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Glenna Carolyn Mack Pendleton  
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AN EMPIRICAL ANALYSIS OF THE DIMENSIONS OF CONSUMER  
VALUE FOR AN EXPERIENTIAL OFFERING IN MARKETING

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April, 2009

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## DEDICATION

This dissertation would not have been possible without the support of my parents, Vernon and Mary Mack, financially, spiritually, and actually driving to help out at various times in person from Toronto, Ontario. My daughter, Deirdre, also made many sacrifices that were difficult for her at such a young age, as I had to work many hours and ask her to forgive the fact that I could not spend more time with her helping her on high school projects. Dr. Keil Soon Park provided valuable practical advice and spiritual support along my dissertation journey. I wish to thank all four individuals for their unwavering support. This dissertation is dedicated to them.

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AN EMPIRICAL ANALYSIS OF THE DIMENSIONS OF CONSUMER  
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GLENN CAROLYN MACK PENDLETON

**ABSTRACT**

An experiential offering is as an activity, product, or service that provides valuable subjective experiences during consumption. Marketers can capitalize on this consumer value if they know which dimensions are most important to consumers. Based on a review of the literature, this study developed a framework that represents three major components of customer value in an experiential offering: social value, utilitarian value, and emotional or hedonic value.

After, analyzing the data from 373 respondents, the results of this study showed that social identification with peers, utilitarian attitude toward the consumption process itself, and hedonic experiences during consumption were all dimensions of value. This study contributes to the existing literature by demonstrating the importance of both feelings of belongingness and identifying with a college peer group (value-expressive influence) in the intention to consume an experiential offering. It also validates the importance of utilitarian value, even in experiential offerings. Finally, it shows hedonic feelings were significant in the respondents' intentions to listen to music.

Marketers and managers need to be aware of the subjective and symbolic aspects of consumption addressed in this study. Social identity and symbolism were significant for college students in the sample analyzed. This type of information allows marketers to reinforce important dimensions of value in experiential offerings when developing advertising themes across multiple types of media.

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## **CHAPTER I**

### **INTRODUCTION AND STATEMENT OF THE PROBLEM**

#### **1.1 Changing Appreciation of the Role of Customer Value**

Porter (1985) helped popularize the idea that customer value is the key to a firm's profitability. His conceptualization of the creation of value in a firm's supply chain is well known. Such components as inbound logistics, production, outbound logistics, sales, and service are all components of the value chain that can be improved in order to deliver superior value to the customer. Taking this perspective, the firm has the potential to gain competitive advantage by delivering products and services with superior customer value at a lower price than competitors in the same market.

Porter's conceptualizations in the 1980s were largely centered on the firm in its competitive context in a search for competitive advantage. Applying his ideas, firms often looked "internally within the organization" for improvements, using such approaches as reengineering and downsizing to create competitive advantage (Woodruff, 1997, p. 139).

Major developments have occurred since Porter that extend his concept of customer value and competitive advantage. According to Woodruff (1997), there is a trend towards firms attempting to find sources of competitive advantage using "a more

outward orientation [that redirects attention] towards the customer” (p. 140). Under this newer perspective theorists hypothesize customer value is created by “considering what [customers]...want and believe they get from buying and using a seller’s product” (p. 140). As a result of this shift, many strategists have adjusted their focus from the firm itself to a focus on the consumer in their search for creating new and increased customer value.

Put simply, there is a belief that customers (consumers who end up buying) and their consumption tastes should be considered seriously. Schmitt (2003, p. 1) notes that companies of all kinds are acknowledging that, “their customers are important... and are the company’s most valuable asset.” He contends it is important for the innovative company to incorporate the whole customer experience into the marketing concept. Therefore, marketers are paying more attention to what makes up customer value. Over the years, customer value has become *increasingly important* to marketing researchers in their studies, emerging as a *key* determinant of consumer decision-making and behavior (Sheth, Newman, and Gross, 1991; Bolton and Drew, 1991).

#### 1.1.1 Conceptualizing Customer Value Categories

Mathwick, Malhotra, and Rigdon (2001) indicate that at least five different types of value motivate the individual to consume an offering: social utility, emotional utility, functional utility, epistemic utility, and conditional utility, where utility refers to the usefulness or importance to the individual. For example, social utility is defined as the perceived utility acquired from an alternative’s association with one or more specific social groups (Sheth, Newman, and Gross, 1991). Sheth et al. illustrate this concept with brands of cigarettes: extraordinary effort would be required for Marlboro cigarettes to

appeal to women or for Virginia Slims to appeal to men largely due to social group associations that exist in the minds of consumers for these products.

As another example, Sheth et al. (1991) indicate emotional utility is defined as the perceived utility acquired from an offering's ability to arouse feelings or affective states. An offering acquires emotional value for the consumer when that offering is associated with certain feelings or affective states. They discovered, for example, that consumers who choose Virginia Slims find this brand reflects feelings of being in a higher class and feelings of femininity.

#### 1.1.2 Added Value During the Consumption Process

In addition to the five categories of value determined by Sheth et al., (1991), and later applied to offerings by Mathwick et al., (2001), one overriding concept is very important in the discussion of customer value. Holbrook (1994) stresses the importance of *overall experiences during consumption* itself. He argues, "value in consumer behavior does not reside in the object (good or service) purchased but rather pertains directly to consumption experience derived therefrom" (p. 37). According to Holbrook, experience is *not inherently an attribute of the product or service*, but, instead, experience develops during the consumption process; and *it is precisely this experience that creates customer value*. That is, the consumption process itself is important for the customer to be able to create experiences of value connected to the offering. This is especially true when the consumer is listening to music or playing video games (i.e. where there is a potential for the consumer to get subjectively involved during the consumption process).

#### 1.2 The Growth of Experiential Offerings

In addition to the changing appreciation of the role of customer value on the part

of researchers, Pine and Gilmore (1999) describe another major development: the growth of a new experiential economy. They found, in 1997 in the U.S., more money was spent on admissions to movies, concerts, and sports events than any other category of products, goods, and services. Consumers are spending large amounts of money on products, activities, and services that are *memorable* and provide enriching, subjective experiences. Pine and Gilmore refer to these new products and activities, such as those listed above, as *experiential offerings*. This term reflects the rich subjective experiences that often occur during the consumption of these offerings.

### 1.3 New Research on Customer Value in Experiential Offerings

The growth of experiential offerings in the economy has spurred on exploratory research in consumer behavior and marketing. For example, Park and Macinnis (2006, p, 17), in their research on the *experiential value of offerings*, explore new products and describe them as being able to entertain the self, as being able to involve the consumer in experiences related to “sensory pleasures, nostalgia, aesthetics, or sexual desire.” Hsu and Lu (2004), in their research on playing video games, describe the holistic experiences of escape that occur during video game playing. These holistic experiences involve “a state of mind where nothing else matters” and where the consumer experiences “total involvement, concentration, and enjoyment” (p. 864).

Newer research on experiential offerings supports the idea that fantasy in new experiential product offerings can entertain, and can, at the ultimate level, allow the consumer to escape from everyday life. Pine and Gilmore (1999) point out that hedonic gratification in consumption, such as the gratification from the subjective experiences described above, is increasing in value and therefore is expected to *grow in importance*.

The term “hedonic consumption” was coined by Hirschman and Holbrook (1982, p. 92), and it is specifically defined as “those facets of consumer behavior that relate to the multi-sensory, fantasy and emotive aspects of one’s experience with products.”

Chaudhuri and Holbrook (2001, p. 85) refer to the “symbolic aspects of consumption” during the consumption process. Experiential consumption can be regarded as “a primarily subjective state of consciousness with a variety of symbolic meanings” (Holbrook and Hirschman, 1982, p.132). Taking this perspective, Piacentini and Mailer (2006) use the term “*symbolic consumption*” (p. 252) to refer to the process whereby the consumer is able to deliver and receive social signals as the result of the symbolism attached to the consumption of products associated with a social group. Finally, Lee and Shavitt (2006, p. 262) argue that offerings that are relatively symbolic, such as products and services related to music, “elicit relatively more concerns about self-other relationships and expressions of the self-concept” compared to offerings that are not symbolic.

The study conducted here proposes to show one of the symbolic/social functions of the intention to consume an experiential offering is the potential to enhance the consumer’s social relationship with a peer group if that peer group also consumes the offering. The researcher suggests the consumer is expressing the need to belong to and to identify with a reference group.

#### 1.4 Statement of the Problem

In the past, most research on consumer value focused on the “value for money” paradigm that has been defined as basically the tradeoff between quality and price (Cravens et al., 1988; Dodds, Monroe, and Grewal, 1991). Low price and high quality

were emphasized. Consumer purchase decisions were hypothesized as being *rationality based* decisions largely motivated by utilitarian values (i.e. stressing the importance of utility for the consumer). Traditional marketing theories in consumer behavior were not customer-oriented but were fundamentally “engineering- and logistics-driven” (Schmitt, 2001, p. 11), conceptualizing customers as a rational decision-maker trading off product features and price in a process referred to as information processing. In light of new research, however, such as those discussed above, this concept of marketing is changing. Marketers have a new role of becoming designers of consumer experiences. It is doubtful marketers can adequately manage designing the entire customer experience based on the conception of the consumer as a rational thinker trading off product attributes. The traditional “value for money” paradigm cannot explain the important non-rational aspects of consumption.

#### 1.5 Theories that Help to Fill the Theoretical Gap

Theories such as Hirschman and Holbrook’s (1982) theory of experiential processing can help to fill the theoretical gap in the literature. Hirschman and Holbrook’s theory conceptualizes the consumer as choosing products based on expectations related to subjective experiences. These subjective experiences involve the fantasy, feelings, and/or fun that are experienced while consuming the product itself. This experiential stream of research pays more attention to measures of affect (i.e. feelings and emotions) than value for money. This allows researchers in newer studies to conceptualize consumer value as being not only associated with product attributes, but also with sensory-related attributes associated with the consumer’s own subjective experiences. This begs the answer to such

questions as:

- (1) What about the social functions associated with the consumption of some experiential offerings?
- (2) Is there theory that can help to explain the mechanisms occurring when consumption is associated with a specific reference group?
- (3) Why is there value to the consumer during consumption?

Shavitt, Lowrey, and Han (1992) extend earlier identification theory, arguing that offerings have different abilities to serve an identity function. That is, some offerings are more likely than others to be used to signal social identification with a reference group. They add that the consumption of experiential offerings is able to help the consumer symbolize information about his or her own social identity. Kleine, Kleine, and Kernan (1993) indicate using products associated with a peer group can help the consumer identify with that peer group. In agreement with this, Sheth, Newman, and Gross (1991, p. 161) identify *social value* during consumption as being that value acquired “from an alternative’s association with one or more social groups”. The current research argues that certain experiential offerings associated with a reference group are likely to serve an identity function.

