FACTORS AFFECTING POSITIVE WORD OF MOUTH AND REPURCHASE INTENTION:
A CASE STUDY OF CLOTHING RETAILERS IN BANGKOK
Kornrawit Itsarintr

Abstract: This study aims to test the factors that affect retailers’ satisfaction and may create repurchase intentions and positive word of mouth. The survey method was applied and questionnaires were distributed to 400 respondents. The target population consists of retailers or customers who buy clothes for resale from wholesalers. The results contribute to identifying how wholesalers have improved shop performance to maintain retailers’ satisfaction. Most retailers were satisfied with the Platinum Fashion Mall Wholesale. They have a positive impression with regard to the quality and price of the clothes. However, they will not say positive words of mouth about the place as they would like to avoid for other retailers to know their source of wholesale purchase. Since there is not significant relationship between retailer satisfaction and positive word of mouth, Platinum Fashion Mall Wholesalers should use advertising and sales promotion through various media such as radio, T.V., billboards, fashion shows and perhaps even organizes designer contests.

Key words: Product quality, product design, geographic proximity, honesty, retailer satisfaction, positive word of mouth, repurchase intention, retailer and wholesaler.

Introduction
This study investigates the impact of retailer satisfaction on positive word of mouth and customers repurchase intention at the Bangkok-based Platinum Fashion Mall. Located in the center of Bangkok, The Platinum Fashion Mall is designed as a national wholesale shopping place. It has many facilities for fashion traders, retailers and visitors, such as inventory cargo, outbound and inbound transportations, car parks, and elevators. These make shopping or trading more convenient for everyone. The Platinum Fashion Mall is considered the largest wholesale shopping center and the most one in Bangkok Metropolitan. It is a one stop wholesale shopping store with excellent floor plan design. The mall can accommodate more than 10,000 customers per day and has a food court. (http://www.platinumfashionmall.com, on February 21st, 2010). Retaining customers is very important, and firms must deploy more resources for defensive marketing (Patterson, 2004). Thus, it is important for them to understand customer repurchase intentions. Behavioral intention can be defined as what customers intend to do specifically with respect to engaging in repurchase and positive word of mouth (Oliver, 1993).

Anderson and Sullivan (1993) considered satisfaction to be the most important factor in creating repurchases intention. Thus, product design, product quality, geographic proximity and honesty will be included in this research as components of customer satisfaction.

1. Literature Review
- Purchase Intention
  Douglas et al., (1983) determined that purchase behavior is a part of the transaction that is influenced by the buyer’s intention and other special conditions that exist in the market place. In addition, Dodd et al., (1991) defined purchase intention or willingness to buy as the likelihood of a consumer purchasing a product or service. As Nevin et al., (1980) showed in their study, purchase intention has been widely used as a predictor of subsequent purchase. Purchase intention is a commonly-used effectiveness measure often employed to anticipate a response behavior (Li et al. 2002). Monroe et al. (1985) characterized it as a behavioral tendency that the consumer will purchase the product.

- Word of Mouth
  It has been argued that positive word of mouth is a behavioral intention much like repurchase, but one that deals with the intention to recommend (Fornell et al., 1987). Firm profitability results from positive word of mouth because people talk about their good experiences with products and services to their families, friends, co-workers, and others, influencing other possible customers to purchase (Reichheld et al., 1990).

  According to Frenzen et al., (1993), the effect of customer satisfaction on positive
word of mouth is one of the important antecedents of positive word of mouth. Gotlieb et al., (1994) confirmed that customer satisfaction is positively correlated with positive word of mouth. Additionally, Swanson and Davis (2003) mentioned that word of mouth communication is recognized as a very common and important form of communication for service marketers, and for maintaining a base of long-term customers. Consistent with these researchers, Patterson et al., (1997) found that there is a positive link between customer satisfaction and positive word of mouth. Therefore, the relationship between these two variables is included in this study.

