Price-Quality Inference on Perceived Value and Purchase Intentions: The Moderating Effect of Novelty-Seeking Behaviour

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9.1 Introduction

This chapter pertains to the fifth objective of the study, which involves investigating the moderating influence of novelty-seeking behaviour on the relationship between price-quality inference and perceived value, as well as price-quality inference and purchase intentions of customers counterfeit merchandise in the context of Kerala. The IBM SPSS AMOS 21 software was utilised to assess the moderating effects, while a simple slope curve test was employed to evaluate the moderation effect's significance in the model.

9.2 Objective of the Chapter

Objective V: *To extract the moderating effect of novelty-seeking behaviour on the influence of price-quality inference on perceived value and purchase intentions.*

The interaction moderation effect of novelty-seeking behaviour of the customers and price-quality inference on the constructs of perceived value and

purchase intentions regarding counterfeit merchandise has been attempted to extract in this chapter.

9.3 Moderation Analysis: An Overview

A moderating variable is one that alters the effects of another variable, such as an independent variable on a dependent variable. The term "moderator" was coined by social scientists to describe a variable that interferes with the link between an independent variable and its related dependent variable. A moderating factor is a third metric that is used to assess how strongly both dependent and independent factors are related. The moderator variable in the X-Y connection can be represented by the letter M. Thus, M's purpose in moderating is to change the influence that X has on Y (Z. Awang, 2012).

The influence of independent variable X on its dependent variable Y must be present and substantial before including a moderator in the model. The observed influence of the moderator on the association between independent and dependent variables shows the strength or weakness of the relation. However, this is referred to as the product term which is also popularly recognized as an interaction term.

Precisely, when a moderator M is introduced to the model, the causal effects would alter as a result of an "interaction effect" between independent variable X and the newly included moderator variable M. Therefore, the effects of X on Y may either grow or shrink. In other words, the magnitude of the moderator variable would determine how the independent variable affects the dependent variable (Z. Awang, 2012).
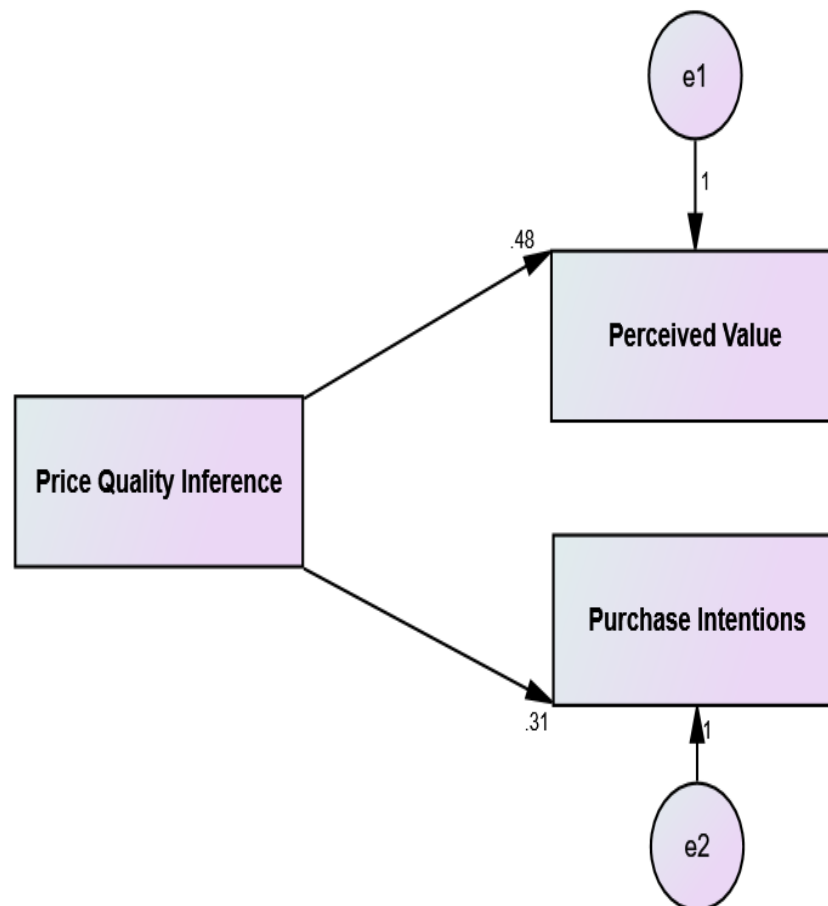
9.4 The Influence of Price-Quality Inference on Perceived Value and Purchase Intentions

