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A Study on the Impact of Perceived Regulations for Sales at Super-Supermarket and Discount Store on Consumers' Shopping Value and Subjective Well-Being*

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Subjective Well-Being.

Abstract

Purpose – This study focused on consumers' perception about regulations for sales enforced by national and local governments in Korea. The study examined the relationship between perceived regulatory restrictions and subjective well-being (SWB), and perceived regulatory restrictions and shopping value, respectively.

Research Design, Data, and Methodology – Data were collected from 135 college students and consumers in Gyeonggi Province to verify the relationships, moderating effects, and mediating effects, thus testing the theoretical model and its hypotheses.

Results - First, consumers' positive perception of regulatory restrictions enabled enhancement of their SWB. Second, consumers' positive perception of regulatory restrictions had no significant positive influence on hedonic value but had a significant positive influence on utilitarian value. Third, utilitarian value exhibited a full mediating effect on the relationship between regulatory restrictions and SWB.

Conclusion – This study showed that consumers' positive win-win attitude is based on social norms. Further, we expect that consumers experiencing discomfort due to regulatory restrictions resolve this by going to other distributors. Finally, to increase distributors' competitiveness and consumers' utilitarian value, it is suggested that distributors require a variety of marketing strategies.

Keywords : Perceive Regulation For Sales, Super Super Market, Discount Store, Shopping Value,

JEL Classifications : K22, K23, L12, L51, M12.

1. Introduction

These days, regulations on both opening of super supermarket (SSM) as well as business hour of discount store of the Government as well as local governments have great pro and con of debate. At debate forum of some of the press, the one who supported regulations on SSM as well as discount store said that both markets sold out various kinds of products by taking advantage of enormous capital to have different scales from traditional market of small sized merchants and to have different start at competition, and that collapse of alley business district produced monopoly of both markets to limit consumers' selection rights and to make vendors supply products at low prices. Not only SSM but also discount store was said to do price-fixing by abuse of absolute market control and to make ordinary citizens's economy difficult and unstable and to prevent new distribution business from entering market and to have adverse influence upon fair competition as well as market promotion(e.g., Kim & Bae, 2005; Koo, 2005; Youn, 2004). But, the one who opposed the regulations said that innovation could increase products and services despite temporary expenses and/or costs to increase not only market scales but also social welfare, and that regulation was not needed (Kyeonggi-Ilbo, August 20, 2012).

The market economy originally consists of mutual reaction of many people. Adam Smith gave his idea on the market by his writing of "An Inquiry into the Nature and Causes of the Wealth of Nation", and he said human body's self-purification and argued that people's wealth could be raised as much as possible by not only assurance of perfect freedom but also natural advancement toward market prosperity. In other words, the market can set up self-control mechanism by voluntary order that has been made in accordance with men's voluntary behavior principle. However, the government's non-interventionism of the market of classical school such as David R. Ricardo and John S. Mill was destroyed by John, M. Keynes who argued for the government's active intervention of the market. John, M. Keynes said that the market could not distribute resources effectively as

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much as classical school argued, and that the government should actively intervene in the market to expand effective demand stably and continuously from economic point of view (Keynes, 1936).

The central government and/or local governments' regulations on opening and/or business hour of large retailers are thought to be influenced by Keynes theory. Knight, Simon and Friedman who put emphasis upon personal freedom of the economy as well as the politics in accordance with small government theory said problems of the governments' regulatory policy at private economy and argued that markets could solve economic problems. As opponents of the governments' regulations said, so business hour was limited and compulsory off-day was introduced in accordance with the Act on Development of Distribution Industry to let consumers confused and have difficulties at no use of near markets.

This study has paid attention not to the governments' control of large retailers' business but to consumers' cognition on business control. The government intervention's disadvantage, for instance, shortage of economic information of the government, contradiction of political decision-making, defects of the bureaucracy and others of the government, could create failure and distort allocation of the resources (Friedman, 1962). Regulation for sales is thought to be important from point of view of consumers.

At first, this study examined effects of consumers' perceived regulation for sales upon consumers' shopping values. Then, the study examined effects of regulation for sales upon consumers' subjective well-being. Finally, the study investigated mediation and moderation effect of shopping values that consumers cognized by business control and/or subjective well-being, and it found out various kinds of conditions of regulation for sales of the central government and/or local governments.