#### 1.6 The Existence of Two Streams of Research

Over the past two decades marketing researchers have explored the concept of consumer choice in the purchase and use of product offerings within both (1) a rational (or utilitarian) framework and (2) an experiential framework (including symbolic aspects of consumption). Fishbein’s (1965) early multi-attribute model typifies this rational framework. In comparison, models based on Hirschman and Holbrook’s (1982) theory of experiential consumption discussed above represent the experiential framework.



Theories such as Fishbein's (1965) multi-attribute model conceptualize the decision-making process as being influenced by the attributes associated with the product (and the importance of each of these attributes to the individual consumer). Agarwal and Malhotra (2005) indicate constructs representing this viewpoint often represent evaluative judgments based on *dimensional (or informational) processing*.

In contrast, theories such as Hirschman and Holbrook's (1982) theory of experiential processing conceptualize the consumer as choosing products based on expectations related to *subjective experiences*. These subjective experiences involve the fantasy, feelings, and/or fun that are experienced while consuming the product itself. The term used in consumer behavior to represent this more affective-based consumption is "hedonic consumption", and, as noted earlier, this is specifically defined as "those facets of consumer behavior that relate to the multi-sensory, fantasy and emotive aspects of one's experience with products" (Hirschman and Holbrook 1982, p. 92). The experiential stream of research pays more attention to measures of affect (feelings and emotions). Agarwal and Malhotra (2005) indicate constructs representing this viewpoint often reflect *holistic consumer processing*.

#### 1.7 The Need to Integrate Both the Utilitarian and Experiential Research Streams

The fact that the utilitarian and experiential streams of research are very divergent (one being based on a more rational framework and the other on a more subjective experiential/symbolic framework) makes it difficult to develop one model that incorporates the two viewpoints. However, in the current study, both streams of research are considered to be important in the *exploration of dimensions of customer value* for experiential offerings. In terms of the psychology of the individual, holistic experiential

processing and rational processing are both assumed to be important in the decision to consume an offering in the current research study. In Chapter III, therefore, the researcher develops a framework for experiential offerings that *integrates* the two major streams of research that reflect these two major types of consumer processing.

#### 1.8 Statement of the Purpose of the Research

The purpose of the current research is twofold. First the researcher will develop an integrated conceptual framework in Chapter III. Second, an empirical analysis of the dimensions of customer value for listening to music is conducted. Which dimensions of consumer value should be empirically investigated? In his seminal discussion of customer experience marketing (CEM), Schmitt (2003) calls for marketers and managers to use three types of measurements of customer value when designing new offerings: (1) measures related to functionality and usability of the product; (2) measures related to the overall experiential impact on the “senses, feelings, thinking, acting, and relating” (p. 180); and, (3) measures related to the overall feeling toward the product. This study answers Schmitt’s call. All three of these categories of customer value will be explored in the current study.

In addition, while traditional literature has stressed the assessment of product/service benefits vs. costs associated with traditional products/services, there is a trend towards newer research exploring expanded definitions of customer value (Bolton and Drew, 1991; Day, 1990; Holbrook, 1994; Lai, 1995; Tracey and Wiersema, 1993; Woodruff, 1997). The current research contributes to that trend by introducing the concept of the social identification dimension of experiential offerings associated with a reference group (specifically, here, a college peer group). The purpose of this aspect of

the research is to expand the awareness of the social function of certain experiential offerings (i.e. when the process of consuming the offering can be tied to a specific reference group).

#### 1.9 Anticipated New Contribution of the Study

During the literature review, no research was found that included an empirical analysis of utilitarian, experiential, and social identification categories of customer value and the intention to consume experiential offerings associated with a college peer group. More recently, researchers are analyzing hedonic value dimensions for experiential offerings. However, social identification value dimensions need to be also included in the study of the dimensions of new experiential offerings along with both the utilitarian and hedonic dimensions.

Why do we need to include social identification influences in the analysis of an experiential offering? The need to identify with others and the need to feel a sense of belongingness are important in a society where there is an increasing trend towards the institutionalization of relationships (i.e. via computerized conversations in the customer service department and digitized orders over the Internet in the sales department). There has been a lack of empirical analysis on the relative importance of the need for social belonging as compared to hedonic and utilitarian needs in the area of the intention to consume and experiential offering. This study provides a new contribution to existing literature by conducting an empirical analysis that includes measures for the experiential (hedonic), utilitarian, and social dimensions of customer value.

These results will contribute to the practical knowledge of marketers in the area of experiential offerings. With the results of the current research, marketers will be better

able to understand the dimensions of value for students listening to music on headphones or on ear buds. Other researchers will then be able to expand this research to study a variety of experiential offerings in numerous categories and in numerous industries on these dimensions.

Also, the results will contribute to the creative wealth of ideas by stimulating marketers to think more about (1) the uncovering of significant consumer value dimensions in experiential offerings, (2) the development of strategic approaches to the positioning of these offerings, and (3) the creation of alternative marketing themes for these experiential offerings. This is important because once successful themes are identified, they can be integrated across multiple sources of media to help build brand equity for the firm. (See Naik and Raman, 2003, p. 375, for further discussion of this idea.)

Finally, marketers need to be aware of the symbolic aspects of consumption since symbolism can be an important aspect of many experiential products, especially for younger consumers. By consuming offerings associated with a peer group the consumer is able to signal to others that they are part of that peer group. Marketers can reinforce the importance of these social/symbolic dimensions of experiential offerings in advertising in cases where the consumer values this dimension. (Apple has successfully done this for their I-Pods and I-Tunes offerings by developing socially-packed, creative themes and showing distinctive silhouettes of students, each student in a different color, dancing or listening to music on headphones. These ads emphasize the social component of the I-pod.)

Empirical analysis of this additional social dimension will provide a contribution to the existing theoretical literature. Specifically, it is argued that, since value-expressive influence of reference groups can be manifested in the types of products and brands that are purchased by individual consumers (Childers and Rao, 1992), value-expressive (or identification) influence can also be manifested in some experiential offerings associated with a reference group. Also, earlier literature indicates products can serve a symbolic function (Grubb and Grathwohl, 1967; Levy, 1959,) and that possessions may be used to “signal group identity and express belongingness to a group” (Madrigal, 2000, p. 14). It is argued that, theoretically, experiential offerings will also be able to express belongingness to a group and to signal group identity through their *use or consumption*.

#### 1.10 Organization of the Paper

A review of the literature in Chapter II will show that there is a need to develop measures for dimensions that provide value for the customer when using experiential offerings. As noted earlier, Schmitt (2003) calls for marketers and managers to use measures (1) related to functionality and usability of the product and (2) related to the overall experiential impact on the consumer’s “senses, feelings, thinking, acting, and relating” (p. 180). In Chapter III, Schmitt’s recommendations will be kept in mind in the development of the research framework. In addition to Schmitt’s recommendations, an argument will be made for the development of a measure of the social relevance of experiential offerings. A model is created and hypotheses are developed.

In Chapter IV, the researcher develops measures for the variables in the model. Also, in Chapter IV the research methodology is outlined for testing the effects hypothesized in Chapter III. In Chapter V the researcher presents the results collected

from the field study. Finally, overall conclusions of the study and the relevance to both marketing research and marketers in the field are summarized in Chapter VI.

## **CHAPTER II**

### **LITERATURE REVIEW**

#### 2.1 The Importance of Customer Value in Research

Over the years customer value *has increasingly become of interest* to marketing researchers in their studies, emerging as a *key* determinant of consumer decision-making and behavior (Sheth, Newman, and Gross, 1991; Bolton and Drew. 1991). The American Marketing Association emphasizes the importance of customer value to the whole concept of marketing. In 2007 it expanded its definition of marketing to include “creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large” (American Marketing Association, 2009).

#### 2.2 Customer Value and Experiential Offerings in the Current Study

This study focuses on empirically analyzing the dimensions of customer value for one special type of exchange offering: experiential offerings. Experiential offerings are products, services, or activities for which *the consumption experience itself is the defining characteristic* of the offering. Examples include attending the opera with fellow art buffs, drinking beer with college friends, betting at a casino in Las Vegas, taking the family on a trip to Disney World, and listening to music on an iPod.

In addition, this study focuses on analyzing *factors that create value* for the consumer during the actual consumption of experiential offerings. For example, experiential offerings allow the consumer to have an opportunity to pursue what Chaudhuri and Holbrook (2001, p. 85) refer to as the “more subjective, emotional, and symbolic aspects of consumption.” Experiential offerings present additional dimensions of value that relate to *experiences*, experiences that tend to be “non-instrumental in nature” (Ogertschmig and Van der Heijden, 2004, p. 4).

### 2.3 The Key to Researchers and Marketers Uncovering Customer Value

How can researchers and marketers uncover customer value? Marketing researchers indicate that *consumption behaviors can be analyzed* to uncover the factors that create the basis for customer value (Day, 1990; Boyd and Levy, 1963, Treacy and Wiersema, 1993; Normann and Ramirez, 1993). Boyd and Levy (1963) point out that the analysis of consumption activities and the discovery of new customer value can be used by marketers to plan effective marketing strategies.

In the current study, the researcher agrees with the premise that (1) consumption behavior can be analyzed to uncover new customer value in exchange offerings, and that (2) understanding customer value is important for marketers in developing successful marketing strategies for offerings. This study focuses on premise number one, empirically analyzing customer value by studying the consumption process to uncover new customer value.

### 2.4 Layout of the Chapter

Before developing a conceptual framework and empirically analyzing the dimensions of consumer value, the literature must be reviewed so that the current study



builds on the work of past research. The literature review in this chapter will cover the following topics in the order shown:

- understanding how customer value has come to be defined in marketing research
- understanding how experiential offerings are defined
- determining the stages in the consumption process
- reviewing the theoretical categories of consumer value for conducting marketing research
- describing important value categories for conducting research *on experiential offerings*
- understanding the importance of experiential offerings in the economy, and
- understanding the importance for marketers of uncovering value dimensions for experiential offerings.

## 2.5 Definitions of Customer Value in the Literature

Research on customer value in marketing has evolved over the years in the literature. Some examples show how this definition has evolved from a more price focused trade-off concept to a more consumer-focused concept emphasizing subjective experiences. These examples will be discussed in the following sections. These conceptualizations are not mutually exclusive. (Refer to Table 1.)