Prior to including a moderator into the model, it is critical to establish the presence and degree of the independent variable X's impact on the dependent variable Y (Z. Awang, 2012). The perceived value and purchase intention for counterfeit items are the dependent variables in the current study, and the price-quality inference is the independent variable. The moderating factor is the novelty-seeking behaviour. The current chapter establishes the moderating influence of

novelty-seeking behaviour on the effect of price-quality inference on perceived value and purchase intention towards counterfeit products.

Therefore, it is crucial to verify the presence and extent of the independent variable price-quality inference's influence on the dependent variables such as perceived value and purchase intentions for counterfeits before introducing novelty-seeking behaviour as the moderator into the model. The same has been plotted in the figure below:

Figure 9.1

Price-quality Inference's Influence on Perceived Value and Purchase Intentions

Source: Primary Data

Table 9.1

Model Fit Indices for Determining the Effect of Price-Quality Inference on Perceived Value and Purchase Intentions

ATTRIBUTES	CMIN/DF	P-VALUE	GFI	AGFI	CFI	RMSEA
Study Model	1.521	0.421	0.998	0.992	0.999	0.014
Recommended Value	Acceptable fit [1-5]	Greater than 0.05	Greater than 0.9	Greater than 0.9	Greater than 0.9	Less than 0.08
Literature Support	Hair et al. (1998)	Barrett (2007)	Hair et al. (2006)	Hair et al. (2006)	Hu and Bentler (1999)	Hair et al. (2006)

Source: Primary Data

Table 9.1 displays the CFA model fit indices that can be utilized to measure how well the overall model fits. An acceptable well-built model is said to have a Chi-square to degrees of freedom ratio of less than 5. The current value is 1.521, which is significantly less than the permitted maximum. The Root Mean Square Error of Approximation (RMSEA) is 0.014, which shows that the value of 0.08, which is the cutoff number, is not significantly different. Also, it's important to note that the GFI, AGFI, and CFI metrics all exceed the threshold of 0.9 in which a score of 1.0 indicates an exact fit. Thus, the model fits well and can be used for further examination.

Table 9.2

The Effects of Price-Quality Inference on Perceived Value and Purchase Intentions

Construct	Path	Construct	Estimate	S. E	C.R	P-value
Perceived Value	←	Price-Quality Inferences	0.48	0.029	6.57	<0.001**
Purchase Intentions	←	Price-Quality Inferences	0.31	0.034	4.49	<0.001**

Source: Extracted from the Model
*** denotes significant at 1 % level of significance*

The table above depicts the direct effect of price-quality inference on both perceived value as well as the purchase intentions of the customers towards counterfeits. The results of each route are referred to as standardized regression coefficients, which demonstrate how much the dependent construct alters in response to variations in the independent variable that are equal to one standard deviation unit. This alteration to the independent variable triggers the estimation of the standardized regression coefficients.

The price-quality inference has a significant and positive effect on both the perceived value with a path value of 0.48 and purchase intentions with a path value of 0.31, as depicted in the table and structural equation modelling diagram that were discussed previously. Thus, the first condition of the moderation testing is satisfied with a direct significant effect of price-quality inference on perceived value and purchase intentions of the customers regarding counterfeit products.

9.5 Hypotheses Formulation for the Moderation Model

The strength or weakness of the relationship is shown by the moderator's observable effects on the relationship between independent and dependent variables. Perceived value refers to how the customer feels about the product or service. In recent years, marketers and managers have turned their attention to value perception as a crucial factor in explaining client fulfilment and retention (Lin & Wang, 2006). Client contentment is significantly influenced by the perceived value of a product, which is based on a comparison of its price and quality.

Several studies expressed a significant effect of price-quality inference on perceived value (Alsaid & Saleh, 2019; Chapman & Wahlers, 1999). The need for novelty and consumers' views of counterfeit items are strongly, favourably, and significantly related, according to several research (Abdullah & Yu, 2019; Ha & Tam, 2015; Hidayat & Diwasasri, 2013). Due to the outsourcing of production processes and the introduction of new technology, the quality and price of counterfeit items have both grown significantly (Jiang & Shan, 2016).