2. Theoretical Background

2.1. Perceived regulation for sales

The market problem should be solved from point of view of the public interest theory of regulation, and regulation was thought to be the best way from point of view of effects and expenses (Posner, 1974). Since the 1960s, many scholars reported that problems of the regulatory viewpoint based on welfare economics and raised questions by empirical studies. Specifically, Friedlan (1962) argued that the power market was controlled considering factors of market failure to have no influence upon electricity costs, and regulation was said to help not public interests but manufacturer groups' private interests (Jordan, 1972; Wilson, 1979). In particular, According to Stigler's (1971) "the theory of economic regulations" argued that the government (i.e. organizations and power) was potential resource and threat of various kinds of industries, and that the government optionally helped or destroyed specific industry by prohib-

ition and/or force, depriving of money, coercive power, etc and it did actually. The viewpoint was thought to be very much important.

Studies on regulation for sales and consumer cognition are not enough, and they can be classified depending upon consumer factor and systematic factor:

First, consumers' active acts can make change of an individual's cognition under regulation for sales. Invoke a Tayler & Whittier (1992) report, the consumers who accept changes of new situation of regulation for sales positively can make change of their cognition.

Being different from consumer oriented ideas, system oriented idea can make consumers' consciousness and acts be limited by systematic environment. The systematic environment regards previous market order as natural thing to keep the order (Hannan & Freeman, 1977; Oliver, 1991, 1992; Scott, 1987; Zucker, 1987) so that consumers' consciousness that has important influence upon social order can be controlled to justify changes of systematic environment such as regulation for sales.

Currently, regulation for sales on large retailers in the nation have background:

First, the Act on Development of Distribution Industry nominated traditional market and/or traditional market district as traditional commerce conservation area to give limitation to registration or to give conditions of large stores, direct stores and/or franchise SSM for five years not exceeding 1 kilometer from traditional market to protect traditional markets.

Second, direct SSM and/or franchise type of SSM with more than 51% of large business share shall postpone opening and sales business according to the Act on Industry Cooperation between Large Business and Small Business to discuss business with small business firstly when small business applies to business control: And, SSM can be given limitation of sales and/or time by discussion and/or compulsory arbitration, when necessary.

These days, Busan Nam-gu office firstly announced compulsory off-day 2 times a month as well as limited sales hours of large retailer to let two large retailers of E-Mart and Home Plus and ten of SSM close doors: Busan Municipal Government said by revised ordinance that limitation on the sales should be expanded throughout the city (Kookje Daily News, April 20, 2012): And, other regions also followed compulsory off-day as well as limitation on sales hours.

However, consumers are still reluctant to accept regulation for sales such as compulsory off-day as well as limited sales hours to produce a lot of social disputes. Consumers may be ready to accept convenience of regulation for sales from ethical standards of social order, and they are not likely to accept regulation for sales on large retailers subject to mutual cooperation and win-win growth.

2.2. Shopping values

Consumers' rating of the values relies upon monetary and/or

non-monetary sacrifice as well as consumption reference frame that is related to use of products and/or services, and that has influence upon customer satisfaction and/or buying behavior (McDougall & Leversque, 2000). The shopping value is said to be consumers' relative rating on the shopping based on qualitative, quantitative, subjective and objective shopping experience (Ahn & Lee, 2011).

The shopping value can be classified into two: utilitarian value that thinks much of functional convenience such as time saving and inexpensive prices of products and/or services and convenience of the facilities, and hedonic value that seeks for symbolic and/or experiential convenience at shopping process (Bloch & Richins, 1983). Consumers who seek for utilitarian value are said to be active and to retrieve more information and to be task-oriented and to look for reasonable decision-making (Batra & Ahtola, 1991; Engel et al., 1995). Consumers who seek for hedonic value are subjective and want personal experience than the ones who seek for utilitarian value do, and the former gives priority to interests and pleasure at realization of the goals rather than attaining of shopping goals (Holbrook & Hirschman, 1982). Consumers want to buy products at shopping process and to satisfy hedonic value by natural emotion reaction.

2.3. Subjective well-being

The subjective well-being that is similar to happiness has been investigated by many psychologists (Diener & Diener, 1995; Diener et al., 1999; Myers & Diener, 1995; Veenhoven, 1991). Diener (1984) argued that the subjective well-being is said to be overall reaction on an individual's life including satisfaction with lives and continuous emotion reaction, and Szalai (1980) defined that it is personal characteristics showing emotional well-being to be an individual's happiness at various kinds of life scenes. On the other hand, Veenhoven (1991)'s definition of the subjective well-being is said to be favorable judgment of quality level of an individual's life. The subjective well-being means psychological state at affirmative rating of an individual's life in accordance with his or her reference. The sense of well-being consists of cognitive factors with judgment as well as emotional factors producing affirmative emotion, and it is used same as happiness (Seligman, 2002). Diener et al. (1999) reported that the subjective well-being that has very much stable theory is based on bottom-up and top-down theory, activity theory, flow experience theory, judgment theory and others. This study has been focused on bottom-up and top-down theory of subjective well-being. The subjective well-being can be decided by either positive experience or negative experience of various kinds of accidents at daily lives. Therefore, consumers' experience by regulation for sales upon large retailers is likely to reflect consumers' subjective well-being.

