimi et al. (2014) found that an Entrepreneurship Education Program can influence student's Entrepreneurship Intention. But there are two main courses in an Entrepreneurship Education Program; elective courses in Entrepreneurship Education Program can increase Entrepreneurship Intention, but compulsory courses did not achieve the same results. From this outcome, it can be noted that many electives course in many universities entrepreneurship programs, such as motivation, communication skills, can develop and increase a student's motivation to become an entrepreneur after graduation. Similar research from Croatian students by Pfeifer et al. (2014) with the Social Cognitive Theory as a theory background noted that the main factor that affects entrepreneurial intentions is a student's entrepreneurial self-efficacy. Pfeifer et al. (2014) proposed this study using the social cognitive theory which establishes that 'when individuals notice a model performing a behavior and the consequences of that behavior, they remember the sequence of events and use this information to guide subsequent behaviors; individuals do not learn new behaviors solely by trying them and either succeeding or failing, but rather, the survival of humanity is dependent upon the replication of the actions of others'. In term of social cognitive theory, when faced with a difficult task, people who have high self-efficacy will face the challenge as something to be learned and mastered. Moreover, while striving to complete a challenging task or difficult goal, individuals with high self-efficacy may face failures or setbacks, but they will not give up. Also, people with high self-efficacy are more likely to set more challenging goals for themselves and be more committed to the goal, which enhances self-efficacy (Bandura, 1995). A successful entrepreneur must have a high self-efficacy to face difficult tasks and challenges. Whether he/she come from non-entrepreneur background in their home, they can be a successful entrepreneur. And vice versa, entrepreneur background family cannot be guarantee that he/she will be a successful entrepreneur, in the future.

Robbins and Judge (2013) stated that four factors should be considered for someone's creativity, namely their intrinsic motivation to be creative, implementation of critical and creative thinking tools, knowledge, and a good organizational environment. This statement aligns with research result of Barroso (2017) who noted that the most important aspects for preparing students in Mexico to increase their motivation toward entrepreneurship is the intrinsic motivation and immediate feedback about their performances. He also

suggests that being a successful entrepreneur in the future, students must have a high creative thinking and before that, they have to have a good and high motivation. Barroso (2017) stated that the first step to being creative is motivation, the starting point for a business leader is to inspire his staff to be creative, innovative and entrepreneurs. For this desired outcome, a good start for a good entrepreneurship education is educating the student to be an inspiring leader, not just a leader who prefers people to execute tasks and hard jobs, but helping the enterprise adapt to its environment, develop and thrive for a long period of time.

Research in Sarawak Malaysia among single mothers entrepreneur from Ismail et al. (2016) bring an interesting result. The authors use an Entrepreneurial Motivation Model that focuses on risk taking and tolerance for ambiguity and passion that will lead to entrepreneurial success. A motivational role does have significant influence on entrepreneurial passion and, later, entrepreneurial passion has a positive and significant impact to entrepreneurial success. In this research, Ismail et al. (2016) use intrinsic motivation instead of extrinsic motivation.

In addition, self-motivation factors are also important in the formation of the intention of becoming an entrepreneur. A person who is motivated to succeed in life, is also motivated to achieve more in their field of work, which will further influence positive in the formation of their intentions become entrepreneurs. This is because the entrepreneurial profession is closely related to self-motivation; business uncertainty and intense seclusion not only require good cognitive skills but also sufficient emotional intelligence to become successful in the business field.

## 6.2. Conclusion

This research showed the following main conclusions:

- Self-efficacy has a positive and significant impact on Entrepreneurial Intention
- Motivation has a positive and significant impact on Entrepreneurial Intention
- Parents' Profession does not moderate the relationship between Self-efficacy and Motivation with Entrepreneurial Intention.

## 6.3. Recommendation

Because parents' profession does not moderate, students with high self-efficacy and high motivation to achieve great success in business do not hesitate to be an entrepreneur. Entrepreneurship education in class must be able to encourage young people to be what he/she want to be. In class, there should be many motivational lectures to motivate students to run a business after graduation.