The goal emphasises the need to determine the direct impacts of price-quality inference on perceived value and purchase intention as well as the moderating effect of the consumers' propensity for novelty. The model aims to derive the combined

impact of price, quality, and novelty on consumers' perceptions of value and buy intent. Thus, the direct effects of price-quality inference and novelty-seeking nature on the perceived value and purchase intentions as well as the interaction moderation effect has been expressed in six hypotheses and are depicted in the table below.

Table 9.3

**Hypotheses Statements for Moderation Analysis**

Hypotheses No.	Hypotheses Statements for Moderation Analysis
MOH.1	*Price-quality inference has a positive effect on perceived value*
MOH.2	*Price-quality inference has a positive effect on purchase intentions*
MOH.3	*Novelty-seeking behaviour has a positive effect on perceived value*
MOH.4	*Novelty-seeking behaviour has a positive effect on purchase intentions*
MOH.5	*Novelty-seeking behaviour has a moderating effect on the strength of the relationship between price-quality inferences and perceived value*
MOH.6	*Novelty-seeking behaviour has a moderating effect on the strength of the relationship between price-quality inferences and purchase intentions*

MOH indicates Moderation Hypotheses

9.6 The Influence of Price-Quality **Inference on Consumers' Perceived Value and Purchase Intentions Moderated by Novelty-Seeking Behaviour**

The objective showcases a requirement of establishing the direct effects of price-quality inference on perceived value and purchase intention as well as the moderating effect of novelty-seeking nature of the customers. The model intends to extract the combined effect on price, quality and novelty on the perceived value and purchase intention of the customers. Therefore, an interaction moderation model exhibiting the same has been outcasted in the figure given below.

Figure 9.2
An Interaction Moderation Model Based on Unstandardized Regression Coefficients
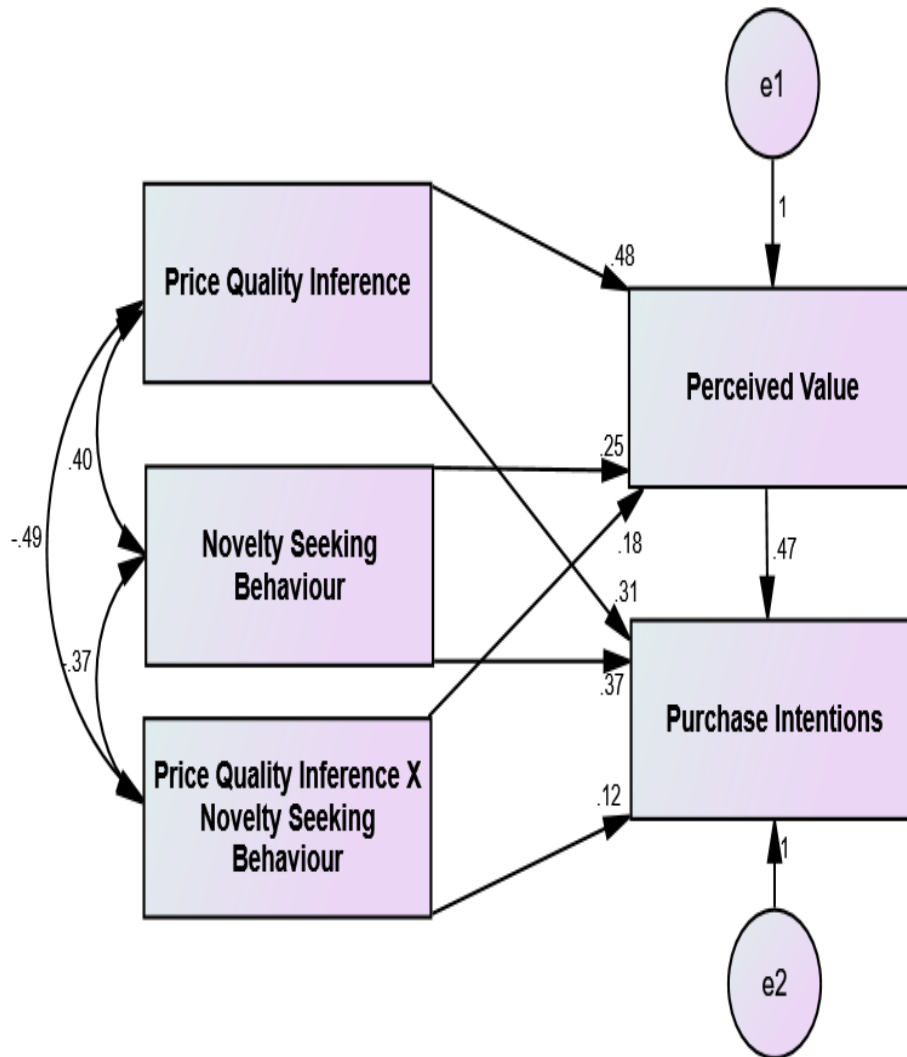
Source: Primary Data