### 2.5.1 Value Paradigm: Utility and Tradeoffs

In the past, most research on consumer value focused on the “value for money” paradigm that has been defined as basically the tradeoff between quality and price (Cravens et al., 1988; Dodds, Monroe, and Grewal, 1991). Traditionally functional value (i.e. value based upon tradeoff gains and/or utility) has been thought to be the

**Table I: Examples of Definitions of Consumer Value**

<b>Customer Value</b>	<b>Definition</b>	<b>Researchers</b>
Utility	Customer's perception of what is received and what is given	Zeithaml (1988)
Tradeoff Gains	Customer's perception of benefits related to sacrifices	Monroe (1990)
Aesthetic Value	Customer's feelings regarding the product aesthetics/design (i.e. design is consistent with basic design principles of proportion and unity)	Veryzer (1993)
Added Value	Customer's establishment of an emotional bond with the producer after using the product	Butz and Goodstein (1996)
Social Value (in terms of reference groups)	Customer uses product to help define social identity	Elliott and Wattanasuwan (1998)
Experiential Value	Customer value is determined by the value of the <b>consumption experience</b> itself (value that extends to the desire to re-experience the experience within)	Pine II and Gilmore (1999)

Adapted from Pine II and Gilmore (1999); Veryzer (1993); Woodruff (1997)

“primary driver of consumer choice” in consumption (Sheth et al., 1991, p. 160); traditional theory conceptualizes the consumer as a *rational decision-maker*. Using this utilitarian perspective as a framework, product characteristics and attributes were considered key for marketers in firms wanting to improve customer value. This stream of research is represented in Table I by Zeithaml's (1988) work on utility (i.e. utilitarian value) and Monroe et al.'s (1991) work on tradeoffs (i.e. product benefits vs. sacrifices).

### 2.5.2 Newer Appreciations of the Role of Emotional and Aesthetic Value

Newer appreciations of consumer value shown in Table I include the following: (1) aesthetic value and (2) added emotional value. Aesthetic value relates to customers' feelings regarding the product aesthetics/design and whether or not the design is consistent with basic design principles of proportion and unity (Veryzer, 1993). Added emotional value includes the customer's establishment of an emotional bond with the producer *after* using the product (Butz and Goodstein, 1996). These conceptualizations, compared to earlier utilitarian-based theories of value, place more emphasis on *internal subjective consumer responses* related to (1) aesthetic feelings and (2) emotional bonds with the brand or firm.

Also, these newer conceptualizations of value are more complex to model. For example, design values are often more subtle than simple tradeoffs involving price and product benefits. Values related to design, while including basic universal concepts of proportion and balance, can be strongly influenced by such complex factors as culture. Veryzer (1993, p. 224) states "the difficulties inherent in understanding the highly complex phenomenon of aesthetic response has led many to think of it as being highly idiosyncratic and transcending analysis". Butz and Goodstein's (1996) added value concept (i.e. the establishment of an emotional bond between the consumer and the producer) can also involve complex dimensions of value, since it is difficult to model relationships between customers and products.

### 2.5.3 Newer Appreciation of the Role of Social and Experiential Value

Other newer values of consumption studied by researchers include such concepts as (1) social value (Elliott and Wattanasuwan, 1998) and (2) experiential value (Pine and

Gilmore, 1999). These value categories are even more complex since they involve (1) the consumer's interaction with social groups and (2) the consumer's interaction with the product itself at a subjective level.

Social value is the “perceived utility [or importance] acquired from an alternative's association with one or more specific social groups” (Sheth et al., 1991, p. 161). At an even more complex level, the consumption of products associated with a specific social group (or reference group) enables the consumer to *symbolize information about his or her social identity* (Shavitt, Lowrey, and Han, 1992). What does this mean to the consumer? The symbolic meaning associated with a good or an activity is used as an outward expression of the consumer's construction of his or her self-concept (or self-identity); that is, the consumer's self-concept is actively *constructed and preserved* through “symbolic consumption” (Piacentini and Mailer, 2006, p. 252). Symbolic consumption allows the consumer to connect and/or identify with a social group.

Experiential value is determined by the value of the consumption experience, itself, and can even include the desire to re-experience *the experiences within* resulting from consumption (Lacher and Mizerski, 1994). Consumer researchers have investigated experiential consumption where, in addition to traditional benefits from functional attributes, there is value when the consumer acquires benefits from hedonic gratification. Hedonic gratification (or hedonism) involves the pursuit of pleasure for pleasure's sake and results from *emotional significance attached to products experienced in the consumption process* (Holbrook, 1996, p. 23). (See Holbrook and Hirschman, 1982; Holbrook and Olney, 1995; O'Guinn and Belk, 1989; and Arnould and Price, 1993 for more discussion.)

Again, the concepts of social value and experiential value are very complex. This is due in part to the highly subjective nature of these concepts. It appears that throughout the ensuing years in research, more appreciation has developed for *the consumer's subjective state*.

## 2.6 Definitions of Value in the Literature that are Important in the Current Study

Both social value and experiential value are very important in the current study of experiential offerings. The hedonic dimension of experiential offerings will be explored in the current study. As noted above, hedonism involves the pursuit of pleasure for pleasure's sake and results from the *emotional and physical significance* attached to products or services experienced in the consumption process (Holbrook, 1996, p. 23). Many experiential products satisfy the consumer's need for hedonic gratification.

Social value is also expected to be important in the current study. Past researchers have documented the importance of products serving as symbols of identity and the importance of products representing reference groups (Shavitt, 1990; Shavitt, Lowrey, and Han, 1992). It is argued here that the consumption of experiential offerings associated with a peer group can serve an identity function. That is, when the consumer uses peer group-associated offerings, he, or she, can fulfill internally generated needs for identification with that peer group in line with theory set forth by Shavitt and others.

## 2.7 Theoretical Categories of Customer Value

How can researchers conceptualize customer value in a more organized way, incorporating all of these different definitions of customer value into a theoretical framework to guide research? While utilitarian value might be more important for some traditional products and experiential value for others, it is important to categorize the

gamut of possible value dimensions. The basic (or generic) set of components of value must be determined before conducting research in the current study.

Sheth, Newman, and Gross (1991) have developed a theoretical framework of basic components of value to guide future value research borrowing from the following disciplines: economics, sociology, several branches of psychology, and marketing, including consumer behavior. Their goal is to explain why consumers choose, or use, one product over another or why consumers choose, or use, one brand over another for an exhaustive list of categories of products/offerings. Their research focuses on the choice to buy or not buy (or to consume or not consume) offerings. Their theory was tested in over 200 consumer choice situations such as computer dating, using cocaine, attending sports events, buying automobiles, choosing toothpastes, and rating brands of aspirin (p. 163). They analyzed their data using techniques such as discriminant analysis. (Users and nonusers, for example, were classified on the basis of consumption values driving choice.)

Sheth et al.'s (1991) framework consists of five basic generic categories of consumption value that have the potential to *influence consumer choice behavior in the consumption of products*. Specifically these categories of consumption value are: emotional value, social value, conditional value (contextual component), epistemic value (cognitive component), and functional value. Each of these will be described in turn.

#### 2.7.1 Functional or Utilitarian Value

Functional value is defined as “perceived utility acquired from an alternative’s capacity for functional, utilitarian or physical performance” (Sheth et al., 1991, p. 160). Functional value is commonly expressed in terms of the “rational economic man” since

consumers are conceptualized as making decisions based on rationally based choices. Research using the “value for money” paradigm (i.e. measuring tradeoffs between quality and price) is an example of studies focusing on utilitarian value and conceptualizing the consumer as a “rational economic man”.

In the current study, functional or utilitarian value is not the main focus of the research. However, a utilitarian activity, buying new or used textbooks on-line, is evaluated in the exploratory stages. The evaluation of this activity in the early phase of the study allows the researcher to make an empirical comparison of the degree of utilitarian value associated with two experiential offerings compared to the amount of utilitarian value associated with the utilitarian activity of buying texts on line. Then, in the remainder of this study, there will be a focus on utilitarian attitude for the intention to consume one offering in one context: college students listening to music on headphones.

### 2.7.2 Social Value

Social value is defined as “perceived utility acquired from an alternative’s association with one or more specific social groups” (Sheth et al., 1991, p. 161). This is especially true for highly visible products such as clothing or jewelry. It can also be true of more utilitarian products such as automobiles. For example, a consumer can drive a specific brand of automobile due to the social image it evokes in others (i.e. driving a BMW can be associated with a person being a member of a higher-income group).

Sheth et al. (1991) developed their theoretical concept of social value based on research in several related areas. They indicate that concepts of symbolic consumption and conspicuous consumption date as far back as nineteenth century. They also discuss the role of social group influence, referencing Hyman’s (1942) pioneering work on

reference group influence on behavior. In the current research, the influence of social groups on self-identity (i.e. identification or value-expressive influence) is a key concept that is explored further in the empirical analysis of experiential offerings.

### 2.7.3 Emotional Value

Emotional value is defined as value associated with the ability of the product or service to arouse certain feelings or affective states (Sheth et al., 1991, p. 161). Goods and services are often associated with emotional responses that involve *nonverbal processing*. Candlelight dinners, for example, can elicit a romantic mood. Even very utilitarian products can elicit feelings of comfort; consumers can feel emotionally *attached* to objects such as a new car. Several researchers have indicated that marketing variables are able to arouse emotional responses since specific emotional feelings can be associated with specific marketing products (Kotler, 1974; Holbrook, 1983; Park and Young, 1986). Emotional value can be intertwined with social value (discussed more above). These two types of value are not mutually exclusive.

In the current study, the researcher will focus on experiential offerings for which subjective, hedonic experiences result from, among other things, the *emotional significance* attached to the consumption of the offering. There are different levels of emotional significance for products. For some experiential offerings emotional experiences can be so intense and emotionally involving that at times consumers can be transformed by their escape beyond the realm of everyday life (Arnould and Price, 1993).

### 2.7.4 Epistemic Value

Epistemic value represents an alternative's capacity to "arouse curiosity, provide novelty, and/or satisfy a desire for knowledge" (Sheth et al., 1991, p. 162). An example



of epistemic value is the value represented by a consumer trying out a new brand of breakfast cereal, having become bored or dissatisfied with the current brand. Another example is the consumer trying out a new product or experience based on curiosity. For example, a consumer may want to try ordering squid at a seafood restaurant, having never tasted squid in the past. Finally, epistemic value can represent a need to satisfy a desire for knowledge. An example of this type of epistemic value is the value a traveler gains from joining an historical tour of Madrid, Spain in order to improve his or her knowledge of Madrid.

The above examples include not only ordinary goods and services (brands of cereal) but also experiential offerings (trying an exotic food at a restaurant and joining an historical tour set up by a travel agency). While the current study focuses on experiential products, it does not explore new exotic or educational experiences, but rather focuses on experiences that are *repeated* such as listening to favorite songs on headphones. Epistemic value in the context of experiential offerings and the complex processing occurring based on curiosity need to be explored further by other researchers.

