Repurchase in a Performing Arts Context: The Perspective of Value

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Abstract

The aim of this paper is to report on the role of value as a Repurchase Intention (RI) driver in a cultural performing arts setting. This paper aims to examine customer attitudes to value in a cultural art setting by using a survey questionnaire to show the causal nature of the relationship. The pool of questions used for testing incorporates the most recent themes of research in the area of repurchase intention in services. This paper reports that service quality and satisfaction drive repurchase in this setting and that value mediates the relationship of show experience to satisfaction. Overall this research supports the notion that customers determine their repurchase intention based on how they have been treated by extrinsic service factors and their perception of value overall rather than based on the intrinsic perception of the show. This research informs performing arts research of the importance of delivering service quality and value for money experiences.

Introduction

Recent research has focussed on the relationship of service quality, service experience and value for money as predictors of customer satisfaction (Bahia, Paulin & Perrien, 1999; Brady & Robertson, 2000) and the relationship of these constructs to Repurchase Intention (Henning-Thurau & Klee, 1997) (RI). The aim of this paper is to examine what role value plays in the measure of (RI) in a cultural arts setting. As Rentschler (1999) identified ‘innovative’ marketing practices adopted by Australian arts organisations includes such basic actions as coordinating the marketing mix, conducting some rudimentary market segmentation analysis and seeking new funding sources through such things as sponsorship arrangements. There is a need for application of more advanced concepts from services marketing to be applied to this area. Research has suggested that more informative models of service encounter evaluation will result if multiple comparison measures/standards are used, including several consumer standards such as experience based norms, desires, equity and attributes (Halstead, 1999). This paper aims to extract the attitudes to these comparative standards by focussing on both situational process and outcome constructs including service quality, service delivery, service experience, price, value for time and money in the survey format. In particular the construct of value has often been one-dimensional measuring either time or money. This paper uses a multi-dimensional measure of value examining the perspectives of time and money.
Literature Review

Cultural Performing Arts

A performing arts service offering must provide a primary show experience while simultaneously fulfilling the cultural and artistic goals of patrons and contributing to education and overall community, economy, tourism and well being (Caldwell & Woodside, 2003; Moses, 2001) Furthermore, the performing arts sector must compete in a more complex arena of entertainment particularly against movies and sport. The majority of performing arts organizations operate, as not for profits and are required to be accountable for 'scarce' fund allocation. In more recent times government support for the arts has reduced as governments look for ways to encourage corporate business to sponsor and support the arts. One of the major strategic challenges for cultural arts organizations is to balance all the economic issues and constraints such as the allocation of scarce resources with the importance of meeting artistic and cultural goals (Sullivan Mort et al, 2003). By better understanding the drivers of the antecedents of repurchase intention such as value, show experience, service quality and satisfaction and repurchase intention itself organizations can design products, programs and program delivery which best retain and enhance audience numbers and provide services which assist in developing audiences for long term survival. Moreover, identifying the varied measures and relationship present in the consumer mindset assists cultural arts managers in better segments and customising the offering and delivery of the service experience.

Value for time and money

The construct of perceived value has been defined in many ways. Voss, Parasuraman and Grewal (1998) refer to perceived value as the “quality given price” and “price given quality” relationship and suggest that price impacts the quality and customer satisfaction evaluation. Fornell and Johnson (1993) refer to perceived value as the perceived level of service quality suggesting these two constructs as one in the same. Moreover, value has been defined as the value received by customers for the price of the service exchanged or the overall utility of a product based on the perceptions of what is received and what is exchanged (Zeithaml, 1981). Perceived value is also shown to have strong relationship to perceived risk. Consumers perceived risk has been shown to mediate the quality value relationship and also impact on the perceived quality, price, risk and willingness to buy (Sweeney et al, 1999). This elaborates the simplistic notion of perceived value merely as a derivative of price. In addition consumer behaviour suggests a relationship of sacrifice and reward as the dimensions of value and these as the antecedents for customer satisfaction (Howard and Sheth, 1969). The value definitions of an encounter are considered to be an individualistic measure however four areas have been identified by customers these include low price, receiving what you want, quality for price and receiving for what you have paid or given (Zeithaml et al, 1988; Caruana, Money & Berthon, 2000). Value has been suggested to have a direct and encounter specific input to satisfaction (Rust & Oliver, 1994) and in certain settings it plays a moderating role on service quality and satisfaction relationships (Caruana et al, 2000). It is evident that the value measure is related to the service experience and the perceived performance of the service. Researchers have identified that the value construct as an inverse measure of perceived risk (Sweeney et al, 1999). Moreover, researchers have identified several types of perceived risk including temporal, financial, sensory, functional and psychological. The items measuring value in this paper have focussed on the temporal utility and financial utility. At this point other risk measures and perceptions have been incorporated into other constructs such as service quality and emotion and for the purpose of this paper have been controlled.
Service experience