Table 9.4

Model Fit Indices for the Interaction Moderation Effect

ATTRIBUTES	CMIN/DF	P-VALUE	GFI	AGFI	CFI	RMSEA
Study Model	3.765	0.000	0.978	0.949	0.987	0.051
Recommended Value	Acceptable fit [1-5]	Greater than 0.05	Greater than 0.9	Greater than 0.9	Greater than 0.9	Less than 0.08
Literature Support	Hair et al. (1998)	Barrett (2007)	Hair et al. (2006)	Hair et al. (2006)	Hu and Bentler (1999)	Hair et al. (2006)

Source: Primary Data

A model that is acceptable should have a Chi-square to degrees of freedom ratio that is lower than 5. In this particular instance, the value is 3.765, as given in the table 8.3, which is inside the range of acceptable values for the set upper limit. The Root Mean Square Error of Approximation (RMSEA) was given a score of 0.051, which is lower than the score of 0.08 which is considered to be in the acceptable norm. In a similar vein, the GFI, AGFI, and CFI indices all exhibit values that are greater than 0.9, although a value of 1.0 suggests a fit that is acceptable. Hence, the model fits well and can be used for further examination.

Table 9.5

A Brief Overview of the Estimations Made Using the Moderation Model

Construct	Path	Construct	Estimate	S. E	C. R	P-value
Perceived Value	←	Price-Quality Inference	0.48	0.031	6.55	<0.001**
Purchase Intentions	←	Price-Quality Inference	0.31	0.034	4.02	<0.001**
Perceived Value	←	Novelty-Seeking Behaviour	0.25	0.040	3.24	<0.001**
Purchase Intentions	←	Novelty-Seeking Behaviour	0.37	0.031	4.41	<0.001**
Perceived Value	←	Price-Quality Inference X Novelty-Seeking Behaviour	0.18	0.034	2.94	<0.001**
Purchase Intentions	←	Price-Quality Inference X Novelty-Seeking Behaviour	0.12	0.035	2.45	0.024*

Source: Extracted from the Model
** denotes 1% significance level
* denotes significant at 5% level

According to the interaction moderation model, the price-quality inference factor has significant effects not only on the perceived value but also on the likelihood of future purchase intentions. The novelty-seeking behaviour of a buyer

of a counterfeit product has significant effects on both the buyer's perception of the product's value and the buyer's intentions to make a purchase of the product. The interaction between price-quality inference and novelty-seeking behaviour has a major influence on the consumers' feeling of the value regarding the counterfeit product, and these customers exhibits the intention to acquire these products as a result of the interactions. The specifics of the moderating effect as determined from the model are depicted and discussed below:

Table 9.6

Summary of Moderation Effect - I

| Construct Names			Unstandardized Regression Coefficients		
Independent construct	Moderator	Dependent construct	Independent construct	Moderator	Interaction
Price-Quality Inference	Novelty-Seeking Behaviour	Perceived Value	0.48**	0.25**	0.18**

Source: Extracted from the Model
*** denotes 1% significance level*

The table above illustrates that novelty-seeking behaviour considerably moderates the strength of the relationship between price-quality inference and perceived value. The price-quality inference has a direct significant positive effect on the perceived value with a regression coefficient of 0.48 and the novelty-seeking nature of the customers has a direct significant positive effect on perceived value with a regression coefficient of 0.25. Interaction moderation effect augments this relationship with a regression coefficient value of 0.18.

