



Influence of Customer Product Experience and Customer Perceptions On Purchase Intentions of Mobile Phones.

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ABSTRACT

This study provides empirical evidence for including emotional dimension in understanding consumer behavior in marketing. The study finds conceptualizes that customers' experience product as both utilitarian and hedonic aspects and form evaluative judgements that are both affective and cognitive in nature. Further, non-experimental, cross sectional study using survey method is used to test the conceptual model empirically and results clearly indicate that customer loyalty is positively influenced by both utilitarian and hedonic experiences with hedonic experience having more influence. The study also indicates that this relationship is mediated by both cognitive and affective customer satisfaction, with affective satisfaction have stronger influence than cognitive satisfaction. The study clearly points out that emotional process and not rational processes as the predictor for customer loyalty as against the prevalent rational models. This understanding provides a guiding post for managers who are interested in developing long term customer retention and loyalty.

Keywords: Customer experience, customer perceptions, purchase intentions, customer satisfaction, customer retention, customer loyalty.

INTRODUCTION

India, in mobile phone has become one among the largest and fastest-growing smartphone market in the world in terms of active users. More than 100 brands compete in the market with the top 20 brands capturing larger market share than others. This fierce competition mandates, companies cultivate customer loyalty attracting new customers and also retaining existing customers, hence the customer-oriented marketing strategies are essential for mobile carriers to retain their customers (Kim & Yoon, 2004). In past-studies, the determinants of customer loyalty have been widely investigated across service industries. In particular, Lim et al., (2006) address the issue of loyalty to explore the winning strategies for mobile carriers. However, how customers experience the mobile phone itself, particularly in the context of India, adds to the empirical validity of understanding the influence of perceived product experience on customer loyalty through the mediating influence of customer satisfaction (Fornell 1992; Auh et al. 1997). This study aims to test a theory on customer loyalty. Specifically, customer experience of mobile phones in terms of utilitarian and hedonic values or experiences as the driver which predicts and explains customer loyalty through cognitive and affective satisfaction.

LITERATURE REVIEW

Research on influence of perceived quality on customer loyalty has been theoretically modeled and it is well known that customer satisfaction mediates this relationship. This constitutes a three-stage process (perceived quality, customer satisfaction, customer loyalty). By the underlying principles of information processing theory of consumer choice Bettman's (1979) and theory of buyer behavior by Howard and Sheth's (1969), the three stage process was modeled as rational processes. Seminal works have been conducted on operationalization of satisfaction, its antecedents, and strategies (Allen 2004; Churchill and Surprenant 1982). Also the influence of perceived quality has been proved to be important for customer satisfaction (Anderson and Sullivan 1993; Fornell 1992). Further, many researchers have empirically proved relationship between customer satisfaction and customer loyalty on profitability and market share (Fornell et al. 2006; Rust and Zahorik 1995). While many studies have empirically tested the three stage model (Falk, Hammerschmidt, and Schepers 2009), they are limited to few countries. Therefore, this calls for further research in different countries and industries (Dong et al. 2011). In other words, researchers have accepted the prevalence of three-stage model of how perceived quality relates to customer loyalty via customer satisfaction, few models also incorporate rational and emotional processes. Studies also have found cross-over effects between rational and emotional processes in customer evaluations (Damasio 2005; Kensinger and Corkin 2003). In this study, we will thus draw on psychological information processing theories to empirically validate these conceptual frameworks to propose cross-over effects between rational and emotional processes. Specifically, the study will test the effects of 'hedonic product experience & utilitarian product experience' on 'cognitive & affective customer satisfaction' and its influence on customer loyalty.

CONCEPTUAL MODEL AND HYPOTHESIS

While majority of literature affirm three-stage model of linkages among post-purchase perceived quality to customer loyalty with rational and emotional processes, Bjorn Frank et al., (2014), have empirically tested four stage process by incorporating product beliefs both hedonic and utilitarian as mediators between perceived quality and customer satisfaction. Our conceptual model agreeing with earlier views adopts customer experiences that are hedonic and utilitarian as antecedents for cognitive and affective satisfaction which in-turn is posited to influence customer loyalty. Therefore, conceptual model is a three stage model product experience (hedonic & utilitarian), evaluative judgments (cognitive & affective satisfaction), and behavioral intentions (i.e., customer loyalty). In product experience stage, consumers use products and services after purchase and experience characteristics, capabilities, and limitations, forming a perception of their quality (Bagozzi, Gopinath, and Nyer 1999).