3. Hypotheses and Research Model

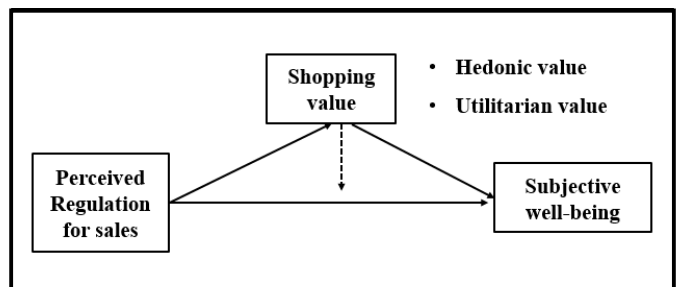
This study examined consumers' perceived regulation for sales on large retailers. The study investigated effects of perceived regulation for sales upon consumers' shopping values and subjective well-being. The study investigated effects of shopping value's sub factors of utilitarian value as well as hedonic value upon not only perceived regulation for sales but also subjective sense of wellbeing to test overall process that regulation for sales can have influence upon consumers (see <Figure 1>).

The central government and/or local governments' recent regulation for sales was very much valuable (Choi, 2012). And, the political circle's regulations had no relation with market failure that was main base of the argument. For instance, gap of competitiveness between SSM and traditional market merchants had no relation with market failure, and recent regulations were based on disbelief in the market, in particular, negative evaluation upon movement of market economy and/or results of market competition to disclose control and administration of market competition by political power (Choi, 2012). Consumers' perceived regulation for sales is much likely to be consumer's inconvenience at personal level. When the regulation is thought to be win-win growth based on social common notion, consumers' subjective well-being is much likely to rise. Therefore, this study had hypothesis based on the findings.

Hypothesis 1. Affirmative perceived regulation for sales shall have positive influence upon consumers' subjective well-being.

Perceived regulation for sales is much likely to have influence upon consumers' shopping values as well. This is because regulation for sales is thought to be done for undesirable direction and regulation for sales itself can have direct influence upon consumers' utilitarian value and hedonic value. As we established the following hypothesis.

Hypothesis 2. Affirmative perceived regulation for sales shall have positive influence upon consumers' shopping values such as utilitarian value and hedonic value.



<Figure 1> Research Model

Consumers' hedonic value thinks much of shopping experience and pleasure and emotional benefit, and consumers who seek for hedonic value think much of shop environment and commodity assortment that can give pleasant and exciting experience (Babin et al., 1994). Consumers' utilitarian value thinks of not shopping pleasure but effective buying of necessary products, and it regards shopping as 'work' and/or errand (Ahn & Lee, 2011). To get utilitarian value, consumers make reasonable buying decision by comparing prices and quality, and spend time and make efforts to retrieve information (Bloch & Richins, 1983).

Regulation for sales on large retailers can deprive consumers of hedonic value and/or utilitarian value to have negative influence. However, regulation for sales that is thought to be social capital by mechanism of citizens' participation can expect of quite different reaction (Putnam, 1993). This is because social capital can be defined to be "characteristics of social organizations such as networks, norms and reliability that can help adjust and cooperate for mutual benefits (Putnam, 1993): Consumers' cognition on win-win growth of social organizations by regulation for sales can have affirmative influence upon subjective well-being, and consumers' shopping values are likely to have influence between them. Therefore, we established the following hypotheses.

Hypothesis 3. Consumers' shopping values such as utilitarian value and hedonic value, can moderate the relationship between perceived regulation for sales and subjective well-being.

Hypothesis 4. Consumers' shopping values, specifically utilitarian value and hedonic value, can mediate the relation between perceived regulation for sales and subjective well-being.

4. Empirical Analysis

4.1. Research Designs and Data Collection

The subject was students and consumers. 135 copies were used after excluding 5 copies having poor answers. The demographic characteristics of the samples were shown in <Table 1>.

4.2. Methods

The questionnaires had 9 item modified correction of questionnaire of cognition on the regulation (Kim, 2009; Yoo, 2005), and had Mathwick et al. (2001)'s 16 item of shopping values. Two variables are measured by likert 5-point scale. Yang (1996)'s five item of LSRS(Life Satisfaction self-Rating Scale) were used to test subjective well-being by likert 7-point scale. The test results were converted into z-score to make correction of difference of the scales.