- **Customer Satisfaction**

Customer satisfaction pertains to the satisfaction of a customer’s need and desire. It also relates to the evaluation of the surprise inherent in a product acquisition and/or consumption experience. Hunt (1977) suggested that satisfaction means that the product experience was at least as good as it was supposed to be. Customer satisfaction has also be defined as the buyer’s cognitive state of being adequately or inadequately rewarded for the sacrifice he has undergone (Howard and Sheth, 1969). It is the paramount outcome of marketing for use in business (Patterson, 2003).

There is general agreement that customer satisfaction should be conceptualized as a multi-dimensional construct (LaBarbera and Mazursky, 1983). Several dimensions have received considerable attention. They include satisfaction judgment with the produce itself, evaluations of the product performance such as the dollar value of the product, and interpersonal interaction with sales personnel or agency (Iacobucci and Ostro, 1995).

Anderson and Sullivan (1993) demonstrated that customer satisfaction positively affected his/her repurchase intention. They considered satisfaction to be the most important factor in creating repurchases intention. Therefore, customer satisfaction is selected as one of the factors explaining repurchase intention in this study.

- **Product Quality**

Product quality depends on the expectation of each customer, which is unique. Quality can be defined in broad terms as the combination of product attributes, real or imagined, which are held to be most important in the opinion of the customer in arriving at a subjective assessment of a product worth (Anderson et al., 1994). While, this definition may appear unsatisfactory in that it fails to be sufficiently precise, similar difficulties are encountered by the consumer himself in measuring quality, regardless of how he chooses to define it. Customer perceptions of quality and value in terms of customer behavioral intentions can lead to changes in the firms’ profitability (Rust et al., 1995).

Product quality from a consumer’s perspective is associated with the capacity of a product to satisfy consumer needs (Archibald et al., 1983). Quality is a measure of how well a product performs and how long it performs well. It is common sense that if quality is too low, the buyer will not repurchase. But if quality is too high, it will also hurt sales because buyers may not be willing to pay the higher price it commands.

Gotlieb et al., (1994) explained that perceived quality and satisfaction have also been evaluated as antecedents of behavioral intentions, and purchase intentions. Quality is a relatively global value judgment (Zeithaml, 1988). Satisfaction and Quality are often used interchangeably. Still, even though the two appear to be highly similar, they are two different constructs (Iacobucci et al., 1995). Quality can be defined as excellence or superiority (Zeithaml, 1988). It depends on customers’ experience with the physical attributes and use of the product.

Brucks et al., (2000) reported that customer satisfaction and product quality are positively correlated. In order words, customers will be more satisfied with the product when they perceive the high quality of that product. Berry et al., (1994) confirmed that there is a positive relationship between product quality and customer satisfaction.

- **Product Design**

Vonderembse and Raghunathan (1997) found that product design is one of the most important factors affecting customer satisfaction. A study about the quality relationship between buyers and suppliers, conducted at the Dongdaemun fashion market in Seoul, Korea, shows that there is a positive relationship between product design and customer satisfaction (Choo et al., 2009).

A good design contributes to a product’s usefulness as well as to its looks (Armstrong et
al., 1995). Also, good style and design can attract attention, improve product performance, cut production costs and give the product a strong competitive advantage in the target market. It also affects the decisions of the purchasing agents as well as that of the ultimate consumers. Some consumers buy the products of professional designers in an effort to achieve such goals as ease of use, enhance eye appeal or satisfaction. The design can be a basis of product differentiation or a variety of products. Vonderembse and Raghunathan (1997) found that product design is one of the most important factors that affect the formation of customer satisfaction.

Geographic Proximity

Geographic proximity is the place rather than the location (Clark, 1995). The central concern is with the distribution of products from producer to end-user; that is, with complete channels of distribution, of which retailing is but the last link in the chain. The treatment of retailing is essentially spatial and the focus is on the type of outlets that are used rather than their location relative to their market. The nature of the location decision-making processes itself, the form it takes, what influences it, and how it varies are all important related issues. Processes such as closure, acquisition and refitting, are all important activities of network management.