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# Health Awareness and Price Sensitivity as Predictors of Consumers' Purchase Attitude towards Soft Drinks

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*This study investigates the association of both health hazards awareness and price sensitivity of soft drinks with consumer's purchase attitude in Saudi Arabian market. The study also investigates whether there is a moderating role for each of consumer's gender, age, education, and monthly income on the two studied relationships. The study has been conducted on 865 respondents of soft drinks consumers in Saudi Arabia and an online self-administered survey has been used to collect primary data from the participants. The study findings revealed a statistically significant negative associations of both soft drinks' health hazards awareness and price sensitivity with consumer's purchase attitude. Health hazards awareness is higher than the price sensitivity in predicting the consumer's purchase attitude. Hence, the consumer's attitude is more responsive to health hazards awareness than the price sensitivity. The study also found that consumer's gender, age, education, and income do not significantly moderate the relationships between either of health hazards awareness or price sensitivity and the purchase attitude of soft drinks. Thus, the study recommends marketers to adopt social orientation in doing marketing activities and do best to develop healthier soft drinks. Furthermore, marketers should be careful when setting soft drinks' prices because of consumer sensitivity. Optimization of soft drinks' cost structure can help in respect to price sensitivity. Finally, the undifferentiated marketing strategy is suitable for targeting in the Saudi market concerning gender, age, education, and income.*

**Keywords:** soft drinks, awareness, sensitivity, purchase attitude, empirical research, consumer behavior, purchase decision

**JEL Classification:** M30

## 1. Introduction

Consumer behaviors and attitudes are affected by several factors. The consumer's final decision to purchase a product comes after an interaction of different factors. With the current changing and diverse market

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Article History:

Received 17 May 2018 | Accepted 20 June 2018 | Available online 5 July 2018

Cite Reference:

Abdel Hamid Saleh, M., Alhidari, A.M., Al-Mansour, A. and Al-Khudhair, A., 2018. Health Awareness and Price Sensitivity as Predictors of Consumer's Purchase Attitude towards Soft Drinks. *Expert Journal of Marketing*, 6(1), pp. 22-32.

conditions, it is essential for any business to understand the nature and behavior of their customers. As Armstrong and Kotler (2007) highlighted, there are four main factors which significantly influence the overall consumer behaviors: psychological, social, physical, and cultural factors. Also, the economic situation of a consumer plays a critical role in determining the consumer's purchasing attitudes. Elements such as one's income level and the overall price of products are crucial when it comes to a purchase decision. However, as Virvilaite et al. (2009) noted, consumer attitudes and behaviors vary based on several factors, including age, gender, income and others. Healthy food has become a major topic in public discourse on food and drink (Grunert, 2007). Consumption of soft drinks has risen substantially over the past 25 years. However, soft drinks consumption is associated with many health issues such as dental problems and weight gain especially in children (Vartanian et al., 2007; Gibson, 2008; Brownell and Frieden, 2009). Consequently, many governments try to control the consumption of soft drinks by imposing targeted taxes. One study found that tax (price increase) on sugary beverages has an effective impact on the public health (Etilé and Sharma, 2015, Jacobson and Brownell, 2000). Recently, the Saudi government has imposed a 50% tax on soft drinks in a step aimed to change the attitude of citizens towards soft drinks. However, despite the importance of this topic for consumer's health and soft drink business in the Saudi market, no study has been conducted in Saudi Arabia.

Accordingly, this research is examining the association of soft drinks' consumers' health hazards awareness and price sensitivity with consumer attitude towards purchasing soft drinks in the Saudi market. Also, the research is aiming to investigate the moderating role of gender, age, education, and income, first, on the relationship between health hazards awareness and purchase attitude, and second, on the relationship between price sensitivity and purchase attitude. Saaksjarvi et al. (2009) found gender, education, income, and age serve as antecedents to consumers' knowledge of healthy foods, which in turn affect attitudes towards health and, consequently, buying behavior. However, the results of the current study are aimed to make marketers more aware of the factors to be taken into account when doing market segmentation, targeting, positioning, and marketing strategies of soft drinks in Saudi Arabia.