#### 2.7.5 Conditional Value

Conditional value is the result of the specific situation or set of circumstances. Conditional value recognizes that behavior is not a result of intention or attitude alone; it is subject to the influence of situational factors. Many researchers have studied the predictive influence of situational factors (Belk, 1973, 1974; Sheth, 1974; Park, 1976; Bearden and Woodside, 1977).

Situational factors include both physical influences and social influences. While this category refers to situational factors that directly influence consumer choice, the

social influences described in this study can be conceptualized as an indirect situational influence. Offerings used by a strong reference group can, for example, influence members, via the imitation process, to use the product or perform an activity associated with the group (i.e. when a consumer has strong identification with that group such as a peer group). The symbolic aspects, however, are more important in the current study.

## 2.8 The Importance of the Consumer Experience Itself in Determining Customer Value

In addition to the five categories of value determined by Sheth et al., (1991) one overriding concept is very important in the discussion of consumer value. Holbrook (1994) stresses the importance of *overall experiences during consumption* itself. He argues, “value in consumer behavior does not reside in the object (good or service) purchased but rather pertains directly to consumption experience derived therefrom” (p. 37). Experience is *not inherently an attribute of the product or service*, but, instead, experience develops during the consumption process; and *it is precisely this experience that creates customer value*. That is, the consumption process itself is important for the customer to be able to create experiences of value connected to the offering. This is especially true for experiential offerings such as listening to music.

Holbrook (1994) describes the more organic aspects of subjective value experiences that occur during consumption. Of importance to this study, he develops a convenient typology of experiential value that helps researchers understand dimensions of value associated with experiential offerings during consumption. These dimensions include very abstract categories. For example, consumers can be interacting actively or passively with offerings, where active participation “implies a heightened collaboration between the consumer and the marketing entity” (Mathwick et al., 2001, p. 41). More

active participation allows the consumer to be totally immersed in the consumption process, such as when the consumer is playing a video game. Passive consumption involves absorption by the senses such as when the consumer listens to music.

Illustrating another example of a type of abstract value associated with the consumption of experiential offerings in his typology, Holbrook (1994) describes offerings as being able to provide extrinsic and intrinsic benefits. These abstract dimensions are not mutually exclusive. They will be described in the next sections. (Please refer to Table II.) The current researcher also introduces a new social identification value dimension that is activated during the consumption of experiential offerings associated with a strong peer group.

**Table II: Dimensions of Value and Examples of Constructs for Each Category**

<b>Value Dimensions</b>	<b>Extrinsic Value</b>	<b>Intrinsic Value</b>
<b>Active Value</b>	Type (1) Example: Economic Utility	Type (2) Example: Escape
<b>Passive Value</b>	Type (3) *Example: Service Quality	Type (4) Example: Entertainment

Adapted from Holbrook (1994) and Mathwick et al. (2001)  
\*Type 3 NOT included in the current study

## 2.9 Additional Dimensions of Value Specific To Experiential Consumption

As noted earlier, this study focuses on the empirical analysis of offerings for which the *consumption experience is critical in the creation of value* for the customer. The generic categories of value in Sheth et al.'s (1991) theoretical framework of value

components are *not sufficient* to be able to empirically study the variety of subjective experiences associated with the consumption experience for experiential offerings. A more in-depth description of experiential value dimensions is needed to address the more organic aspects of subjective value experiences associated with experiential offerings. For this detail we turn now to Holbrook, who has conducted seminal research in the area of experiential consumption. (See his article titled “Customer Value - A Framework for Analysis and Research”, 1996.)

Holbrook (1994) describes three major dimensions of value within the context of the consumption experience. These dimensions will be each described in the next sections of this chapter. Then, in Chapter III, these additional dimensions of value will be incorporated into an integrated framework to guide the empirical analysis of an experiential offering in this study.

### 2.9.1 Extrinsic vs. Intrinsic Value Dimensions

Experiential value offers both extrinsic and intrinsic benefits (Babin and Darden, 1995; Batra and Ahtola, 1991; Crowley, Spangenberg, and Hughes, 1992; Mano and Oliver, 1993). Again, these value dimensions are not mutually exclusive. Extrinsic value describes those aspects of the consumption experience that serve as a means of bringing about some further end (Holbrook, 1994). (See Table II.) Mathwick et al. (2002, p. 41) coin the term “consumer return on investment” (or CROI) to represent one type of extrinsic utilitarian value; CROI represents “active investment of financial, temporal, behavioral and psychological resources that potentially yield a return ....in terms of economic utility”. Economic utility is therefore a dimension of CROI and it is economic value that will be measured in the exploratory pretest study to represent the **extrinsic**

**value** category of experiential offerings before narrowing the focus of the research to the empirical analysis of one offering.

Intrinsic value, in comparison, characterizes the appreciation of some experience for its own sake. This is a separate dimension, not a polar opposite of extrinsic value along the same dimension. Examples of intrinsic value are escapism and entertainment. Hirschman and Holbrook (1982) coin the term “hedonic consumption” to stand for “those facets of consumer behavior that relate to the multi-sensory, fantasy, and emotive aspects of one’s experience with products” (p. 92). Hedonic value represents Holbrook’s intrinsic value dimension.

In the current study, the intrinsic dimension of value and its subdimensions *are considered to be very important in empirically analyzing the value associated with experiential offerings*. The **intrinsic value** category (or dimension) in the current study is represented by entertainment experiences and escape experiences, discussed in the next section. These two sub-dimensions are not mutually exclusive. In a movie, for example, the consumer can be entertained and, at the same time, identify with one of the characters so strongly that he, or she, is able to escape from everyday reality while watching the film. (See also Brandt, 1967; Deci, 1975; Lee, 1957; Nozick, 1981; Osborne, 1933; and Rokeach, 1973 for additional discussions related to extrinsic and intrinsic value.)

### 2.9.2 Active vs. Reactive Value Dimensions

Holbrook (1994) extends the traditional extrinsic-intrinsic theoretical conceptualization of experiential value by adding an “activity dimension.” When this active dimension provides value to the customer, by definition, the “consumer is actively involved with the offering during consumption. The consumer manipulates the object or

experience and produces the value in question” (Holbrook, 1994, p. 43). In this manner the consumer assumes the role of co-producer of value (Gummesson, 1998; Mathwick et al., 2001). Holbrook (1994) uses the example of playing a video game and experiencing an escape from reality. (See Table II.) Active value occurs, then, when the consumer manipulates the environment, generally physically, during the consumption of the offering.

Reactive (or passive) value, in contrast, occurs when the individual appreciates, or simply *responds* to, an object. Now the product or experience has an affect on the consumer rather than the consumer manipulating the product or experience. Consumers listening to music as entertainment is an example of passive experiential value. Also, an aesthetic response to the symmetry, proportion and unity of a work of poetry or a performance is each an example of reactive value (Mathwick et al., 2001; Veryzer, 1993). (See also Hall, 1961; Harre and Secord, 1973; Mehrabian and Russell, 1974; Morris, 1956; Osgood, Suci, and Tannenbaum, 1957 for discussions related to active and reactive value.)

Active value and passive value are, again, not mutually exclusive. In the current study one experiential offering in the exploratory pretest will be chosen for its predominantly **active intrinsic** characteristics (i.e. playing a video game), while the other will be chosen for its predominantly **passive (or reactive) intrinsic** characteristics (listening to music). These offerings contain both active and passive intrinsic value.

### 2.9.3 Self-oriented vs. Other-oriented Value Dimensions

For experiential offerings, a distinction can be made “between value based on a *self-oriented* perspective and that based on an *orientation toward others*” (Holbrook,

1994, p. 42). Self-oriented value results from self-generated interests such as when a consumer intends to consume an offering on the basis of his or her own reaction (i.e. for the effect it has on that person). These self-generated interests can be motivated by the consumer's desire for sensual gratification, for example. This will be called the "Me Dimension of Value" or the "I Dimension of Value".

Other-oriented value refers to value that looks beyond the self. This value is connected to others such as family members, friends, neighbors, or colleagues (Holbrook, 1994). Holbrook and Corfman (1985, p. 41) state that the other-orientation value "covers all values that look beyond the self toward one's place in the social or cosmic order". There are many aspects to this social dimension. That is, offerings may be consumed due to many different types of social influence (i.e. conspicuous consumption to name one).

In this study, the scope of social influence is limited to social identification influence and the social identity function of experiential products. That is, it will be argued, *if an offering is associated with a specific social group*, individuals can consume that offering in order to *identify* with that social group. This will be called the "We Dimension of Value" in the current study. (See also Buber, 1923; Kahle, 1983; Koestler, 1978; Parsons, 1951; Siegel, 1981; Wright, 1983; and Mukerjee, 1964 for further discussion related to the self-oriented and other-oriented value dimensions.)

#### 2.10 Experiential Offerings and the Consumption Experience: Definitions

Experiential offerings are a special kind of product. Therefore, it is necessary to define the term "experiential offering" as it is used in the context of this study.

Consumption and experiences are important components of these offerings, and therefore

the terms “consumption” and experiences must also be described as they are used in the current research. The importance of these offerings in the economy is also discussed.

#### 2.10.1 Experiential Offerings Defined

This study focuses on the empirical analysis of offerings for which the *consumption experience is critical in the creation of value* for the customer: *experiential offerings*. The definition of experiential offering used in this study is that an experiential offering is a product, service, or activity that has strong subjective experiences associated with it, providing a high degree of value to the customer when he or she uses or consumes the offering. That is, the consumption process is the essence of this offering and experiences associated with the consumption process form much of the basis of customer value for the offering. Therefore it is fitting to include a brief discussion of the consumption experience itself before proceeding to the development of a conceptual framework.

#### 2.10.2 The Consumption Experience Defined

In marketing, a consumption experience is a type of experience that provides **added value** to a product, service, or activity (Schmitt, 1999). From the viewpoint of the consumer, this *core offering* materializes during the consumption process itself. While different products, services, and activities may somewhat differ in terms of this experience, according to Arnould and Price (2002), the consumption process can be broken down into four stages conceptually:

Stage 1: The pre-consumption experience whereby the consumer daydreams about or imagines the experience, plans for or foresees the experience, and/or searches for the experience.

Stage 2: The purchase experience whereby the consumer pays for the experience.



Stage 3: The core consumption experience (i.e. experiences associated with actually consuming the offering).

Stage 4: The remembered consumption experience, which can involve such aspects as nostalgia and the sharing of memories.

This study focuses on Stage 3, discussed in the next section in more detail.

### 2.10.3 Experiences During the Core Consumption Experience

Experiences during the core consumption experience can entertain, and, at the ultimate level, can allow the consumer to escape from everyday life. Experiences that have the ability to entertain the self and which can allow the consumer to escape often involve hedonic dimensions such as “sensory pleasures, nostalgia, aesthetics, or sexual desire” (Park and Macinnis 2006, p. 17). Batra and Ahtola (1991) explain that “consumatory affective gratification” is one of the major reasons why consumers purchase goods and services. For example, the creative escape offered by many consumption experiences can provide relief from the fast-paced lifestyle of many U.S. consumers in the 21<sup>st</sup> century, a lifestyle bombarded with invasive multimedia and an array of communication systems.