The totality of the experience is called the service experience of the customer with respect to the service operations system (Tseng et al, 1999). Service experience is the actual experience received by the customer. It examines assessment of the actual service attributes that were delivered by the service offering. It is the assessment of the front-office delivery and customer contact. This is the tangible evidence the customer has to evaluate the service experience. The front-end experience is divided into two parts: the inanimate physical surroundings and the service personnel or actors. In most part service experience is the direct and personal contact with the service and the service delivery. The service experience construct differs from service quality in the fact it is transaction specific and specific to the consumption of the particular service and the service description of the service offering (Silvestro et al, 1994). There has been some confusion between constructs service experience and service quality. The distinction between the two constructs is that service experience is a measure of the transaction specific experience as perceived by the customer whereas service quality is a cognitive measure drawn from many transactional experiences. As service experience is a transactional measure it can be hypothesised that a relationship will exist between the consumers’ perception of the service experience and the value measure for the price paid. Therefore the first hypothesis is H1: Show experience is positively related to value.

Service Quality

As previously discussed service quality is the level of desired performance measured against actual performance and the customer measure of superiority or excellence. Unlike customer satisfaction service quality assessment does not require experience of the service and is not transaction specific (Oliver, 1980; Zeithaml et al, 1988). Until recently service quality has been suggested as an antecedent to customer satisfaction and rarely considered as a separate construct. Recent research insists clarity of these constructs is required in order to fully investigate the customer-orientated requirements of service delivery and achieve overall encounter success (Brady & Robertson, 2001). Henning-Thurau & Klee (1997) propose the three relationships as service quality as an antecedent to customer satisfaction, customer satisfaction as an antecedent to service quality and the two constructs as one in the same. Bahia et al (2000) reiterate two of these causal relationships that of antecedent but argue that service quality and customer satisfaction are clearly two distinct constructs. They go further to suggest that when services are complex, performed on a regular basis and require higher levels of involvement service quality may drive satisfaction. Moreover, when services are perceived as a commodity satisfaction may in fact influence service quality. Value has been found to moderate the service quality and satisfaction relationship (Caruana et al, 2000). As such in order to clarify the value measure and relationship in performing arts this research will hypothesise that H2: Service Quality is positively related to value and value mediates the service quality satisfaction relationship.

Customer satisfaction

Customer satisfaction (CS) is the result of experiencing a service and comparing that encounter with the expected service (Oliver, 1980). CS applies to both tangible and intangible goods and can be defined at two separate levels transactional or cumulative (Jones & Suh, 2000). While it is generally agreed that dis-confirmation is an antecedent of
satisfaction, empirical support for it has been mixed (Yi, 1991). There is a debate as to whether expectations directly affect satisfaction or whether the main antecedents of CS are perceived quality (Bahia et al, 2000; Churchill & Surprenant, 1982; Oliver & DeSarbo, 1988). Situational factors may in fact mediate the relationship between expectations and evaluations (Bahia, Paulin & Perrien, 2000) and offer a more realistic and dynamic representation of customer satisfaction evaluation (Bahia, Paulin & Perrien, 2000). The antecedents of perceived value and service quality have been extensively studied in the research as antecedents to customer satisfaction (Patterson et al, 1997; Fornell & Johnson, 1993; Spreng & Olshavsky, 1993; Zeithaml, 1985 Mittal et al, 1998; Yi 1991; Campbell & Verbeke, 1994; Henning Thurau & Klee, 1997; Zeithaml et al, 1985; Zeithaml et al, 1993). Generally researchers have concluded these dimensions have a direct and positive effect on overall satisfaction. Therefore considering the current themes in research it is hypothesised that H3. Value is positively related to satisfaction.

Repurchase Intention

Repurchase intention is defined as the customers decision to engage in future activity with a service provider and what form this activity will take. Customer satisfaction has long been considered the stronger predictor of RI however several other factors have received some attention in recent research. Value has been show to be entirely mediated through satisfaction to RI (Patterson & Spreng, 1997). Based on this current theme it is hypothesised H4: Satisfaction is positively related to repurchase intention. Figure 1 represents the hypothesized relationships and the conceptual model for repurchase intention in a performing arts setting.