## **2. Literature Review and Study Hypotheses**

### **2.1. Health Awareness and Purchase Attitude**

Previous studies demonstrated that nutrition-media campaigns can successfully increase consumer's awareness and attitude (Orr et al., 2010; Wakefield et al., 2010). Information about the healthiness of a product increases the consumer awareness and produces the attitude towards that product (Bech-Larsen et al., 2001; Kozup et al., 2003). Mass media campaigns can directly or indirectly produce positive changes in health related behaviors across large populations (Wakefield et al., 2010). For products such as tobacco and soft drinks, high awareness of hazards on health is an important factor in shaping negatively the consumer's purchase attitude and consumption. Correspondingly, Nazir and Almas (2017) found that Saudi school children with high awareness of smoking effects on health were having less probability of smoking. Healthiness is a major quality dimension when consumers evaluate food products (Grunert, 2007). Soft drinks are associated with obesity and weight gain especially in children (Vartanian et al., 2007; Gibson, 2008; Brownell and Frieden, 2009). Soft drinks are also associated with Type 2 Diabetes, Mellitus, and Cardiovascular Disease Risk (Malik et al., 2010). Focusing on soft drinks, a study found that lack of awareness of the hazards of soft drinks is a reason of children's frequent consumption (Gour et al., 2010). Another study found that 51% of the respondents would reduce the amount of consumption of soda or sugary drinks as a result of watching the risk awareness campaigns, and that 78% of consumers who were aware of health problems of soda and sugary drinks intended to reduce the amounts of these drinks they offer to their children (Boles et al., 2014). In the same line, Barragan et al. (2014) found that 60% of respondents reported that they are likely or very likely to reduce their daily consumption of soda and sugary beverages as a result of watching these products' risk awareness campaigns. Accordingly, the following hypothesis is proposed to be tested in the current study:

**H1:** *There is a statistically significant negative relationship between health hazards awareness and purchase attitude.*

### **2.2. Price Sensitivity and Purchase Attitude**

Price is the primary factor which impacts consumer behaviors and attitudes. According to Moore (2006), the price has a direct influence on consumer's purchasing attitudes. A shopper might storm into a store with an intention to buy a product, but changes his mind upon finding the price is higher than he expected. On the other hand, low rates, price cuts, and discounts encourage customers, sometimes impulsively, to buy. Consequently, pricing acts as an environmental factor and plays a major role towards consumer's decision to purchase goods or services. The consumers' final decision to buy a product or not is associated with

consumers' price sensitivity of that product. Sensitivity to prices occurs, as Kacen and Lee (2002) highlighted, when a slight increase in prices directly and negatively affects consumers' attitudes towards purchase.

Pricing is an important element of marketing mix in businesses. As Berman and Evans (2010) explained, every business needs to have a customer value in mind while setting up prices for their products or services. Prakash and Pathak (2014) concluded that price of soft drinks is among other factors that influence the purchase or brand switching decisions. Moore (2006) found a strong interrelation between prices, consumer's attitudes, and consumer perceptions. As a result of this interrelationship, a slight change in price whether positive or negative proportionally affects consumer's attitudes and perceptions due to the nature of consumer sensitivity towards prices. Ashok and Rakesh (2016) found that Prices influence consumers to prefer domestic soft drinks brand to global brands. Bloc et al. (2010) revealed that sales of regular soft drinks declined by 26% during the price increase phase. Guerrero-López et al. (2017) found that a price increase of 10% is associated with a reduction in caloric beverages consumption of 13.7%. Thus, prices are associated with consumer's attitude towards purchasing soft drinks. Accordingly, the following hypothesis is proposed to be tested in the current study:

**H2:** *There is a statistically significant negative relationship between price sensitivity and purchase attitude*

### **2.3. Health Hazards Awareness and Purchase Attitude: Gender as a Moderator**

As a whole, Wardle et al. (2004) concluded that men exhibit riskier and healthier behaviors than women, and give lower priority to health in food choices. According to Boles et al. (2014), women were nearly four times as likely as men to reduce soda and sugary drinks offered to children after being aware of the health problems of these product through campaign ads. In this regard, Nakmongkol (2009) revealed that female consumers are at the highest level of interest in low sugar soft drink compared to male consumers. Correspondingly, an Australian nutrition survey showed that until the age of 12 years, the amounts of soft drinks consumption for both males and females were same. But after 12 years, the soft drinks consumption of males would double that of females. The reason behind this difference was partly because females would have a negative attitude towards soft drinks as a cause of weight (Hector et al 2009). Schafer et al. (1993) concluded that women are more concerned about food security than men. Accordingly, the following hypothesis is proposed to be tested in the current study:

**H3:** *Consumer's gender moderates the relationship between health awareness and purchase attitude*

### **2.4. Price Sensitivity and Purchase Attitude: Gender as a Moderator**

Some studies revealed a significant difference in perception between male and female on the price of products. Goi (2011) found that female's perception is higher than male regarding the importance of price in marketing mix. In their study, Steptoe et al. (1995) found that the importance of low price is varied according to gender. Sari (2011) revealed that men were more positive (less sensitive to prices) towards high food prices and less positive towards low food prices compared to women. On the other hand, Ridler and Ridler (2011) emphasized that women are more willing to pay a high price for food if it fulfills the desired characteristics (organic, for example). Accordingly, the following hypothesis is proposed to be tested in the current study:

**H4:** *Consumer's gender moderates the relationship between price sensitivity and purchase attitude*

### **2.5. Health Awareness and Purchase Attitude: Age as a Moderator**

Soft drinks had a drastic rise in consumption especially in children of 12 to 17 years (World Health Organization, 2004). Boles et al. (2014) found that respondents who aged 45 and older were less likely than who aged 18-44 to reduce soda or sugary drinks after being aware of the health problems of these product through campaign ads. Nakmongkol (2009) concluded that soft drinks consumers in Thailand are young, aged 15-30 years old. Another study found that young adults (17-30 years) was the group with most positive attitude and consume more soft drinks (Pacific and Hoefkins, 2014). A school-based nutrition education program for children aged 7 through 11 years achieved a modest reduction in carbonated beverage consumption (James et al., 2004). Dobrenova et al. (2015) and Marina et al. (2014) found that young consumers tend to use healthy foods more than older consumers, whereas Vella et al. (2014) and Bhaskaran and Hardley (2002) found that consumption of healthy foods is higher among older adults. Accordingly, the following hypothesis is proposed to be tested in the current study:

**H5:** *Consumer's age moderates the relationship between health awareness and purchase attitude*

### **2.6. Price Sensitivity and Purchase Attitude: Age as a Moderator**

As explained by Kacen and Lee (2002), age is one of the significant factors that affect the level at which change in prices affect consumer behaviors. Young people are less affected by changes in prices and



would at times purchase a product they are in love with no matter the price increment (Kacen and Lee, 2002). The higher the age of consumers, the more positivity towards low food prices (Sari, 2011). Young people are more prone to impulse buying and are less concerned about the prices if they can afford a product (Kacen and Lee, 2002). Nielsen Global Health and Wellness Report (2015) states that the willingness to pay a premium price for health attributes in food products decreases with age. Nakmongkol (2009) concluded that soft drinks consumers in Thailand are young, aged 15-30 years old, and they are sensitive to prices. Accordingly, the following hypothesis is proposed to be tested in the current study:

**H6:** *Consumer's age moderates the relationship between price sensitivity and purchase attitude*

### **2.7. Health Awareness and Purchase Attitude: Education as a Moderator**

Some studies have investigated the role of education levels on consumption of unhealthy food. A study found that maternal education, was associated with the availability of sugary drinks at home; a higher proportion of adolescents of low maternal education reported that soft drinks, sports and energy drinks were always or usually available at home (MacFarlane et al. 2007). Siro et al. (2008) indicated that consumers with higher education levels are the main consumers of healthy foods in The U.S.A. and Europe. Kaur and Singh (2017) found that high education is associated with positive consumer behavior towards healthy foods. Saaksjarvi et al. (2009) found that consumers with university education obtain better results in knowledge of healthy foods than those of a lower level of education. For soft drinks, Boles et al. (2014) found that consumers with higher educational attainment were over twice as likely to speak to others after the awareness campaign about hazards of soda and sugary drinks. Soft drink consumption in 18-month-old children in the UK was associated with lower educational level of mothers (Northstone et al. 2002). The Food Standards Australia New Zealand (2003) found that among young adults, the highest consumers of sugar-sweetened soft drinks were those with no tertiary level education (Food Standards Australia New Zealand, 2003). This gives an indication that consumers who had more education can change their attitude towards soft drinks when being aware of their risks. Accordingly, the following hypothesis is proposed to be tested in the current study:

**H7:** *Customer's education moderates the relationship between health awareness and purchase attitude.*

### **2.8. Price Sensitivity and Purchase Attitude: Education as a Moderator**

Sari (2011) found that consumers with only basic education level, compared with who have higher education level, were the most positive towards low food prices. However, despite the high price elasticity of demand for soft drinks, Andreyeva et al. (2010) did not find differences in responsiveness to prices according to some factors including education. Correspondingly, Powell et al. (2009) demonstrated no relationship between variation in sugar-sweetened beverages prices and respondents' consumption for any parental education group. On the contrary, Blackholer et al. (2016) found a difference between high school graduate and college graduate in consumption of sugar-sweetened beverage in responsiveness to price increase. The reduction in consumption was significantly higher in college graduate level of education compared to the high school level. Accordingly, the following hypothesis is proposed to be tested in the current study:

**H8:** *Consumer's education moderates the relationship between price sensitivity and purchase attitude.*

### **2.9. Health Awareness and Purchase Attitude: Income as a Moderator**

Siro et al. (2008) indicated that consumers with higher income levels are the main consumers of healthy foods in The U.S.A. and Europe. Saaksjarvi et al. (2009) argued that people earning less than 10,000 euros a year have little knowledge about healthy foods, while knowledge of consumers earning more than 60,000 euros are higher. Higher socioeconomic group has a greater willingness or ability to pay a high price, as well to be aware of the benefits of the healthy foods (Hilliam, 1996; Siro et al., 2008; Saaksjarvi et al. 2009; IFT Institute of Food Technologist, 2014). The WHO collaborative cross-national study of health behaviors among school-aged children 2001–2002 showed a relationship between lower social-economic status, as determined by family income, and higher soft drink consumption across many European countries (Vereecken et al., 2005). High income is associated with positive consumer behavior towards healthy foods (Kaur and Singh, 2017). This means that high-income consumers have more interest in healthy food information (health awareness) that is reflected in their consumption. Accordingly, the following hypothesis is proposed to be tested in the current study:

**H9:** *Customer's income moderates the relationship between health awareness and purchase attitude.*

### **2.10. Price Sensitivity and Purchase Attitude: Income as a Moderator**

According to Ndubisi and Moi (2006), the ability to purchase is a result of a consumer's income level, which influences their ability to buy goods and services. This means that better income implies higher chances

of purchasing. It also means that price increment affects low and middle-income earners more than high-income earners. Steptoe et al. (1995) found that the importance of low price is varied according to income. Thus, the price of a product or service has a direct impact on the consumer behaviors and attitudes. With price increment, consumers can either buy or reject a product (Armstrong and Kotler, 2010). A slight change in price causes great impact on low-income earners and would, therefore, mean decrease in their purchasing power. A price cut, on the contrary, leads to positive consumer behaviors for low-income earners (Arnould et al., 2002). Hilliam (1996) concluded that higher socioeconomic group has a greater willingness or ability to pay a high price, as well as a better knowledge of the benefits of the healthy foods. Guerrero-López et al. (2017) found that price elasticity of soft drinks differs with different income levels. Elasticity was higher with lower-income consumers compared to higher-income consumers. High-income consumers are less sensitive to changes in prices, and continue buying soft drinks. Other two studies by Colchero et al. (2015) and by Paraje (2016) revealed that population in lower income groups are more responsive to changes in price. Accordingly, the following hypothesis is proposed to be tested in the current study:

**H10:** *Customer income moderates the relationship between price sensitivity and purchase attitude.*

### 3. Sampling and Data Collection

Primary data was collected using a structured self-administered questionnaire made available through Google Forms format to be available on-line. Snowball sampling method was used. This method made the questionnaire's distribution very simple and fast. Hence, 865 completely valid filled questionnaires were received and eventually taken into statistical analysis. Table 1 shows frequencies and percentages of the sample respondents' characteristics categorized by age, gender, income, education and nationality.

**Table 1.** *Sample Characteristics*

Demographics		Frequency	%
Gender	Male	538	62.2
	Female	327	37.8
Age	< 18 years	74	8.6
	18 -25 years	236	27.3
	26 - 35 years	247	28.6
	36 - 45 years	155	17.9
	> than 45 years	153	17.7
Education	High school or less	173	20.0
	Diploma	88	10.2
	Bachelor	497	57.5
	Higher studies	107	12.4
Monthly income	0-5,999 SR	320	37.0
	6,000-9,999 SR	151	17.5
	10,000-14,999 SR	193	22.3
	15,000 SR and above	201	23.2
Nationality	Saudi	837	96.8
	Non- Saudi	28	3.2

### 4. Scales and Data Analysis

#### 4.1. Scales

The study variables were measured by scales designed depending on the literature review of theoretical and empirical studies. The study used a single item scale to measure the independent variable of "price sensitivity", two-items scale to measure the dependent variable "Consumer's Purchase Attitude", four-items scale to measure "Consumer's Awareness". Each item was measured by a five- point Likert scale ranging from "5= Strongly Agree" to "1= Strongly Disagree" The study used categories to measure the remaining demographic moderating variables gender, age, education, and monthly income.

