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How is value perceived by children?

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ABSTRACT

The literature on perceived value overlooks the perspective of children, yet this represents an important aspect of their consumer socialization. This paper fills the void by examining value perception as part of the decision to purchase from the perspective of the child consumer. A two-stage qualitative investigation using diaries and interviews investigated perceptions of children aged 7–14 years. Findings indicate that perceived value among children is an important concept in consumer decisions comprising benefits and sacrifices; however the nature of these factors and the way they contribute to value perception varies in a domain specific manner as children grow older. Understanding the temporal aspects of value creation from a child's perspective extends perceived value theory and contributes to consumer socialization theory. In addition this knowledge is crucial for practitioners marketing to child customers as well as those developing policy to protect them as consumers.

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1. Introduction

Children are an important consumer segment. They continue to experience growing spending power and are completing an increasing number of purchases (Dotson & Hyatt, 2005; McNeal, 2007). They are unique in terms of the contexts in which they shop, their experience and their cognitive development (Cook, 2009; John, 1999). An important and developmentally significant aspect of children's consumer socialization is their ability to perceive value and shop accordingly. In addition children's value perception represents a potential area of consumer vulnerability and therefore advancing understanding has significance for both marketers and public policy makers alike.

The concept of perceived value is integral to the AMA definition of marketing (Gallarza, Gil-Saura, & Holbrook, 2011). Researchers have exclusively studied the concept with adults and have not investigated the perspective of children. This is somewhat surprising given that calls have been made in the literature for research aimed at further conceptualization of perceived value both generally (Gallarza et al., 2011) and specifically in the context of child consumers (John, 1999; Martensen & Tufte, 2002). Marketers require understanding of this concept in order to develop strategy which both communicates relevant value to this consumer group as they develop and at the same time is

ethical. Public policy makers require understanding in order to develop policy to protect child consumers from unethical strategic marketing approaches.

Research indicates that children are likely to perceive value differently to adults and that their perceptions will change with age. Studies on related concepts such as economic value (Burris, 1983), price (Damay, 2008; Fox & Kehret-Ward, 1985, 1990) and decision making styles (Shim, 1996) show children possess qualitatively different theories of the meaning of price with age. Early work by Moschis and Moore (1979) shows price and brand to be instrumental in purchase decisions of adolescents indicating these factors as potentially important contributors to value perception by this age. Anecdotal evidence (Lindstrom, 2003) also suggests that value is an important concept from as young as 8 years with benefits in relation to price determining purchase decisions. By 8 years of age children are beginning to develop self-brand connections (Chaplin & John, 2005) suggesting social value is potentially an important concept in children's perceptions of value, however this has not been explored. In addition it is not known whether children use such heuristics as price signalling quality.

Theory of consumer socialization (John, 1999, 2008) suggests that children's understanding will progress through a series of overlapping stages based on cognitive development and social perspective taking. Notably a transitional period occurs around 11 years of age based on a Piagetian style framework (John, 1999, 2008). Other studies support domain specific change in information processing (e.g. Hatano & Inagaki, 2000). Exploration of the

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nature of age related change in children's understanding of value will contribute to our understanding of consumer socialization theory.

Against this backdrop, the objective of the current study is to explore the concept of perceived value from the perspective of children, in the context of their actual purchase decisions. This study seeks to advance current theoretical understanding of how children perceive value in a number of ways. First, the study identifies the relevant concepts comprising the perceived value construct in children's consumer decision-making. Second, by drawing upon consumer socialization theory, it examines age-related changes in children's perception of value. Theories of consumer socialization (John, 1999) and cognitive development (Hatano & Inagaki, 2000; Shaffer 1999; Ginsburg & Oppen, 1988; Vygotsky, 1978) predict that conceptual change will occur with increasing age. Drawing on the work of John (1999, 2008) and cognitive development and consumer socialization theories that relate to conceptual understanding and meaning, this study suggests that children perceive the concept of value differently.

The paper begins with a summary of the literature on perceived value for adults, a review of the most relevant scholarly works related to children's perceived value and developmental changes in conceptual meaning for children. Second, it presents an exploratory study with children from four schools in a large metropolitan city in New Zealand, using a combination of self-completion diaries and in-depth interviews about products that were personally relevant to participants. Third it presents a conceptual framework based on the research, to advance current theoretical understanding of how children perceive value, as well as age-related changes to such perceptions. Finally, it discusses implications in terms of contribution to perceived value theory, consumer behavior of children and future consumer behavior research in this area, along with practitioner-focused implications.