**Figure 1 Conceptual Model of Repurchase Intention for the performing arts**

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Show experience

Value ➔ Satisfaction ➔ Repurchase Intention

Service quality
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Research methodology

The sample

To undertake this study, a survey questionnaire was purposively (Patton, 1990) collected from 250 candidates in the CBD of Brisbane around active social precincts. As the objective of this study was to establish why patrons do and do not reattend performing arts experiences it was seen as logical to randomly approach in mall intercept style (see American Marketing Association Dictionary of Marketing Terms 2004) a sample from persons pursuing social and entertainment activities. Candidates were initially screened to ensure they were planning on attending a social or entertainment function at the time and had attended at least one performing arts show in the last three years. Those that had not attended in this time period were rejected. The sample size of 250 respondents was made up of 156 women and 94 men. Respondents were aged from between 19 years to 65+ years.
Operational measure of constructs.

The constructs of service quality (Dabholkar et al, 1996), show experience (Fitzsimmons 1991, Danaher et al, 1991), satisfaction (Westbrook & Oliver, 1991; Oliver, 1980; Taylor & Baker, 1994), value (Bolton & Drew, 1991 plus generated items measuring the attitude toward value for temporal and financial value) and repurchase intention (Gotlieb et al, 1994; Oliver & Swan, 1989) were developed from previous research. Confirmatory factor analysis (CFA) using AMOS 5.0 (Arbuckle, 1999) was undertaken. All indicators loaded on their respective constructs and discriminate validity was established for all constructs.

Results

Estimating the structural model produced the following results shown in Table 1.

<table>
<thead>
<tr>
<th>Table 1: Structural model fit</th>
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<tr>
<td>CMIN</td>
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<td>205.80</td>
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The significant chi-square statistics might have been expected given the large sample size (Anderson and Gerbing, 1988), but the other fit indices provide evidence of adequate fit to the sample data with the ratio CMIN/df being below three, GFI of .909 and a RMSEA measure of 0.077 (Browne and Cudeck, 1993) indicating a close model fit. Standardized regression weights and t-values for the model are shown in Table 2.

<table>
<thead>
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<th>Table 2 Standardized regression weights for structural model</th>
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<td>Hypothesis relationship</td>
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<td>---------------------------</td>
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<tr>
<td>H1 Value of time and money&lt;--show experience</td>
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<tr>
<td>H2 Value of time and money&lt;--quality</td>
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<tr>
<td>H3 Satisfaction&lt;--value of time and money</td>
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<tr>
<td>H4 Repurchase intention&lt;--satisfaction</td>
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T-values in excess of 1.96 were accepted as significant (Anderson and Gerbing, 1988). The results indicate that satisfaction (beta = 0.875; t = 9.468) is a positive predictor of repurchase intention supporting H4 in a performing arts setting. Value of time and money was found to be a predictor of satisfaction supporting H3 (beta .776 and t value 10.153). H1, measuring the positive relationship of show experience to value (beta = 0. 322; t = 5.475) and H2, the relationship of quality to value (beta = 0. 397; t = 9.005) were both found to have a positive and significant effect.

Discussion

This research examined both satisfaction as a predictor of repurchase, the antecedents of value and value as a predictor of satisfaction. All hypothesised relationships were found to significant in this setting. Value as often been overlooked by strategists and marketing personnel as a heterogeneous and individual concept which is difficult to satisfy on a mass strategic level. By virtue of this and the belief that the show experience is the most
importance aspect of delivery providing value through service quality is often overlooked in strategic development. The findings of this research suggest the need for a managerial mind set shift in the cultural arts away from show delivery focus to a comprehension and delivery of the factors that make up perceived value, satisfaction and subsequently the desire to repurchase in this context. These factors specifically include the customer perception of service quality and the show experience as trade offs to financial and temporal utility. It is evident from this research that the consumer evaluates the extrinsic and augmented aspects of the experience suggesting arts managers balance delivery of quality service aspects especially the contact points with personnel and the price quality perception with the time and budget invested in show development. Service quality was a strong predictor of value thus positioning it as an important construct for consideration in future audience development and growth research in the performing arts.

Limitations

Further analysis in future research could be conducted using segments examined in popular arts research such as regular, subscriber and infrequent users (Garbarino and Johnson, 1999). Such analysis has potential to further advance understanding of the value construct in this cultural arts setting.

References


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