#### 4.2. Data Analysis

Multiple linear regression is used to test all the study hypotheses. For the categorical variables that moderate the study relationships: gender, age, education, and income, all of them have been converted into dummy variables. Interaction between dummy variables and independent variables has been performed before doing the regression analysis for testing the moderating role of these variables. Large categories have been

taken as references when testing the demographic variables' moderation on the relationships. Significance of ANOVA is used because it provides a general information about the fitness of the proposed model. Analysis was performed using PSS version 24.0. For this research work, 5% level of significance which corresponds to 95% confidence interval is selected for this research work.

## 5. Findings

### 5.1. Validity Testing

The questionnaire, dependent variables, independent variable, moderator variables have been validated by professors as content validity from King Saud University- Department of Marketing. Therefore, some faculty members have provided their comments and suggestions. Then, the survey has been modified accordingly.

Factor analysis has been used to identify the validity of each variable's related items as shown in table 2. Confirmatory Factor Analysis (CFA) was conducted, using the principal component method and varimax rotation. The factor loading of all the items of the measures exceeded the threshold of 0.6 (Hair et al., 2006). The Cronbach's Alpha coefficients are also above the acceptable threshold of 0.6 (Malhotra, 2007). Those indices reflected valid and reliable scales for measuring the variables of the current study.

*Table 2. Validity and reliability testing*

Measurement Items	Factor Loading	Alpha
<b>Health Awareness</b>		0.760
I am aware that repetitive consumption of soft drinks increases the chance of having diabetes	0.751	
I am aware that repetitive consumption of soft drinks increases the chance of having obesity	0.712	
I am aware that repetitive consumption of soft drinks increases the chance of having cavities	0.721	
I am aware that repetitive consumption of soft drinks increases the chance of having heart diseases	0.803	
<b>Purchase Attitude</b>		0.787
I am against soft drinks pricing	0.866	
I will switch to substitute drinks such as juices due to increase in soft drinks prices	0.875	
<b>Price Sensitivity</b>		-
I decided not to buy soft drinks after their price increase	0.801	

### 5.2. Hypothesis Testing

#### 5.2.1. Testing of H1 and H2

H1 states a negative relationship between health awareness and consumer's purchase attitude. H2 states a negative relationship between price sensitivity and consumer's purchase attitude. To test these hypotheses, multiple linear regression has been used as shown in table 3. The table shows total R square= 0.175, which implies that the two independent variables, health awareness and price sensitivity explain 17.5% of the change in consumer's purchase attitude of soft drinks. Health awareness explains 14.4% and price sensitivity explains 3.1%. The table also shows that F-value is significant, and B for each of the two independent variables is negative. This indicates the significant negative association of both health hazards awareness and price sensitivity with consumer's purchase attitude of soft drinks. Hence, H1 and H2 are upheld. And because the estimate B= -0.571 with health awareness, and B= -0.129 with price sensitivity, the predictability of health awareness is higher than of price sensitivity on consumer's purchase attitude. Every one-unit increase in the product price brings about 0.129 decrease in the consumer purchase attitude, and every one-unit increase in health hazards awareness of soft drinks brings 0.571 decrease in consumer's purchase attitude, and vice versa.

*Table 3. H1, H2 Testing (Multiple Regression)*

Model	R	R <sup>2</sup>	df	F	B
Health awareness	0.380	0.144	2,839	89.005**	-0.571**
Price sensitivity	0.418	0.175			-0.129**

Note: \*\* Marginally significant at  $p \leq 0.05$

### 5.2.2. Testing of H3 and H4

H3 states that gender moderates the relationship between health awareness and consumer's purchase attitude, and H4 states that gender moderates the relationship between price sensitivity and purchase attitude. To test these hypotheses, multiple linear regression has been used as shown in table 4. The table shows the coefficient (B) for males in each of the two relationships. In H3, the coefficient (B) = 0.012 with a p-value=0.869, which is insignificant, meaning that gender does not moderate the relationship between health awareness and purchase attitude for soft drinks. Hence, H3 is rejected. In H4, the coefficient (B) = 0.003 with a p-value=0.869, which is insignificant, meaning that gender does not moderate the relationship between price sensitivity and purchase attitude for soft drinks. Hence, H4 is rejected.