Honesty

Honesty is the belief that the seller will keep his/her words and that he/she has the capacity to do so (Moorman et al., 1993). It is also the belief that one’s partner stands by his/her words (Covey, 1989). Steenkamp et al., (1999) found that there is a relationship between honesty and customer satisfaction. It has also been observed that integrity includes but goes beyond honesty. While honesty is telling the truth and conform our words to reality, integrity is conforming reality to our words or keeping promises.

One gauge of a person’s ethics is the discrepancy between the promises made and the promises fulfilled. One must constantly guard against the tendency of our words surpassing our ability to meet expectations. It must not only stand the test of experience, but also stand the test of time. For example, during election campaigns, politicians often attempt to solicit votes by promising everything to everybody; once elected, the social commitments made to their constituents are often quickly forgotten (McCormack, 1989).

2. Conceptual Framework and Research Hypotheses

The conceptual framework focuses on the variables that affect customer’s purchase intention. One of the factors affecting purchase intention is the attitudes of customers towards the product attributes (Phau and Leng, 2008). Another is perceived quality, one the attributes accounting for customer purchase intention (Yoo et al., 2000). There is a positive relationship between emotional value and customer purchase intention and perceived quality is positively correlated with emotional value (Lee et al., 2001).

![Figure 1: Conceptual framework](source: Created by the author of this study)

Based on the conceptual framework, the researchers developed six hypotheses in order to investigate the main determinants of positive word of mouth and repurchase intention among retailers at the Platinum Fashion Mall Wholesale. These hypotheses fall into two groups:

- Group1 (H1-H4) tests the relationship among the four factors that affect retailer satisfaction (product quality, product design, geographic proximity and honesty).
- Group2 consists of two hypotheses (H5-H6) and tests the relationship between retailer satisfaction and the two dependent variables (positive word of mouth and repurchase intention).

This research adopted the descriptive research method whose main purpose of descriptive is to describe the characteristics
and details of the population such as who, what, when, where and how (Yin, 1994). Moreover, the researcher applied the survey methods for gathering the data. According to Pickard (2007), the survey method is the most popular and common technique which many researchers use for collecting data for business research purposes. Pickard (2007) also mentioned that one of the common collection tools for survey is a questionnaire.

The target population is customers who buy all kinds of products for resale or for retail at the Platinum Fashion Mall Wholesale.

3. Results and Conclusion

The descriptive analysis of the demographic factors in Table 1 (See Appendix one) shows that most of the respondents were females (79.5%), which means that most of the sellers at the Mall are females. Since there is more demand for female products and since it makes sense for females to sell female clothes, this is a logical consequence of the high demand for women clothing. Most of the respondents were single, accounting for 60% of the total. Since most of them were between 20 and 30 years old (58%), this is understandable. They are young so they are not married yet. Regarding their education level, most of the respondents hold a bachelor degree (69.8%).

The Pearson Correlation was used to analyze each hypothesis to determine if there were significant relationships between the four independent variables (product quality, product design, geographic proximity and honesty) and the moderating variable (retailer satisfaction), which in turn affects two dependent variables (positive word of mouth and repurchase intention). Five hypotheses in this research were rejected and one hypothesis failed to reject. The results show no relationship between retailer satisfaction and positive word of mouth but a relationship between retailer satisfaction and repurchase intention, which was highly positive. The results from hypotheses one (H1) and two (H2) indicate that product quality and product design are significantly associated with retailer satisfaction. The average mean is quite high, in turn, influencing the creation of retailer satisfaction.

As to hypotheses three (H3) and four (H4), the results show that geographic proximity and honesty were positively associated with retailer satisfaction, but have a low significant level, which means that the supplier-oriented factors, geographic proximity and honesty, still need further improvement.