Hence, it can be inferred that the novelty-seeking behaviour, as a moderator, strengthens the positive link between price-quality inference and perceived value. The simple slope test, shown in the figure 9.3 below, verifies the significance of the moderating effect.

Figure 9.3

The Simple Slope Test Plots to Examine the Two-Way Interaction of Price-Quality Inference and Novelty-Seeking Behaviour to Predict Perceived Value
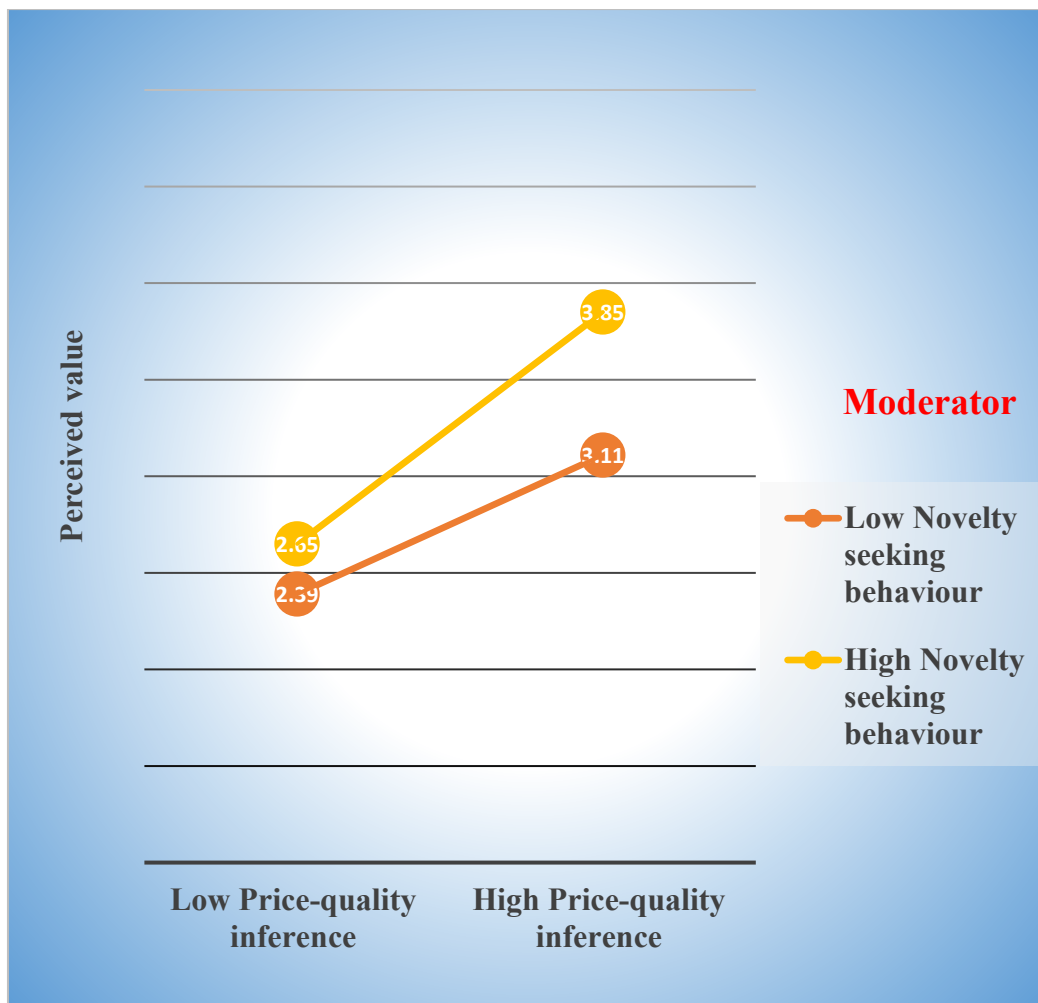
Source: Primary Data

9.6.1 Result of Two-way Interaction for Moderation Effect – I

The simple slope test plot is employed to examine the two-way interaction effect of unstandardized variables for the moderation effect to predict the perceived value which has been expressed in the above figure. An upward sloping line has a positive slope, indicating a direct association between two variables. The interaction of novelty-seeking behaviour strengthens the positive relationship between price-quality inference and consumers' perceptions regarding the value of counterfeit products.