**Table 4. H3, H4 Testing (Multiple Regression)**

Model	Male (the female category is the reference)	
	B	P-value
Health awareness → Purchase attitude	0.012	0.869
Price sensitivity → Purchase attitude	0.003	0.966

### 5.2.3. Testing of H5 and H6

H5 states that age moderates the relationship between health awareness and consumer's purchase attitude, and H6 states that age moderates the relationship between price sensitivity and purchase attitude. To test these hypotheses, multiple linear regression has been used as shown in table 5. The table shows the coefficient (B) for each age category in each of the two relationship. In H5, the coefficient (B) in all age categories is insignificant because P-value is greater than 0.05, meaning that age does not moderate the relationship between health awareness and purchase attitude for soft drinks. Hence, H5 is rejected. In H6, the coefficient (B) in each of age categories is insignificant, meaning that age does not moderate the relationship between price sensitivity and purchase attitude for soft drinks. Hence, H6 is rejected.

**Table 5. H5, H6 Testing (Multiple Regression)**

Model	Age (26-35 years category is the reference)							
	Under 18 years old		18-25 years old		36-45 years old		Above 45 years old	
	B	P-value	B	P-value	B	P-value	B	P-value
Health awareness → Purchase attitude	-0.022	0.871	-0.111	0.283	-0.069	0.541	-0.032	0.763
Price sensitivity → Purchase attitude	0.191	0.195	0.001	0.994	-0.130	0.258	-0.161	0.160

### 5.2.4. Testing of H7 and H8

H7 states that education moderates the relationship between health awareness and consumer's purchase attitude, and H8 states that education moderates the relationship between price sensitivity and purchase attitude. To test these hypotheses, multiple linear regression has been used as shown in table 6. The table shows the coefficient (B) for each education category in each of the two relationships. In H7, the coefficient (B) in all education categories is insignificant because P-value is greater than 0.05. This means that education does not moderate the relationship between health awareness and purchase attitude for soft drinks. Hence, H7 is rejected. In H8, the coefficient (B) in each of education category is insignificant. Education does not moderate the relationship between price sensitivity and purchase attitude for soft drinks. Hence, H8 is rejected.

**Table 6. H7, H8 Testing (Multiple Regression)**

Model	Education - (Bachelor category is the reference)					
	High School and less		Diploma		Higher studies	
	B	P-value	B	P-value	B	P-value
Health awareness → Purchase attitude	-0.057	0.548	-0.165	0.235	-0.192	0.073
Price sensitivity → Purchase attitude	0.112	0.2	-0.163	0.216	-0.020	0.871

### 5.2.5. Testing of H9 and H10

H9 states that monthly income moderates the relationship between health awareness and consumer's purchase attitude, and H10 states that monthly income moderates the relationship between price sensitivity and purchase attitude. To test these hypotheses, multiple linear regression has been used as shown in table 7. The table shows the coefficient (B) for each income category in each of the two relationships. In H9, the coefficient

(B) in all income categories is insignificant because P-value is greater than 0.05. This means that income does not moderate the relationship between health awareness and purchase attitude for soft drinks. Hence, H9 is rejected. In H10, the coefficient (B) in each of income category is insignificant because P-value is greater than 0.05. So, income does not moderate the relationship between price sensitivity and purchase attitude for soft drinks. Hence, H10 is rejected.