2. Theoretical background

2.1. Perceived value

Research has investigated the concept of *perceived value* from several perspectives. One stream conceptualizes the concept as a perceived quality-monetary sacrifice trade off, a value for money conceptualization (Agarwal & Teas, 2001, 2004; Dodds, Monroe, & Grewal, 1991; Monroe, 2003; Sweeney, Soutar, & Johnson, 1999) that uses a single dimensional measurement approach. The second stream explores value as a multi-dimensional concept comprised of benefits and costs. The value for money conceptualization largely derives from the desire to empirically validate the dual role of price as both an indicator of what an individual receives in terms of perceived quality and what that individual gives up in terms of perceived sacrifice (Dodds et al., 1991; Monroe, 2003). Findings show that, depending on their familiarity with the product, consumers relied on other cues both extrinsic (external to the physical product) and/or intrinsic (derived from the actual product) to assess quality (Rao and Monroe, 1988) and, hence, perceive value (Monroe, 2003).

The third research stream stems from seminal exploratory qualitative research, which defined quality as superiority or excellence and extended the definition of value to incorporate all salient give and get components of the purchase (Zeithaml, 1988). Subsequent research attempts to more fully incorporate the distinct contributions to perceived value. For example, a study by Sheth, Newman, and Gross (1991a), utilizing broader consumption values, categorizes value as functional, social, emotional, epistemic, and conditional. Sánchez-Fernández and Iniesta-Bonillo (2007, p. 438) summarize the definitions of these dimensions as follows: "Functional value pertains to whether a product is able to perform its functional,

utilitarian, or physical purposes. *Social* value refers to an image that is congruent with the norms of a consumer's friends or associates and/or with the social image the consumer wishes to project. *Emotional* value is related to various affective states, which can be positive (for example, confidence or excitement) or negative (for example, fear or anger). *Epistemic* value is concerned with a desire for knowledge, whether this be motivated by intellectual curiosity or the seeking of novelty. Finally, *conditional* value reflects the fact that some choices are contingent on the situation or set of circumstances faced by the consumers."

Other work on perceived value also favors a multidimensional construct, attempting to incorporate all salient components of purchases including what is received and what is given up (Lin et al., 2005; Petrick, 2002; Pura, 2005; Roig, Garcia, Tena, & Monzonis, 2006; Sweeney & Soutar, 2001; Tsai, 2005; Wang, 2010). These contributions have adapted Sheth et al.'s (1991a) model to different research contexts but all incorporate a price/value-for-money consumption value. Empirical evidence supports the importance of value in influencing purchase intentions for adult consumers (Chang & Wildt, 1994; Dodds et al., 1991; Lin et al., 2005; Sweeney et al., 1999; Zeithaml, 1988) and a recent review supports a "complex" and "multifaceted" conceptualization (Chang & Dibb, 2012, p.265), suggesting the need to explore the intangible and tangible dimensions that comprise the construct.

2.2. Children and perceived value

Indications that at least some value concepts that adults perceive are also important in children's consumer decisions appear in several early investigations. Moschis and Moore (1979) studied adolescents and found brand name and price to be instrumental in their buying decisions, with respondents favoring a product with a well-known brand name and special price. Only four directly relevant empirical studies took place prior to the current research. The first investigates children's ability to determine a best buy in terms of unit price (Turner & Brandt, 1978) and second focuses on children's theories of the underlying sources of value inherent in the meaning of price (Fox & Kehret-Ward, 1985, 1990). In the fourth study, Gregan-Paxton and John (1995) found that by 6 to 7 years of age there is an emerging ability for adaptive decision making with children adjusting their search in accordance with cost-benefit trade-offs.

Practitioner focused, exploratory research supports the importance of perceived value in terms of value for money in children's consumer behavior. Lindstrom (2003) identified consumer benefits in relation to price as a component of purchase decisions from as young as 8 years old. This study suggests that for young children price alone was an important determinant of shopping behavior and the concept of perceived value as a trade-off developed with increasing age. This research finding indicates that the use of a single indicator measure of value would not be useful with children, calling for further research into the meaning of the concept. Martensen and Tufte (2002, p.15) note the importance of answering the question, "How do children understand the concept 'value for money'?", a contributor to adults' perceived value, and other work, including a review of consumer socialization research, also highlight children's perceived value as an important area for investigation (Boland, Connell, & Erickson, 2012; John, 1999).

2.3. The study of concepts and their developmental changes in children

Consumer socialization refers to the "processes by which young people acquire the skills, knowledge and attitudes relevant to their functioning as consumers in the marketplace" (Ward 1974, p. 2). Consumer socialization theory describes changes in cognitive development and social learning. John (1999, 2008) proposes an age-based

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