### 2.10.4 Experiential Offerings in the Context of the Overall Economy

In our society, hedonic gratification in consumption is becoming more and more common, influencing the trend towards an increase in the number of experiential offerings introduced into the marketplace (Pine and Gilmore, 1999). The U.S. is entering an era in which companies must design memorable events that engage customers in a very personal way (Pine II and Gilmore, 1999). Pine and Gilmore (1999) proceed to describe four basic categories of experiential offerings in an experiential economy: (1)

educational offerings, (2) aesthetic offerings, (3) entertainment offerings, and (4) escape offerings. This study narrows in on the last two categories in the exploratory pretest.

Pine and Gilmore's third category above, entertainment offerings, contains product offerings where the consumer acts as a *passive observer* and is absorbed in an *entertaining* experience; in this category, the defining characteristic of the experience is the entertainment dimension of the experience, such as when a consumer attends an outdoor symphony.

In Pine and Gilmore's last category above, escape offerings, the consumer is an *active participant* in an *escapist* experience that involves the complete immersion of the consumer in the consumption process, such as when a group of students become a part of an imaginary world in a Playstation II interactive online game. This type of consumption experience is often typified by the consumer's (1) *total involvement*, (2) *concentration*, and (3) *enjoyment in the consumption process*, as well as by his or her ability to (4) *escape from everyday reality*.

## 2.11 An Important Role for Marketers

Marketers play a key role in the development of experiential offerings since they are able to help to enhance the creation of experiences for customers. For example, they can reinforce creative themes across multiple sources of media. However, in building themes, marketers need to understand which value dimensions are important to consumers in the first place. Only then can they develop successful experiential positioning strategies across multiple media sources to reinforce these dimensions. Finally, by integrating experiential themes across media, firms can harness synergy "to help build brand equity" (Naik and Raman, 2003, p. 375).

### 2.12 Which Dimensions Should Marketers Emphasize?

It would obviously be most advantageous for the marketer to be able to determine which dimensions of value are most important for the offering in question *before* actually positioning creative product offerings across integrated marketing communications. In agreement with this idea, Schmitt (2003) proposes that it is important for the innovative company to incorporate the exploration of customer experiences *early on* into the product development process when marketers and product design managers *create* experiential products. In his discussion of customer experience marketing (CEM), Schmitt calls for marketers and managers to use measurements such as the following: (1) measures related to functionality and usability of the product, and (2) measures related to the overall experiential impact on the consumer's "senses, feelings, thinking, acting, and relating" (p. 180).

These two types of measures will be explored in the current study in the pretest. In addition, this research adapts a new measure for the evaluation of the social identity function of experiential offerings. This new measure extends the existing literature on experiential offerings. All measures will be clearly defined in Chapter IV, after first developing the conceptual framework in Chapter III.

### 2.13 Conclusions

In the research literature, newer conceptualizations of customer value are complex to model since they can involve such aspects as the consumer's interaction with the product at a subjective level. In spite of this more complex nature of conceptualizations of consumer value, Sheth, Newman, and Gross (1991) have developed a simple

framework to classify consumer value. Pertinent components of this framework were used to guide the empirical analysis of the dimensions of consumer value in this study.

In addition, in the literature Holbrook (1994) describes additional consumer dimensions of value associated with experiences during consumption. These dimensions were important in guiding the researcher in the choice of measures in the current study. Escape represented the active intrinsic category, entertainment represented the passive intrinsic category, and utility represented the active extrinsic value category. Finally, Holbrook (1994, p. 42) made a distinction between consumer value based on “a self-oriented perspective” and value based on “an orientation toward others”. The current study explored a type of social influence in the intention to consume an experiential offering that relies on the consumer’s degree of orientation toward others: peer group social identification influence. In later chapters this concept will be more fully developed, as this influence is an important influence for marketers to understand when they are creating integrated marketing communications programs.

To conclude, the literature reviewed in this chapter prepared the way for the development of the conceptual framework used to guide the empirical analysis of an experiential offering in this study. This framework is described in the next chapter, Chapter III. It also guided the researcher’s choice of measures in the analysis of value dimensions for an experiential offering.

## **CHAPTER III**

### **CONCEPTUAL FRAMEWORK**

#### 3.1 The Need for a Conceptual Framework

The consumption behavior of interest in this study is the consumption of experiential offerings. As already mentioned in the introduction to Chapter II, marketing researchers indicate that consumption behaviors can be analyzed to uncover the factors that create the basis for customer value. In addition, Chapter II emphasized the idea that, in the analysis of value, *consumer experience* is one of the important drivers of value. Reference was made to Holbrook's (1994) comment that customer experience is *not inherently an attribute of the product or service*, but, instead, experience develops during the consumption process itself; and *it is precisely this experience that creates customer value*. Finally, it was also stated in the last chapter that, in marketing research, there is a call for a *macro-level perspective for comparing offerings across generic value categories*. The goal of this chapter is to construct that macro-level framework in preparation for the empirical aspects of the study. This framework will have to include the utilitarian, experiential (emotional or hedonic), and social generic categories that were found to be important in the literature review.

A macro-level, or comprehensive, framework is required not only to get a larger picture of the scope of the dimensions of value, but also to be able to incorporate different dimensions of customer value under one framework. Chaudhuri and Holbrook (2001) indicate products are best conceived as offering *both* utilitarian value and hedonic value, even though a product or service can be classified as predominantly hedonic or utilitarian. In other words, a rational framework alone or an experiential (hedonic) framework alone will not allow the marketer to see the relative importance of these two major categories.

A broad framework in this study needs to also include a social value dimension. A newer component is explored in the study. This newer component represents the social identification value associated with the consumption of an experiential offering connected to a reference group. The emphasis is on the emotional attachment and feelings of identification associated with consuming an offering associated with a reference group. (Note that this is different from social compliance where the consumer feels obligated to purchase or use a product due to social pressure.)

### 3.1.1 The Inclusion of a Utilitarian Dimension in the Framework

As noted earlier, “values for money” or ratio tradeoffs (Cravens et al., 1988; Dodds, Monroe, and Grewal, 1991) have proven to be salient determinants of many purchase intentions. In marketing, utility is assumed to be a strong motivator in purchase decisions. This utility can take many forms, including the following: effectiveness, helpfulness, functionality, necessity, and practical value (Voss, Spangenberg, and Grohmann, 2003). This aspect of the framework does not vary from the traditional approach of marketing. Therefore more time is spent in this chapter in discussing two

additional dimensions in the framework: personal hedonic experiences and social influence.

### 3.1.2 The Inclusion of Hedonic Value Dimensions in the Framework

The inclusion of any emotional/experiential value dimensions in the framework is especially necessary when marketers are trying to measure consumption value as it relates to the intention to consume experiential offerings. Lacher and Mizerski (1994, p. 368) state that consumption activities such as listening to music have “a significant emotional component and [music] may be purchased more for the experience it creates than for any utilitarian or objective attributes”. In the current study, in the exploratory pretest, it is expected that emotional (or hedonic) value will be more important for experiential offerings (such as listening to music or playing video games) as opposed to a more utilitarian offering (such as buying textbooks on line).

### 3.1.3 The Inclusion of a Social Value Dimension in the Framework

This study proposes that it is useful for marketers to include a social value dimension in the macro-level framework. In the last chapter, other-oriented value was introduced. Lee and Shavitt (2006, p. 262) argue that offerings that are relatively symbolic, such as products and services related to music, “elicit relatively more concerns about self-other relationships and expressions of the self-concept.” According to Lee and Shavitt, experiential offerings, such as listening to music, will have a social value dimension. This study extends Lee and Shavitt’s ideas, suggesting that *group-associated* experiential offerings allow the consumer to feel attachment, belongingness, and closeness to a reference group through consumption. The individual can share enjoyment of a certain song that is popular with reference group members (i.e. a peer group).

Sharing this song with other members of the peer group allows the consumer to feel a sense of belongingness with the group.

Therefore, the framework in this study will need to have a component that allows marketers to measure the degree to which an experiential offering facilitates feeling identification with or feeling connected to an important reference group through the consumption process. This will then allow marketers to determine the relative strength of the offering's ability to facilitate consumer identification with a social group, such as a peer group, and to determine what part this plays during consumption. The strength of a social dimension can be compared to the strength of other value dimensions.

There are other social dimensions that could be measured, such as social compliance. This dimension has not always produced good results in the past, however. For example, the measure of social compliance produced mixed results in the models based on the theory of reasoned action (TRA). Donald and Cooper (2001) show there have been conflicting results for the normative social component of Fishbein and Ajzen's (1975) early model. They argue, social influences are likely to be greater than the data suggest because "the conceptualization and measures themselves are inadequate" (p. 600).

In addition, Armitage and Conner (1999) indicate that reviews of the theory of planned behavior (TPB), an extension of the earlier TRA model, report that the "subjective norm component rarely contributes to the prediction of intention over and above the effects of attitude and perceived behavioral control over the behavior, the main predictor of behavior" (p.73). They suggest that lack of predictive validity may be due to (1) poor measurement or (2) overly narrow conceptualization of the subjective norm



component. Fekadu and Kraft (2001, p. 671) indicate that, even though the TPB is “by far the most inclusive and successful” model describing the attitude-behavior relationship in the field of social psychology, previous researchers have doubted the “sufficiency of the normative component of the model.” They indicate researchers realize the need to improve the methodological adequacy of the model’s social component.

The current study explores another subtle dimension of social influence: the value-expressive dimension of the consumption of experiential offerings. Value-expressive influence will be described in detail later on in the chapter during the discussion of social identification influence and the consumption of experiential offerings.

#### 3.1.4 Outline of the Chapter

The development of the conceptual framework is discussed according to the following outline:

- Experiential and rational theories explaining how consumers make consumption decisions
- Two different consumer processing styles
- The need to incorporate both theories and styles into one framework
- Two parallel models and the need to blend the models into one conceptual framework
- Choosing components, choosing constructs, and creating hypotheses
- A new social identification component in the framework
- The dimensions of value in different product contexts
- Research questions to guide the remainder of the research

### 3.2 Experiential and Rational Theories to Explain Consumption Intention

Over the past two decades marketing researchers have explored the concept of consumer choice in the purchase and intention to use product offerings within both (1) a rational framework and (2) an experiential framework. Fishbein's (1965) early work on a multi-attribute model represents the more rational approach. In describing this early theory, Hanson and Christensen (2007, p. 37) state, "the cognitive evaluation of the alternative may be seen as a computer-like treatment of the importance of the different needs the alternative is expected to fulfill, weighted with the extent to which [each alternative] ... is seen to do so." In comparison, models based on Hirschman and Holbrook's (1982) theory of hedonic (or affective) consumption represent the experiential framework. This newer experiential approach will be outlined below, after first briefly giving an example of the rational approach.