**Table 7. H9, H10 Testing (Multiple Regression)**

Model	Monthly income (less the S.R 6000 (approx. 6000 USD) category is the reference)					
	S.R 6000<10000		S.R 10000< 15000		S.R 15000 and above	
	B	P-value	B	P-value	B	P-value
Health awareness → Purchase attitude	-0.149	0.201	0.176	.059	-.050	.607
Price sensitivity→ Purchase attitude	-0.185	0.091	0.049	.634	-.074	.473

Note: S.R 6000 = approx. 1600 USD; S.R 10000 = approx. 2667 USD; S.R 15000 = approx. 4000 USD

## 6. Discussion

The study has found an inverse relationship between consumer's awareness of hazards of soft drinks and consumer's purchase attitude. This result validates the results of Gour et al. (2010); Boles et al. (2014), and Barragan et al. (2014). This results make sense because there is a growing awareness of health among consumers in the world and in Saudi as well. That explain the tax on soft drinks and other hazards drinks in Saudi. However, the consumers' gender, age, and education do not affect consumers' purchase intention to soft drinks.

The study also has found an inverse relationship between soft drinks price and consumer's purchase attitude, validating the study findings by Prakash and Pathak (2014), Ashok and Rakesh (2016), and Guerrero-López et al. (2017). This might be attributed to the nature of soft drinks as hedonic products (Roininen, Lähteenmäki, and Tuorila (1999). Consumers seems responsive to the increase in prices. The consumers seem they have shifted to the other alternatives such as bottled water and juices. That explain that bottled water is the most consumed beverages in the U.S. with 39.3 gallons per capita in 2016 (compare to 38.5 gallons per capita for soft drinks) (Reuters, 2017). Therefore, consumers shift to other alternatives when the price change which means the price is elastic for soft drinks.

The study has found that demographic variables (e.g., gender, age, and education) do not significantly moderate the negative association of both hazard awareness of soft drinks and price sensitivity with consumer's purchase attitude. This might be attributed to the fact that consumers in all levels of socioeconomic statues drink soft drink because it been offered in most occasion due to the accessibility of the product. This finding contradict common wisdom that consumers with higher income and education will drink less soft drinks. This validates the study findings by Armstrong et al. (2010). This might be attributed to the fact that soft drinks prices are considered to be acceptable compare to other drinks such as fresh juices in the Saudi market even after their price increase. So, 50% increase in soft drinks prices in Saudi Arabia represents only SAR 1.5 (\$ 0.40) which is very much affordable by almost all income classes, taking into account the high purchasing power of consumers in the Saudi Arabian market. This means that the inverse relationship between price sensitivity and purchase attitude is not moderated by income.

### 6.1. Implications

This study presents several managerial implications. Based on the study findings, soft drinks marketers should pay attention to the increase of consumers' health awareness. Healthier products (e.g., fresh juices, vitamin drinks) are needed be developed and marketed to consumers to increase sales and market shares. This study would help marketers to segment the market based on perceived value. Drinks with more health benefit would be more appealed to consumers with high health awareness. Thus, the Saudi market need healthier drinks such as no carbonated soft drinks, vitamin drinks, and fresh juices.

The prices of soft drinks should be perceived as acceptable and marketer can achieve that by normalizing the price among peers and friends. Adoption of social media marketing is important in this regard. Saudis are the most penetrating users of Twitter in the world (Albalawi and Sixsmith, 2015). In addition, soft drinks price increase should be considered very carefully since it significantly influences the consumers' purchase attitude negatively. Hence, soft drinks' pricing strategy should be considered as critical to the purchase attitude. Marketers should do best to keep the price stable even with external constraints such as

taxes. Also, marketers should work to optimize the soft drinks cost structure to prevent the price increase in future if they would like to maintain the market share stable.

Finally, marketers can neglect factors of consumer's gender, age, education, and income, since the study does not find significant moderating role of those variables on the price-attitude relationship and awareness-attitude relationship. Soft drinks are a type of product that is used by most of the people in the market. Hence, the undifferentiated targeting strategy is suitable for most people in this market concerning those variables.

## 6.2. Limitation and Future Research

The study questionnaire was distributed among Arabic speakers in Saudi Arabia without the population who don't speak Arabic which represent more than 15% of Saudi Arabia population. Moreover, the research only studied the awareness of hazards and price sensitivity of soft drinks. More research could be done looking for other predictors of soft drinks' purchase attitude. Hence, the study recommends future research to identify more variables that significantly contributes and determines the consumer's purchase attitude. The study also studied the role of some demographic variables that proved to be insignificant on the studied relationship. Benefit sought is one of other variables that is expected to have a moderating role on the studied relationship and may be studied in future research, hence needs to be considered as a moderating variable in future research to know whether it is a good base for market segmentation and targeting.

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