<Table 1> Demographic Characteristics

Constructs	Division	Frequency	Ratio(%)
Gender	Male	81	60.0
	Female	54	40.0
Age	under 21	60	44.4
	21~30	50	37.0
	over 31	25	18.6

4.3. Reliability and Validity of the Measurement Scale

In this study, Cronbach Alpha was used to test reliability and to inspect internal consistency. According to Nunnally (1978), Cronbach Alpha coefficient should exceed 0.7. In this study, reliability between variables at empirical analysis was more than 0.820 to be reliable. Results of Cronbach Alpha and confirmatory factor analysis were shown in <Table 2>. Variance extracted of utilitarian value was less than 0.5 and more than 0.4 to have more than 0.7 of construct reliability to have validity.

<Table 2> Reliability and Validity

Variables	Final items	Cronbach's α	Construct reliability	Variance extracted
Perceived regulation for sales	9	.821	.932	.606
Hedonic value	4	.877	.838	.569
Utilitarian value	6	.829	.837	.467
Subjective well-being	4	.897	.820	.533

4.4. Correlation Analysis

Correlation analysis was done to inspect relations and directions of the variables. The results of correlation analysis were shown in <Table 3>.

<Table 3> Mean, Standard Deviation and Correlation Matrix (N=135)

	1	2	3	4
1. Perceived regulation for sales	(.606)			
2. Hedonic value	-.040	(.569)		
3. Utilitarian value	.209*	.321**	(.467)	
4. Subjective well-being	.207*	.089	.306**	(.533)
Mean	2.69	2.68	3.34	4.07
Standard Deviation	.704	1.03	.719	1.23

Note) * $p < .05$, ** $p < .01$, variance extracted is marked in ().

4.5. Hypothesis Test

Result of regression analysis showed that the relationship between perceived regulation for sales and subjective well-being was positively significant ($\beta = .190$, $p < .05$) controlling for gender and ages. Therefore, hypothesis 1 was supported. But perceived regulation for sales had no significant influence upon hedonic value ($\beta = .000$, $p = .996$), and it had positive influence upon utilitarian value ($\beta = .242$, $p < .01$), respectively. So, hypothesis 2 was partially supported.

At moderation effect test, not only hedonic value ($\beta = .103$, $p = .236$) but also utilitarian value ($\beta = .072$, $p = .391$) had no significant influence between perceived regulation for sales and subjective well-being. So, hypothesis 3 was not supported. The results of three-step validation from Baron & Kenny (1986) to test for mediating effect were shown in <Table 4>. The utilitarian value was full-mediated between perceived regulation for sales and subjective well-being. So, hypothesis 4 was partially supported.

<Table 4> The results of Mediating effect

IV	MV	Step	DV	R ²	F
Perceived regulation for sales	Hedonic value	1(β_1)	.000	.066	2.301
		2(β_2)	.190*		
		3(β_3, IV)	.190*		
		3(β_4, MV)	.113		
	Utilitarian value	1(β_1)	.242**	.143	5.418**
		2(β_2)	.559**		
		3(β_3, IV)	.115		
		3(β_4, MV)	.310**		

Note) IV: Independent Variable, MV: Mediating Variable, DV: Dependent Variable

5. Discussions and Summary

This study examined consumers' perceived regulation for sales. The study investigated the central government and local governments' regulation for sales on SSM and/or discount stores from point of view of consumers.

The study gave several implications: First, affirmative perceived regulation for sales was found to have positive influence upon consumers' subjective well-being. In this study, interviewees had affirmative attitudes toward win-win growth based on social common notion, and they did not care inconvenience caused by regulation for sales upon large retailers and supported the regulation for sales from point of view of justification. Second, affirmative cognition upon regulation for sales had no influence upon consumers' hedonic value, and it had influence upon utilitarian value. The finding evidenced that consumers

could solve difficulties caused by regulation for sales upon large retailers at traditional markets and others. Third, shopping value could not be moderated between cognition upon regulation for sales and subjective well-being, and utilitarian value could be completely mediated between cognition upon regulation for sales and subjective well-being. Such a fact gave great implications to not only large retailers that decreased sales by regulation for sales but also traditional markets and others that could be given benefit by the regulation. In other words, consumers thought much of utilitarian value based on their own standards of satisfaction with life. Various kinds of marketing strategies should be made to elevate retailers' competitiveness.

This study also had several limitations: Number of the interviewees was so much small to be difficult to generalize the findings. More interviewees are needed to investigate additionally. Self report questionnaire only was used and cross-sectional study had its own limitation. So, research methods that could overcome self report questionnaire should be used and time series data of longitudinal study should be used from long-term point of view in the future.

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