The combined effect of novelty-seeking behaviour and price-quality inference has a greater effect on the formation of favourable perceptions among potential buyers of counterfeit products in Kerala.

Table 9.7

Summary of Moderation Effect – II

Construct Names			Unstandardized Regression Coefficients		
Independent construct	Moderator	Dependent construct	Independent construct	Moderator	Interaction
Price-Quality Inference	Novelty-Seeking Behaviour	Purchase Intentions	0.31**	0.37**	0.12*

Source: Extracted from the Model
** denotes 1% significance level
* indicates significant at 5% level

The data in the table above reveal that the presence of high novelty-seeking behaviour among potential counterfeit goods purchasers has a significant moderating influence on the degree to which high price-quality inference is connected with their purchase intentions. The price-quality inference has a direct significant positive effect on the purchase intentions of customers with a regression coefficient value of 0.31 and the novelty-seeking nature of the customers has a direct significant positive effect on perceived value with a regression coefficient value of 0.37. Interaction moderation effect augments this relationship with a regression coefficient value of 0.12 which is significant at 5% level.

Hence, it can be inferred that when the potential consumers' novelty-seeking behaviour is incorporated as a moderator in the analysis, the favourable association between price-quality inference and purchase intentions is increased. The graph below depicts the results of a basic slope test to demonstrate the moderating effect and its significance with regard to the second moderation effect.

Figure 9.4

The Simple Slope Test Plots to Examine the Two-Way Interaction of Price-Quality Inference and Novelty-Seeking Behaviour to Predict Purchase Intentions
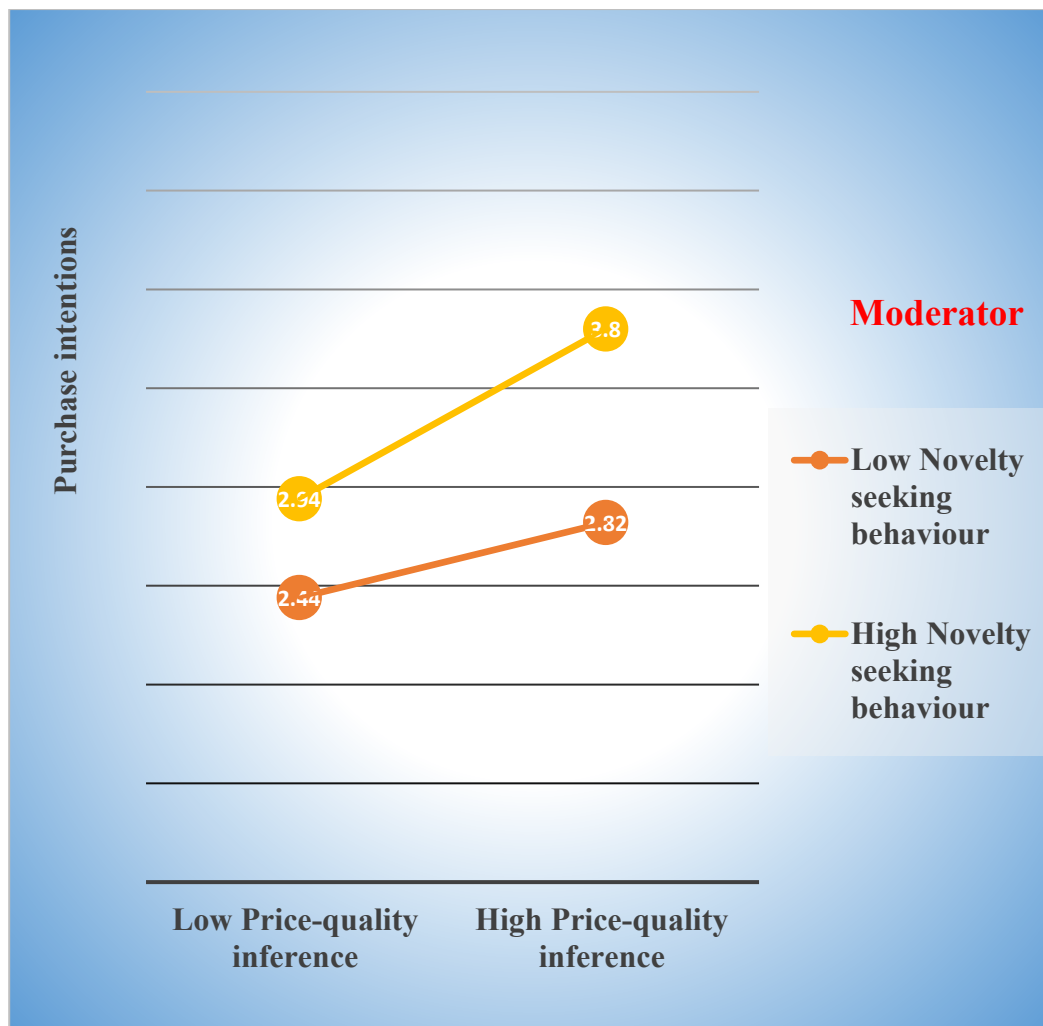
Source: Primary Data