The evaluation stage is consumers' internal fulfillment response and is captured by customer satisfaction (Oliver 1993). The final behavioral intentions stage deals with the attitudinal manifestation of repurchase behavior and positive word of mouth, that is, customer loyalty (Fornell 1992). The conceptual model (Fig.1) focuses on above processes to provide a parsimonious analysis of their influences.

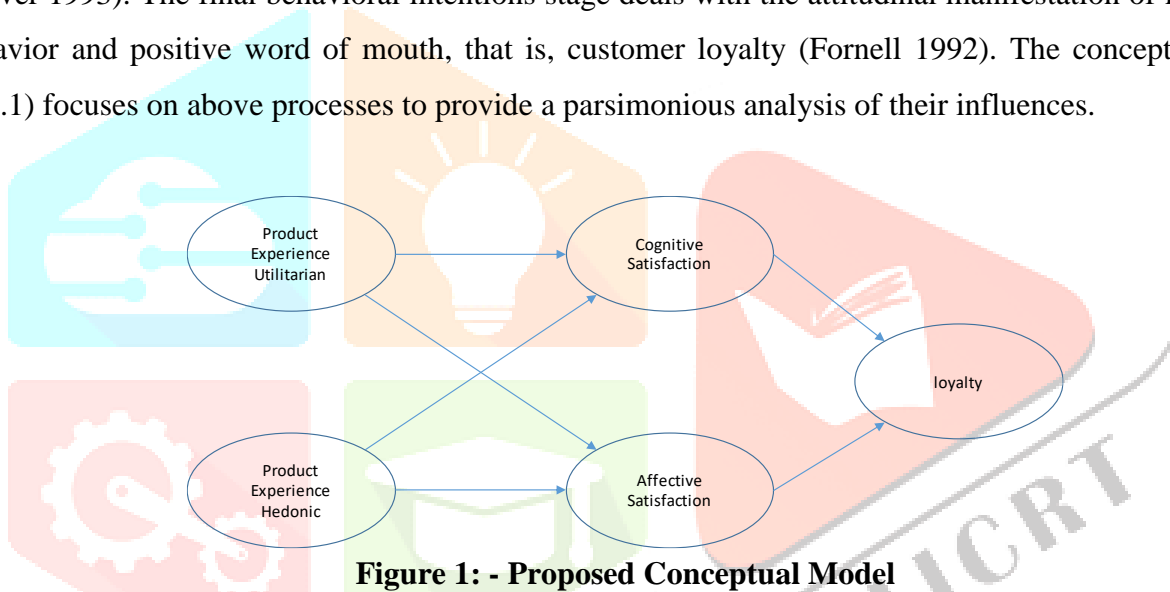


Figure 1: - Proposed Conceptual Model

Gilbert (1991) posited that people automatically (rather than with effort) form stable beliefs about what they perceive or comprehend. In consumer studies, such beliefs are considered to be hedonic or utilitarian outcome (i.e., benefits) which lead to evaluative judgments. In addition, Einhorn's (1980) suggests that consumers form generalized observations for future outcome evaluations because using such heuristics require less effort. Edelman (2012) suggested that humans draw from these beliefs in order to form evaluative judgments. This means evaluative judgments are drawn from product experiences, derived from experienced combinations of quality attributes and their benefits. Further, it is pertinent to posit that influences of product experience on evaluative judgments occur within separate rational and emotional processes. In other words, utilitarian product experience should influence cognitive customer satisfaction, whereas hedonic experience should influence affective customer satisfaction (Hirschman and Holbrook 1982, Pham 2004). Consequently, we posit that utilitarian & hedonic product experience influence affective & cognitive customer satisfaction. While studies have indicated separate emotional and rational processes, research in psychology suggests multiple influences, which generally is known as cross-over effects among rational and emotional processes (Eagly, Mladinic, and Stacey 1994). Psychologists have argued that humans rationally reflect on hedonic associations to obtain information (Eagly, Mladinic, and

Stacey 1994). Hence, hedonic product experience may impact cognitive customer satisfaction. Also, it is found that utilitarian experience influences affective evaluations in social relationship assessments (Esses, Haddock, and Zanna 1993; Smith 1993). Therefore, this study also posits that utilitarian product experience influence affective satisfaction and hedonic product experience influence cognitive satisfaction. Further, it is posited that customer cognitive and affective satisfaction influence customer loyalty and that affective satisfaction having more influence than that of cognitive satisfaction.