Rational theories such as Fishbein's (1965) early multi-attribute theory of choice conceptualize the decision-making process and the intent to choose an offering as being influenced by the attributes associated with the product (and the importance of each of these attributes to the individual consumer). For example, in comparing two alternatives of bottled water from company A and company B, it is suggested the consumer "weights" (1) delivery certainty, (2) safety, (3) economy, and (4) purity. The *importance* of each attribute to the consumer (rated on an evaluative scale) is multiplied by the relative evaluation of each attribute for each firm's product (rated on a second evaluative scale). The bottled water with the highest multiplicative score represents the consumer's choice.

The term used by Agarwal and Malhotra (2005, p.484) to represent the information processing that occurs when the consumer makes evaluative judgments based

on attributes of the product or brand beliefs is “dimensional processing” (p. 484). When researchers use this framework, consumer decisions are hypothesized as being largely motivated by the weighing of benefits and losses. Note, however, that benefits can be based on emotional attributes (i.e. a soothing taste), as well as utilitarian attributes (i.e. low cost).

In contrast, experiential theories, such as Hirschman and Holbrook’s (1982) theory of experiential processing, conceptualize the consumer as intending to choose products largely based on expectations related to *subjective experiences during consumption*, not based on evaluation of benefits of multiple attributes associated with the offering itself. These subjective experiences involve the fantasy, feelings, and/or fun that are experienced while consuming the product itself. This theory argues the consumer chooses to consume these offerings precisely due to the consumption experience itself. The term used in consumer behavior to represent this more affective-based consumption is “hedonic consumption” (Hirschman and Holbrook 1982, p. 92), and it is specifically defined as “those facets of consumer behavior that relate to the multi-sensory, fantasy and emotive aspects of one’s experience with products.” This experiential stream of research pays more attention to measures of affect (i.e. feelings and emotions) as opposed to attributes. The term used by Agarwal and Malhotra (2005, p. 484) to represent the processing style based more on emotions and feelings (i.e. as opposed to evaluating salient attributes) is *holistic processing*. It is generally a more abstract, top-down processing style (i.e. compared to bottom-up dimensional processing).

### 3.2.1 Two Different Processing Styles Used in Decisions: An Explanation

In the last chapter, it was pointed out that both (1) utilitarian/functional or

economic and (2) experiential/hedonic or emotional value components will be included in the current study along with (3) a new social component: identification. Therefore more than one consumer processing style may be operating in the intention to consume an experiential offering. In the development of a conceptual framework for empirically studying experiential offerings, both differential and holistic processing will be included in the framework. As indicated above, Agarwal and Malhotra's (2005) concept of dimensional processing is very different from their concept of holistic processing and both of these processing styles will be included in the macro-level perspective required for the framework.

The learning associated with these two processing styles is very different according to Holbrook (1994). The basis of rational consumer processing is quite familiar to most consumer behaviorists. Learning associated with rational processing involves such traditional concepts as reinforcement and conditioning, a concept often discussed in introductory consumer behavior texts. In contrast, the learning associated with experiential or hedonic processing is contiguous learning. Contiguous learning involves patterns of association based on neural events being paired in experience (Holbrook and Hirschman, 1982). The resulting patterns are called "associative hierarchies" and it is suggested that sensations, imagery, feelings, pleasures, and other symbolic or hedonic components are paired together and become "mutually evocative" and form "respondent sequences" such as fantasy, dreams, and forms of play (p. 138). This type of learning is more similar to Pavlovian (or classical) conditioning as opposed to the instrumental (or reinforcement) learning referred to above.

In the current study it is important to also include holistic processing in the

conceptual framework for experiential offerings since this type of processing addresses the mental processes related to decisions based on experiences, subjective feelings, and emotions. It should be noted here that Hansen and Christensen (2007, p.70) use the term “affective processing” to represent “the non-cognitive mechanisms at play” when emotional responses are the controlling mechanism in decision-making. In comparison, Hansen and Christensen use the term “cognitive processing” to refer to the type of processing represented by Fishbein’s (1965) multi-attribute model. Cognitive processing is similar to Agarwal and Malhotra’s (2005) piecemeal or dimensional processing.

As indicated in the last chapter, the current study also incorporates reference group social influence into the framework for the empirical analysis. Therefore, a comment on the processing associated with identification influence is in order. Bolton and Reed (2004) hypothesize that during identification influence and the formation of identity-based decisions, identity-driven thinking occurs and there is a top-down processing style (as opposed to bottom-up processing driven by attributes of a product). This processing involves the internalization of the group’s values, norms, etc. and there is a “biased” (Madrigal, 2001, p. 151) processing in the sense that the consumer does not make critical personal judgments. Madrigal suggests there is a type of *cognitive processing shortcut occurring* (i.e. circumventing cognitive evaluative processing) that colors overall judgment. The consumer imitates the behavior of members of the reference group without being involved in direct rational processing. Therefore, identification influence embraces a more holistic type of processing style as opposed to a rationally-driven processing style.

The scope of this study does not include an empirical exploration and analysis of

consumer processing styles. Therefore, the explanations provided by such writers as Agarwal and Malhotra (2005), Bolton and Reed II (2004), Hansen and Christensen (2007), and Hirschman and Holbrook (1982) will be used to explain the hypothesized consumer processing and learning that is going on when consumers intend to consume experiential offerings. Also, see Terry and Hogg (1996) for an excellent in-depth description of the identification process itself. It must be left to further research to analyze these processing styles further, to determine how much of each type of processing is unconscious, and to explore further which type is dominant in decision-making for various experiential offerings. In the next section an integrative framework is developed, incorporating the theories of consumer processing provided by the above sources.

### 3.3 The Need to Integrate the Two Streams of Research

The fact that the rational and experiential streams of research are very divergent (one being based on a more rational cognitive framework and the other on a more subjective affective framework) makes it difficult to develop one model that incorporates the two viewpoints. In terms of the psychology of the individual, holistic experiential processing is very different from rational processing. However, this does not mean these processing styles are mutually exclusive. In fact Agarwal and Malhotra (2005, p. 484) state the two processing styles “are likely a continuum of concurrent parallel systems.” Bagozzi et al. (1999) also discuss two parallel types of processing: cognitive and affective.

A similar idea is held in the current research (i.e. that these processing styles can both occur during the intention to consume an experiential offering). This idea is further

supported by Petty and Caccioppo's work on processing routes for marketing influence. Petty and Caccioppo's (1986) famous elaboration likelihood model describes two different routes for marketing influence based on the two styles of processing: the peripheral route (more holistically-based processing) and the central route (more rationally-based processing). The ELM proposes that there is a *continuum of elaboration likelihood*. At one end of the continuum the consumer is persuaded after a complete elaboration of the issues (central processing); at one other end of the continuum the consumer is persuaded with a total absence of thought about the issues (Kruglanski and Stroebe, 2005). There is an underlying assumption here that there is *not a clear and easily discernable distinction between central processing influences and peripheral processing influences*.

Hansen and Christensen (2007, p. 70) also note that Petty et al.'s (1983) distinction between central and peripheral processing "is in line with this", where "this" refers to the existence of the cognitive and affective *parallel types of modeling* mentioned above (i.e. where the current study references Agarwal and Malhotra as well as Lee and Bagozzi). In addition, they point out that "central as well as peripheral information processing may have emotional as well as cognitive aspects" (p. 70). A similar point was made earlier, when the researcher noted that even the multi-attribute model can incorporate both emotionally laden attributes of products and non-emotional physical attributes into one model. For example, the good taste of bottled water can conjure up positive *feelings* based on the image of a safe, healthy drink, and this attribute, or belief, can be included in the multi-attribute model along with more physical attributes. (An example of a physical attribute is the amount of sodium in the water is at a lower level

than average and is therefore better for diabetics). In reality, when decision-making occurs in the marketplace, these two types of attributes and the two processing styles are *not* mutually exclusive.

Finally, it should also be noted that processing styles might change according to conditions in the environment. Certain conditions can promote increased mental processing of message arguments. For example, if a consumer has a severe health ailment, his or her choice of foods at a restaurant can involve more central processing, influenced by the advice given by a doctor. Another consumer having dinner at the same event may choose food predominantly based on the experience of tasting the food, or being influenced by the tastes of “reliable” friends (i.e. a decision not as rationally driven). These types of situations represent Sheth et al.’s (1991) contextual value dimension category described in Chapter II.

There may also be individual differences in consumers. Using the Disney movie experience as an example, parents may be evaluating movie content and may use more rational processing in deciding to attend a Disney movie rather than a James Bond movie (i.e. with violence and sex) when deciding where to go with the family. The young child, in comparison, may be more likely to choose a Disney movie on the basis of simple experiential processing, such as liking the sound of Donald Duck when he “talks” in the movie.

This writer argues that there is no reason why both of types of processing (for hedonic and utilitarian components) cannot overlap or coexist in the intention to consume experiential offerings. Chaudhuri and Holbrook (2001) indicate products are best conceived as offering *both* utilitarian value and hedonic value even though a product or