9.6.2 Result of Two-way Interaction for Moderation Effect – II

The above diagram represents the simple slope test plots to investigate the two-way interaction impact of unstandardized variables for the moderation effect to predict customers' purchase intentions towards counterfeits. The tendency of customers towards seeking novelty reinforces the positive association between their assessments of price-quality inference and their intentions to make a purchase. The inclusion of novelty-seeking behaviour among consumers into the assessment of price-quality inference would result in a strengthened impact of price-quality

inference on the intention to purchase. The presence of novelty-seeking behaviour would serve as a strengthening factor in the customers' decision to purchase counterfeit products, along with their belief that the quality of said products was commensurate with their monetary value.

Table 9.8

Summary of Hypotheses Testing

Hypotheses No.	Hypotheses Statements for Moderation Analysis	Result
MOH.1	*Price-quality inference has a positive effect on perceived value*	*Supported*
MOH.2	*Price-quality inference has a positive effect on purchase intentions*	*Supported*
MOH.3	*Novelty-seeking behaviour has a positive effect on perceived value*	*Supported*
MOH.4	*Novelty-seeking behaviour has a positive effect on purchase intentions*	*Supported*
MOH.5	*Novelty-seeking behaviour has a moderating effect on the strength of the relationship between price-quality inferences and perceived value*	*Supported*
MOH.6	*Novelty-seeking behaviour has a moderating effect on the strength of the relationship between price-quality inferences and purchase intentions*	*Supported*

MOH indicates Moderation Hypotheses

9.7 Discussion of Moderation Effect in the Model

The construct of price-quality inference is found to have a positive effect on the value perception of the customers leading to purchase inclination towards counterfeits (Bearden et al., 1989; Lichtenstein et al., 1993; Ndofirepi et al., 2022). Novelty-seeking behaviour also found to have a positive effect on the elements of perceived value as well as buying intend regarding counterfeits (Harun et al., 2020; Hidayat & Diwasasri, 2013; Nordin, 2009). Testing the moderation demonstrated that when customers' price-quality inferences regarding counterfeit products are

combined with their desire to use a novel product, they consider counterfeit products to be the best alternative available to them because it delivers better value to them in terms of the price level, quality level, and novelty products level. They would ultimately plan to buy these products in order to satisfy their requirements. Therefore, the results of the moderation effect suggests that if the counterfeit products have the best price-quality parity and if it satisfies the customers' wants of using novel products, it would ultimately boost the value perception and purchase intentions of the customers regarding the counterfeit products. The presence of novelty-seeking behaviour served as a strengthening factor in the customers' decision to purchase counterfeit products, along with their belief that the quality of said products was commensurate with their monetary value as per the test results of simple slope plots.

9.8 Conclusion

This chapter examined the moderating effect of the novelty-seeking behaviour of the customers on the effect of price-quality inference on perceived value and purchase intentions. The results show that both price-quality inference and novelty-seeking behaviour of customers have a direct effect on perceived value and purchase intentions. As a moderator, novelty-seeking behaviour would increase customers' positive value perceptions and also their purchase interests and intentions towards counterfeit products. According to the test findings of simple slope plots, buyers' decisions to buy counterfeit goods were strengthened by the existence of novelty-seeking behaviour and their conviction that the quality of such goods was in line with their monetary worth.