H1a: Utilitarian Product Experience positively influence Cognitive customer satisfaction

H1b: Utilitarian Product Experience positively influence Affective customer satisfaction

H1c: Influence of Utilitarian Product Experience on Cognitive customer satisfaction will be more than that on Affective customer satisfaction

H2a: Hedonic Product Experience positively influence Cognitive customer satisfaction

H2b: Hedonic Product Experience positively influence Affective customer satisfaction

H2c: Influence of Hedonic Product Experience on Affective customer satisfaction will be more than that on Cognitive customer satisfaction

H3a: Cognitive customer satisfaction positively influence customer loyalty

H3b: Affective customer satisfaction positively influence customer loyalty

H3c: Influence of Affective customer satisfaction on customer loyalty will be more than that by Cognitive customer satisfaction

RESEARCH DESIGN

The method used in this study is non-experimental, cross sectional survey. The sampling method used here was convenience method. The sample size of this research was 390 and sampling frame were the mobile users in Karnataka state. Instrument development was achieved by following the guidelines of Churchill (1979) and Sethi and King (1991). Initial pool of items to measure the constructs of interest were identified from the literature which formed the basis for the pre-test. The pre-test was conducted using a small convenience sample of 15 mobile users in order to test face validity and also increase comprehensibility of the questionnaire items. Following the pre-test, pilot study survey was conducted to further purify the research instrument through assessment of reliability and validity of the instrument and also to determine the approximate required sample size statistically. Data was collected from 71 respondents. Initially, 20 items measuring product experience, 12 item to measure satisfaction, and 6 item scale to measure repeat purchase and recommendation were used. Data collected from the pilot study was subjected to Factor analysis using principal component method for extraction and Varimax Rotation method was then used for data purification and checking convergent and divergent validity. Items, with factor loadings of more than 0.70 were retained in the main survey. Following pilot study, survey was conducted through in-home face to face personal interview using structured questionnaire. Convenience sampling method was used to collect responses from 390 respondents from the tier-1 and tier-2 cities of Karnataka state, India. The respondents consisted of men (261), women (129), with majority falling in the age group 25 to 45. Exploratory Factor Analysis, with Principal component method for extraction and varimax method of rotation was used for establishing convergent and divergent validity. The

psychometric properties of the measures were assessed using Cronbach's α followed by simple linear regression to test the proposed hypothesis.

ANALYSIS AND FINDINGS

The psychometric properties of the measures were examined in the manner suggested by Churchill (1979) using exploratory factor analysis. To get an orthogonal solution, the exploratory factor analysis with varimax rotation was conducted separately on the set of items representing the 'Product Experience', 'Customer Satisfaction', and 'Customer Loyalty' The results of respective factor analysis are discussed below.

Factor Analysis for Independent Variables

Exploratory factor analysis product experience items revealed two factor solution as conceptualized, explaining 60% of variation, and with 0.833 KMO test statistic revealed adequacy of sample size. Further, Bartlett's Test of Sphericity was significant (.000). The rotated matrix results of the factor analysis are presented in Table – 1 Examination of the factor loadings in the rotated matrix reveals that items of 'Utilitarian Product Experience' and 'Hedonic Product Experience' have both converged and segregated as conceptualized and operationalized and there by contributing towards both convergent and divergent validity.

Table 1: - Rotated Component Matrix

SI/No	Items	Product Utilitarian Experience	Product Hedonic experience
1	My mobile phone brand offers all important features	0.824	
2	My phone brand is very reliable	0.821	
3	My phone brand has got more valuable features	0.812	
4	My phone brand matches my quality overall expectation	0.770	
5	My phone brand has superior functionality	0.602	
6	My phone gives exclusive options which are very useful	0.593	
7	My phone is convenient for anybody to use	0.817	
8	I feel my phone's performance is very high	0.767	
9	My phone is very easy to use	0.584	
10	My phone possesses thrilling features		0.735
11	I feel delighted to own this phone.		0.604
12	My phone brand is highly trust worthy		0.600
13	Using my phone is of great fun.		0.598
14	I feel happy whenever I come across this phone		0.579
15	It gives pleasure to use my phone		0.800

Further, exploratory factor analysis of customer satisfaction items revealed two factor solution as conceptualized and explained 69% of variation, and 0.742 KMO test statistic, and Bartlett's Test of Sphericity was significant (.000). The rotated matrix results of the factor analysis are presented in table – 2 Examination of the factor loadings in the rotated matrix reveals that items of ‘Cognitive Customer Satisfaction’ and ‘Affective Customer Satisfaction’ have both converged and segregated as conceptualized and operationalized and there by contributing towards both convergent and divergent validity.