Regarding hypothesis five (H5), the results indicate that the null hypothesis failed to reject, inferring that there is no relationship between retailer satisfaction and positive word of mouth. In comparison with other variables such as product quality, product design, geographic proximity, honesty and repurchase intention, positive word of mouth has the least impact on retailer satisfaction with a correlation coefficient of 0.011. The null hypothesis five failed to reject because the retailers want to keep their benefit and do not want to have new entry competitors so they do not give a positive word of mouth about Platinum Fashion Mall Wholesale or their wholesale source.

Finally, the results from hypothesis six (H6) show that the null hypothesis was rejected indicating that there is a high positive relationship between retailer satisfaction and repurchase intention with a correlation coefficient of 0.814. The data from the descriptive analysis indicates that most retailers when satisfied will buy the clothes again. This confirms that the retailers will purchase the products again if they are satisfied with them.

Based on the descriptive analysis of this study, the researcher can conclude that most of the respondents were satisfied with the Platinum Fashion Mall Wholesale. They have a positive impression with regard to quality and pricing. However, the respondents are reluctant to give a positive word of mouth about the Platinum Fashion Mall Wholesale to other retailers.

Recommendations

On the basis of the research findings, several recommendations can be made:

- The research findings show that product orientation, which includes product quality and product design, is the most important factor influencing the level of retailer satisfaction, which in turn influence the retailers’ repurchase intentions. Since retailer satisfaction is still a strong predictor of product oriented factors, the Platinum Fashion Mall Wholesale should focus on product oriented factors. Wholesalers have to maintain good quality and also, try to get good designs. First and foremost, they should make sure they
offer the latest fashions or offer new fashion trends. Also, designers should design clothes to fit with Thais’ style and also, foreigners’ style to serve the needs of both types of customers’ better. They should also maintain good relationships with retailers. For examples, wholesalers should give special discount to retailers who keep buying from them or give discount if the retailers buy large quantities or give them some gifts on special days such as, for example, for New Year, Songkarn day, or Christmas.

- Positive word of mouth, however, had no effect on retailer satisfaction. The results show that the respondents are reluctant to give a positive word of mouth about the Platinum Fashion Mall Wholesale to other retailers. Therefore, the management of Platinum Fashion Mall Wholesale should consider improving positive word of mouth of retailers. This study demonstrated that oftentimes retailers not want to see others get the same benefits as them so they will not say positive word of mouth in respect of their wholesale market to other retailers because they would like to avoid other retailers to know their source of wholesale purchase. Therefore, the Platinum Fashion Mall wholesale should use advertising to let others know about the benefits of the place. They could use radio, T.V., or billboards, promotions. They could also organize designer contests or fashion shows to spread the good words and improve the relationship between retailer satisfaction and positive word of mouth.

- Finally, as shown by the results from hypotheses three (H3) and four (H4), geographic proximity and honesty, still need further improvement. Management should thus focus on retailers’ satisfaction and help retailers feel that it is convenient to go to the Platinum Fashion Mall Wholesale. They should add more facilities, deliver product to retailers free of charge if retailers buy large quantities and give free parking. Management should also concentrate on interpersonal aspects of wholesalers such as building wholesalers’ image, establishing more trust with retailers and keeping promises.

At present, the Platinum Fashion Mall Wholesale is the largest wholesale mall in Bangkok. Yet, it is located downtown in an area heavily populated and with intense traffic. Many retailers who have limited time and come in the early morning and then go back to their shops late morning face major traffic jams. A location more convenient to reach and with lots of parking places would probably attract more retailers as some of them may be reluctant to deal with slow-moving traffic around that area, not to mention the lack of parking space.

References


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**Appendix One**

<table>
<thead>
<tr>
<th>Customer Profile</th>
<th>Majority in Frequency and Percentage</th>
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<tr>
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Table 1: Summary of Majority in Frequency and Percentage of the Respondents