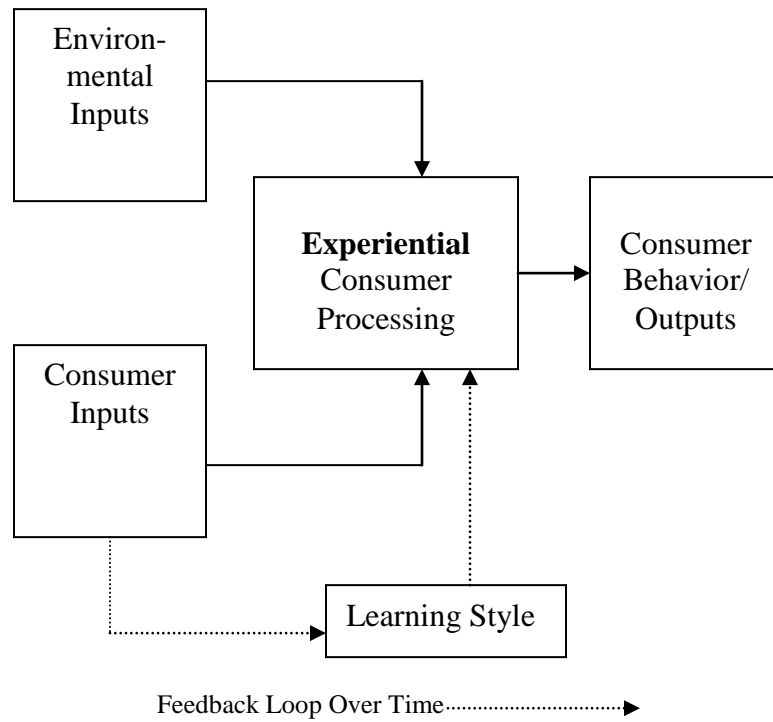
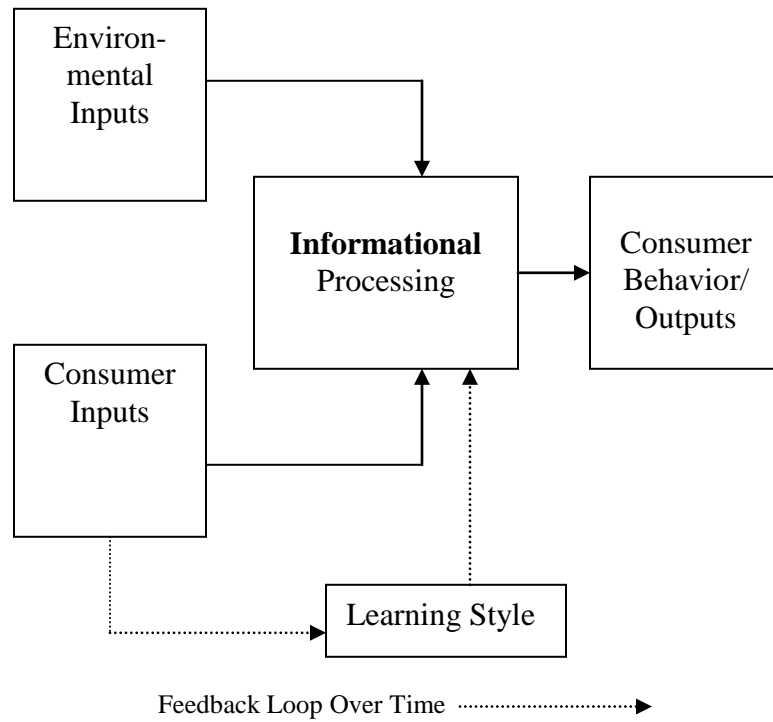
service can be classified as predominantly hedonic or utilitarian. They define hedonic value as the “pleasure potential of a product class”, while utilitarian value is defined as value that improves the consumer’s “ability to perform functions” in everyday life (p. 85). In this study utilitarian value will be more narrowly defined to include good economic value (i.e. low price and high quality) for experiential offerings in the exploratory pretest, or, later on, to represent the individual consumer’s evaluation of the utilitarian value of consuming the offering (utilitarian attitude).

Hirschman and Holbrook (1982, p. 94), in agreement with Maslow (1968), state that, in some instances, “emotional desires dominate utilitarian motives in the choice of products.” Since consumers can imbue a product with a subjective meaning that supplements the concrete attributes it possesses (Hirschman, 1980, 1981), experiential offerings present the opportunity for the consumer to imbue the offering experience with subjective meaning. Subjective meaning, in turn, can stimulate holistic processing in the consumer during decision-making. Therefore holistic processing is important to the current study of the dimensions of value in experiential offerings.

#### 3.4 Theoretical Insights from Holbrook and Hirschman: Two Parallel Models

Holbrook and Hirschman (1982, p.133) suggest that there are many parallels between the information-processing (multi-attribute) view and the holistic processing (experiential) view and that this can be shown by models. Figure 1 shows a very simple representation of Holbrook and Hirschman’s two models of processing. The dashed lines in the figure represent the concept that looping occurs over time. For example, with contiguous learning in experiential processing, over time the associations can become more complex and affect the response system. Also, refer to the path from consumer

**Figure 1: Simplified Version of Holbrook and Hirschman's Parallel Model**



inputs through learning style and out the learning style box and into the consumer processing box. This path can change over time due to changed learned associations. In the following sections the variables of interest in the study will be described, ignoring variables related to *learning style* and *consumer processing*. *Similar to Voss et al. (2003), constructs are chosen that represent both types of human processing with the assumption that both types of processing exist for any one offering.*

### 3.5 Blending the Two Models into One and Adapting it to Experiential Offerings

For this study, since both the experiential and information processing styles share the same framework in Figure 1, the two processing styles are simply blended into *one* framework. Referring to Figure 2, in the current study the conceptual framework is simplified and focuses on one major environmental input: the products or offerings themselves. The researcher looked at two basic types of value experiences in the environmental context for an experiential offering in environmental category one, a category which includes attributes perceived by the consumer using predominantly holistic processing: escape and entertainment attributes creating hedonic experiences and peer group related attributes creating identity-related experiences. She also looked at one type of value experience in the environmental context for an experiential offering in environmental category two, a category which includes attributes perceived by the consumer using predominantly informational processing: utilitarian attributes allowing the consumer to trade-off the benefits and losses associated with actually using, or consuming, an experiential offering. (This last category, in the field study, involved the measurement of the importance of the utilitarian attitude of the consumer towards the

usefulness of the consumption process, itself, when intending to consume an experiential offering.)

In the following sections, each of the environmental inputs and consumer inputs in the framework contributing to consumer value in experiential offerings will be detailed. The choices for components and/or constructs for the framework in Figure 2 were largely based upon value dimensions discussed in the literature review in the last chapter: (a) extrinsic/intrinsic value, (b) active/reactive value, and (c) self-oriented vs. other-oriented value.

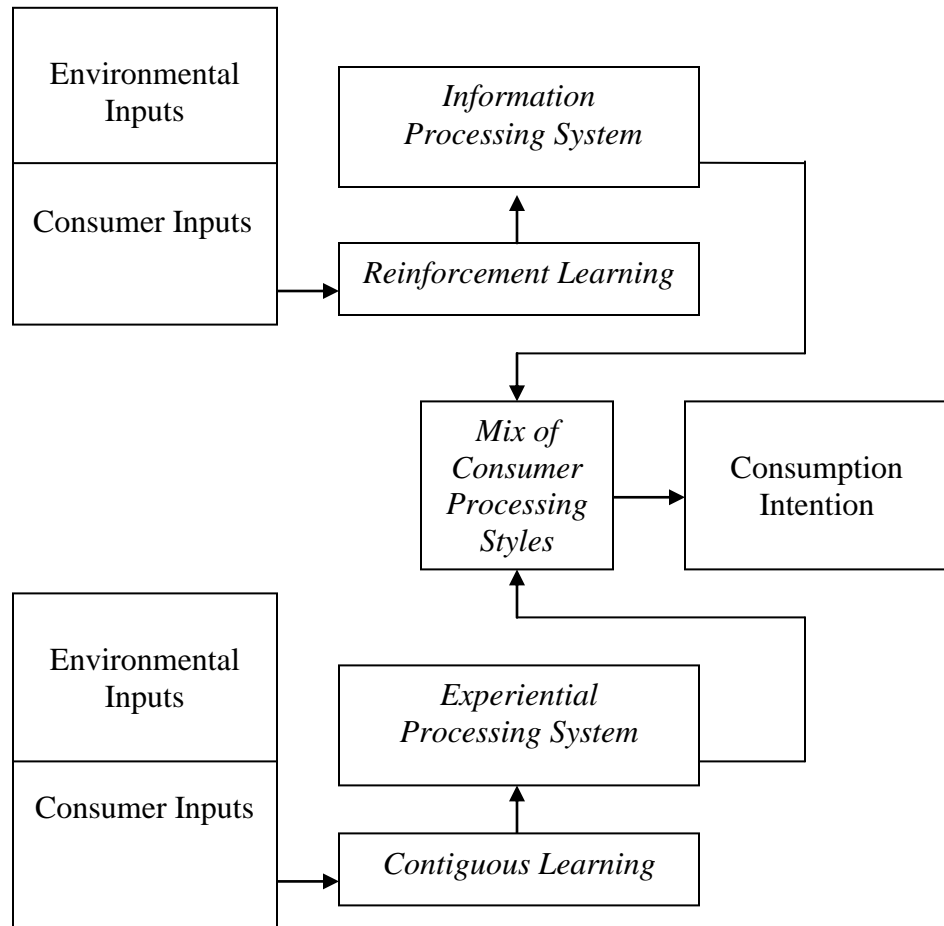
### 3.6 Choosing the Components of the Framework for This Study

Since an overall generic theoretical framework is provided (Figure 2), now specific components must be chosen in the context of the current study: determining consumer value dimensions for an *experiential offering*. *Environmental inputs* and *consumer inputs* were carefully chosen for the framework, adapting the framework to the current study, to guide the empirical analysis of consumer value for the intention to consume one experiential offering: listening to music on headphones. The final framework is shown in Figure 3, later in this chapter. Hypotheses will be developed to guide the analysis in Chapters IV and V. Development of this more specific framework is discussed in the following sections.

#### 3.6.1 Representing the Reactive/Active Value Dimension

As indicated from the literature review, one of the important value dimensions of experiential offerings is the action dimension, which can be broken down into two sub-dimensions: reactive value and active value. Each will be discussed in turn in the following paragraphs.

**Figure 2: Simple Blended Theoretical Framework**



Reactive or passive experiential value occurs when a consumer simply appreciates, apprehends, or responds to an object (Hall, 1961). The consumer lets the good, service, event, or idea influence him or her. Morris (1964, p. 22) states, “The actor must now let the ... object work upon him [by being] receptive.” The object affects the subject rather than the subject manipulating the environment. Holbrook (1994) indicates that the product changes the consumer rather than the consumer changing the product.

Entertainment is a good example of passive experiential value. Typically, entertainment is thought to take place when consumers “passively absorb the experiences through their senses” such as when one views a performance, listens to music, or reads for pleasure (Pine and Gilmore, 1999, p. 31). In Holbrook’s (1994, p. 43) terms, the object of interest is “apprehended, admired, appreciated, or adored” from a distance.

In contrast, active experiential value occurs when the consumer finds value during the manipulation of the environment. Diesing (1962) indicates this manipulation can even be the physical manipulation of an object, experience, or activity. An illustration of this type of manipulation would be when a consumer plays a video game. Escapist experiential value during the playing of a video game is a good example of intrinsic active value.

Escape experiences, in general, represent subjective experiences that involve *much greater immersion* than entertainment experiences (Pine and Gilmore, 1999). Examples include theme parks, casinos, chat rooms, and virtual reality headsets. These events allow the consumer to be totally involved and to “get away from it all.” (See measures Mathwick et al., 2001.)

One of the key experiences associated with active escape experiences is *flow*, and this experience generally represents an increased level of subjective involvement on the part of the customer. Hsu and Lu (2004, p. 864) report that flow is the holistic experience that totally involves the consumer in the experience and define it as “a state of mind sometimes experienced by people who are totally involved in some activity.” They go on to say that an example of this is when a game user is playing extremely well and achieves “a state of mind where nothing else matters but the on-line game with total involvement, concentration, and enjoyment”(p. 864). (Note that while this concept of flow helps to explain why subjective experiences tend to encourage active involvement on the part of the consumer, past researchers have not fully described at what point flow experiences evolve from highly sensual entertainment experiences.)