Factor Analysis for Dependent Variables

Table 2: - Rotated Component Matrix

SI/No	Items	Cognitive Satisfaction	Affective Satisfaction
1	The value of the phone I paid for, is worth its price	0.927	
2	My phone meets all its promises made by the company	0.904	
3	On a whole I am very satisfied with this phone	0.848	
4	My purpose of buying this phone is fulfilled	0.818	
5	I am never displeased with my phone	0.691	
6	I don't regret buying this phone		0.762
7	I will say that my phone's brand is better than others in the market		0.741
8	My phone has an excellent value, as compared to its price		0.645
9	I am content that I purchased this mobile phone		0.644
10	The way my mobile phone performs makes me feel happy		0.571

Similarly, exploratory factor analysis of consequent variable customer loyalty items revealed single factor solution as conceptualized and explained 67% of variation, and 0.740 KMO test statistic, and Bartlett's Test of Sphericity was significant (.000). The component matrix results of the factor analysis are presented in Table – 3 Examination of the factor loadings reveals that items of ‘Customer Loyalty’ converged as conceptualized and operationalized and there by contributing towards both convergent.

Table 3: - Component Matrix for Dependent Variables

SI/No	Items	Loyalty
1	My recommendations about this phone to others will be positive	0.847
2	If I want to buy another phone, I will buy same brand I have now	0.824
3	I would still buy the same mobile phone even if it was priced more	0.778
4	While discussing about mobile phones, I refer to my mobile phone brand with pride.	0.765

Cronbach's alpha was also calculated to check the reliability of each construct. Overall, all constructs had Cronbach's alphas of .0.70 or greater, indicating acceptable internal consistency for all variables. The internal consistencies of the final measures are presented in Table 4

Table 4: - Reliability Test

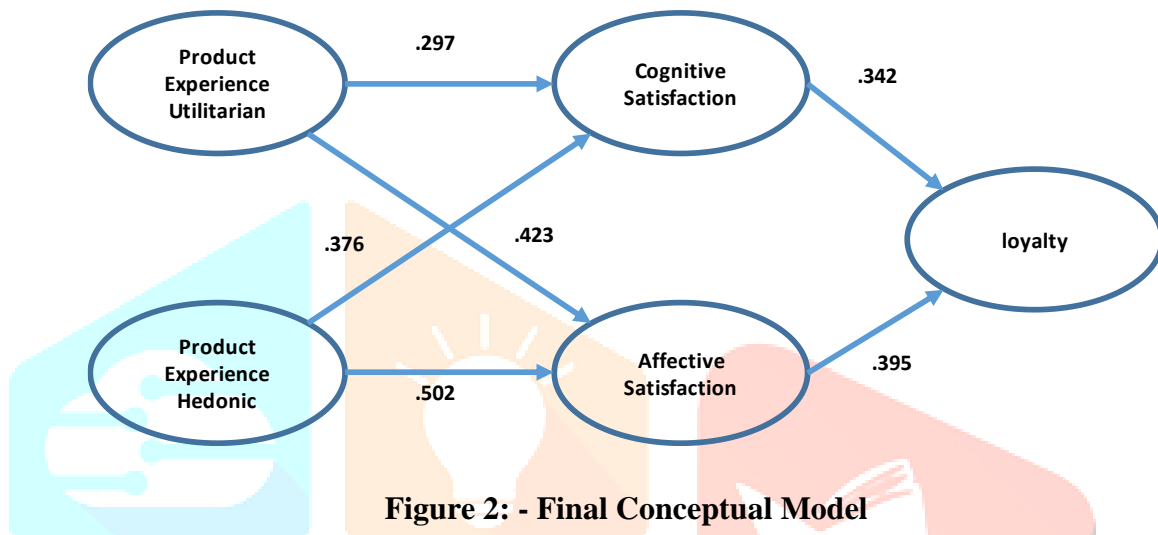
Sl/No	Variable Name	Cronbach's Alpha
1	Utilitarian Product experience	0.802
2	Hedonic Product experience	0.920
3	Cognitive Satisfaction	0.917
4	Affective Satisfaction	0.755
5	Customer Loyalty	0.855

Hypothesis Testing

Specific Hypothesis were tested using multiple regression. Hypothesis H1a, H1b and H1c were related to the influence of utilitarian product experience on cognitive and affective customer satisfaction. The results show that Utilitarian product experience significantly influence cognitive and affective customer satisfaction with beta value of 0.297 and 0.423 respectively and therefore hypothesis H1a and H1b is accepted. Further, examination of above beta coefficients of influence of utilitarian product experience on cognitive satisfaction with the value 0.297 is less than the influence of utilitarian product experience on affective satisfaction with the value 0.423. This indicates that customers utilitarian experience of the product not only appeals to rational evaluative judgements but also appeals to their feeling side of consumer evaluation. In fact, the results clearly show that the influence is more on affective satisfaction than that of cognitive satisfaction, and hence Hypothesis H1c is rejected. Similarly, Hypothesis H2a, H2b and H2c were related to the influence of Hedonic product experience on cognitive and affective customer satisfaction. The results show that Hedonic product experience significantly influence cognitive and affective customer satisfaction with beta value of 0.376 and 0.502 respectively and therefore hypothesis H2a and H2b is accepted. Further, examination of above beta coefficients of influence of hedonic product experience on cognitive satisfaction with the value 0.376 is less than the influence of hedonic product experience on affective satisfaction with the value 0.502. This indicates that customers hedonic experience of the product not only appeals to rational evaluative judgements but also significantly appeals to their feeling side of consumer evaluation. In fact, the results clearly show that the influence is more on affective satisfaction than that of cognitive satisfaction, and hence Hypothesis H2c is also accepted. Further, H3a, H3b and H3c were related to influence of Cognitive and Affective customer satisfaction on customer loyalty. The results show that there is a significant positive influence of cognitive and affective satisfaction on customer loyalty with beta value of 0.342 and 0.395 respectively and therefore hypothesis H3a and H3b are accepted. In addition, examination of above beta values also suggests that affective customer satisfaction has a stronger influence on customer loyalty when compared to cognitive satisfaction. The summary results of regression are shown in Table 5 and the conceptual model along beta coefficients are shown in Fig 2

Table 5: - Regression Test

Sl/No	Independent Variable	Dependent Variable	Significance	Beta Value
1	Utilitarian Product Experience	Cognitive Satisfaction	.000	.297
2	Hedonic Product experience	Cognitive Satisfaction	.000	.376
3	Utilitarian Product Experience	Affective Satisfaction	.000	.423
4	Hedonic Product experience	Affective Satisfaction	.000	.502
5	Cognitive Satisfaction	Customer Loyalty	.000	.342
6	Affective Satisfaction	Customer Loyalty	.000	.395



CONCLUSION, RECOMMENDATION AND LIMITATION.

It is pertinent that as competition in mobile phone increases, representing a new age of commoditization (Pine and Gilmore, 1998), managers are trying to find ways for understanding how to retain customers. Among such ways, increasing customers hedonic experience research. Building in features that not only provides functional utility but also the ones that appeals to the feeling of customer has emerged as an important for increasing repeat purchase and positive word of mouth; in other words, customer loyalty. The findings support not only the three stage model of customer experience, satisfaction and loyalty but also the four stage model of Frank et al., (2014) and takes both cognitive and affective satisfaction as a route to build customer loyalty through providing utilitarian and hedonic customer experiences. The study as several implications for managerial practice. It reveals that product experience, particularly hedonic influences customer satisfaction and loyalty. For managers who tend to see quality as a physical, objective, and utilitarian aspect of products, this study clearly provide evidence that subjective consumer interpretations of quality include an important emotional dimension, which influences consumer behavior not only directly but also indirectly as consumers rationalize hedonic beliefs. Yet, its product experience turned out to evoke emotions that led consumers to both like the product and construct belief-based justifications of their purchases. Managers may also benefit from knowledge that the effects of product experience on customer loyalty is mediated by affective satisfaction more than evaluative judgments commonly known as customer satisfaction. This study is not without its limitation, one among them is

that our empirical data only concern mobile phones in Karnataka. Although similar results for these very different contexts support the generalizability of our conclusions, future research might verify whether these conclusions hold in other contexts. Another limitation is that our research is cross sectional in design and longitudinal research design may provide more conclusive evidence of the phenomena.

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