In the current study escape and entertainment are conceptualized as two sub-dimensions of a hedonic value dimension and as such can coexist for the same offering. These hedonic experiences represent the active and passive subdimensions of hedonic value in the conceptual framework shown at the end of this chapter in Figure 3. This study proposed that a consumer’s intention to consume an experiential offering should be influenced by the value associated with the hedonic value dimension of an offering. The study hypothesized hedonic experiences are positively related to consumption intention. Therefore, the following hypothesis regarding hedonic experiences and the intention to consume an experiential offering was tested:

H<sub>1</sub>: Hedonic experiences are positively related to consumption intention.

### 3.6.2 Representing the Self-oriented/Other-oriented Value Dimension

There are two social-orientation dimensions. That is, a distinction can be made between two different consumer perspectives. The self-oriented perspective encompasses preferences that spring from self-interest, while the other-oriented perspective encompasses preferences that result from an orientation towards others (Holbrook, 1994).

The self-oriented, or what will be called the “me” or “I” perspective, represents the view that the consumer values an offering mainly due to the *experience of consuming the offering or being involved in the activity*. That is, the consumer’s relationship to the offering is based mainly on how she or he reacts to the *consumption experience itself*. Examples of “me” reactions are the consumer experiences of escape and entertainment already discussed above. The person’s self-generated attitude towards consuming the offering is also an example of a more me-oriented perspective. The focus is on the consumer’s own feelings and evaluations for the offering.

In contrast, the other-oriented, or what will be called the “we” perspective, represents the view that the consumer values something based on how others will react to the offering or (Holbrook, 1994). The “others” in society refers to such groups as family members, friends, neighbors, or colleagues. This component in Holbrook’s conceptualization refers to influence that occurs when individuals follow the expectations of others in order to *avoid social punishment or to obtain social rewards* (utilitarian normative influence). The next section describes a different “we” value dimension empirically measured in the current study (i.e. a different type of normative influence).



### 3.6.3 The New “We”/Other-Oriented Value Dimension Introduced Here

In the current study, Holbrook’s other-oriented dimension represented by utilitarian normative influence is replaced by a “we” dimension represented by value-expressive normative influence. Value-expressive influence represents the value experienced by the individual when he or she *belongs to a group*. Value-expressive normative influence occurs when individuals associate themselves with positively evaluated, salient groups for identification purposes (Mangleburg et al., 2004). Identification is defined as “the process whereby a person is believed to make a decision [regarding an intention for a future action] in order to maintain a positive self-defining relationship [with the group]” (Bagozzi and Lee, 2002, p.229).

Prislin and Wood (2005, p. 680) explain that, during value-expressive influence, individuals can establish a relationship for more “affective reasons” (i.e. self-related motives) as opposed to just “instrumental reasons” (i.e. as opposed to utilitarian motives to obtain rewards and avoid punishment). ***While utilitarian influence refers to what the consumer thinks others’ expectations are and how this influences action, value-expressive influence refers to the consumer’s thoughts and actions related to more subjective feelings connected to social identification.***

Most important to the current study, the value-expressive influence of reference groups is often manifested in the types of products and brands that are purchased by individual consumers (Childers and Rao, 1992). Products can serve a symbolic function (Grubb and Grathwohl, 1967; Levy, 1959,). Belk (1988, p.139) states, “our possessions are a major contributor to and reflection of our identities.” Possessions may be used to “signal group identity and express belongingness to a group” (Madrigal, 2000, p. 14).

Again, in the current study, this concept is extended to the consumption process itself for experiential offerings. This researcher suggests experiences associated with the consumption of experiential offerings may be used to signal group identity. Therefore the value-expressive influence of reference groups can be manifested in the consumption of experiential offerings. It is argued, then, that the consumption of experiential offerings associated with a social group allows the individual consumer to express his or her identification with that reference group. This will be referred to as the social relevance of the offering.

In reference to the social identification process, Madrigal (2001) and Terry and Hogg (1996) argue a type of depersonalization occurs for high identifiers during group identification whereby the individual's behavior is guided more by the group as opposed to individual decision factors. Seta et al. (1998, p. 287) found in their study that, "persons who are high in social identity orientation (SIO) [for a group] tend to value social over personal components of activities across a number of domains." For example, they tend to rate friendship as more important compared to personal preferences and seem to regard their socially defined self as the most important component of their conception of themselves (Cheek, 1989).

It is therefore expected that offerings that are highly associated with a peer group will have stronger social symbolic meaning for consumers who have a *strong identity* with their peer reference group. This is expected to be true for both passive consumption experiences (such as the entertainment experience associated with listening to music on headphones) as well as active consumption experiences (such as the escape experience associated with playing video games).

The individual consumer's level of peer group social identification is an individual difference variable that should affect the degree to which a consumer can be influenced by that peer group. Individual differences in the level of identification with a peer group can be measured in an effort to better understand the functioning of social identity influence for experiential offerings. Social identity can be measured by a score for that individual (i.e. representing their level of identification with a reference group). Social identity represents the "we" experiences component of the conceptual framework shown at the end of this chapter in Figure 3. This study proposed that a consumer's intention to consume an experiential offering associated with a peer group should be influenced by his, or her, level of identification with that peer group. The study hypothesized social identity is positively related to consumption intention. Therefore, the following hypothesis regarding social identification and the intention to consume an experiential offering was tested:

H<sub>2</sub>: Social identity is positively related to consumption intention.

#### 3.6.4 Representing the Extrinsic/Intrinsic Value Dimension

In the literature review, a description of the intrinsic and extrinsic value dimensions was given. These are two very different concepts. Intrinsic value characterizes the appreciation of an *experience for its own sake* (Holbrook, 1994). The intrinsic value dimension can be represented by an array of emotions and subjective hedonic experiences. In contrast, extrinsic value is not as subjective.

Consumers perform consumption behaviors for: (1) affective or hedonic gratification; and, (2) utilitarian reasons (Batra and Ahtola, 1990; Voss et al., 2003). Consumers generally receive hedonic gratification from sensory attributes (i.e. see

section 3.6.1). Utilitarian value is achieved for what is referred to as instrumental reasons (i.e. here the usefulness of the consumption experience). In the current study, the researcher argues it is important to consider both aspects of experiential offerings. It is important to be able to understand the importance of both hedonic value and utilitarian value, as reflected in the conceptual framework in Figure 3 at the end of the chapter.

Hedonic attributes of offerings allow consumers to experience positive emotions during the consumption of the offering. They can also allow individuals to find meaning, to experience fun, pleasure, and excitement from the use of a product (Dhar and Wertenbroch, 2000; Hirschman and Holbrook, 1982; Holbrook and Hirschman, 1982; Mano and Oliver, 1993; Okada, 2005; Raghunathan and Irwin, 2001; Wei, 2007). This value dimension is already covered in the framework by the construct hedonic experiences discussed in the last major section.

Extrinsic value, in comparison, describes those aspects of the consumption experience that serve as a means of bringing about some *further end* (Holbrook, 1994). This value is also important in experiential offerings, but was not addressed above. Economic utility, discussed in Chapter II, is an example of extrinsic value. To represent utility, Mathwick et al. (2001; 2002) used the concept of consumer return on investment (CROI). (In their study they found CROI is an important indicator of experiential value and that economic value is an important sub-dimension of CROI.). Other researchers also refer to the utilitarian attributes of a product or an offering. Generally, utilitarian attributes of a product are more functional with a focus on practical usefulness (Babin, Darden, and Griffith 1994; Holbrook and Hirschman 1982; Park and Moon, 2003).

Voss, Spangenberg, and Grohmann (2003) have developed a measure for this utilitarian dimension in reference to an individual's attitude towards product categories and brands. Their utilitarian measure of attitude is conceptualized as a subcategory of attitude in general. It specifically looks at the offerings functionality, effectiveness, helpfulness, degree of practical use, and degree of necessity (i.e. all measuring the consumer's evaluation of these items). Their scale has been used to measure consumer attitude towards the use of a mobile information service. (See Ogertschnig and van der Heijden's study conducted in 2004). It will be described in the next chapter.

Taking an overall perspective, consumers may place greater value on hedonic attributes but end up *preferring* utilitarian attributes (Dhar and WertenBroch, 2000; Wei, 2007).

Hedonic and utilitarian attributes can compete in a consumer's decision-making process (Cherney, 2004a, 2004b). The question for marketers is, for a given market segment,

“Which value is more significant for a specific experiential offering – hedonic value or utilitarian value?” In this study both hedonic value and utilitarian value are expected to be important in the decision by college students to listen to music on headphones (i.e. the consumption of music). Therefore, in addition to H1 focusing on hedonic value, and H2 focusing on social value, a third hypothesis focuses on utilitarian value. This study proposed that a consumer's intention to consume an experiential offering should be influenced by the value associated with his, or her, utilitarian attitude toward using, or consuming, the offering. The study hypothesized utilitarian attitude is positively related to consumption intention. Therefore, the following hypothesis regarding utilitarian attitude and the intention to consume an experiential offering was tested:

H<sub>3</sub>: Utilitarian attitude is positively related to consumption intention.

### 3.7 Group Difference Variable

Social identification is introduced in this study as an important process operating in consumers' decisions to consume an experiential offering. In the literature there have been mixed results for males vs. females for social identification processes. Cheek (1989) reported no differences between men and women college students in the administration of the AIQ (Aspects of Social Identity Questionnaire). Seta et al. (2006) also found no differences in gender when measuring social identity.

In sharp contrast, when actual products were evaluated, Solomon and Schopler (1982) found there was a difference in male and female students in terms of symbolic associations between clothing and reference groups (i.e. females were more interested in clothing and identification). Also, Pliner and Chaiken (1990) found a difference in eating behavior in college students in reference to social groups (i.e. women were more often motivated to restrict their food intake, to identify with a female social identity of being thin and feminine).

In the current study, therefore, the potential marketing effect of gender is explored for the consumption of an experiential offering (college students listening to music on headphones). Is social identification more important for female college students than male college students? Does gender moderate social identification influence on the intention to consume the experiential offering? This study proposed that there is a potential interaction between gender and social identity and that this influences the intention to consume an experiential offering. The study hypothesized that there is an interaction between gender and social identity when measuring the impact of social

identity on consumption intention. Therefore, the following hypothesis regarding a potential interaction between gender and social identification was tested:

H<sub>4</sub>: There is an interaction between gender and social identity when measuring the impact of social identity on consumption intention.

### 3.8 Illustrating the Constructs in the Framework

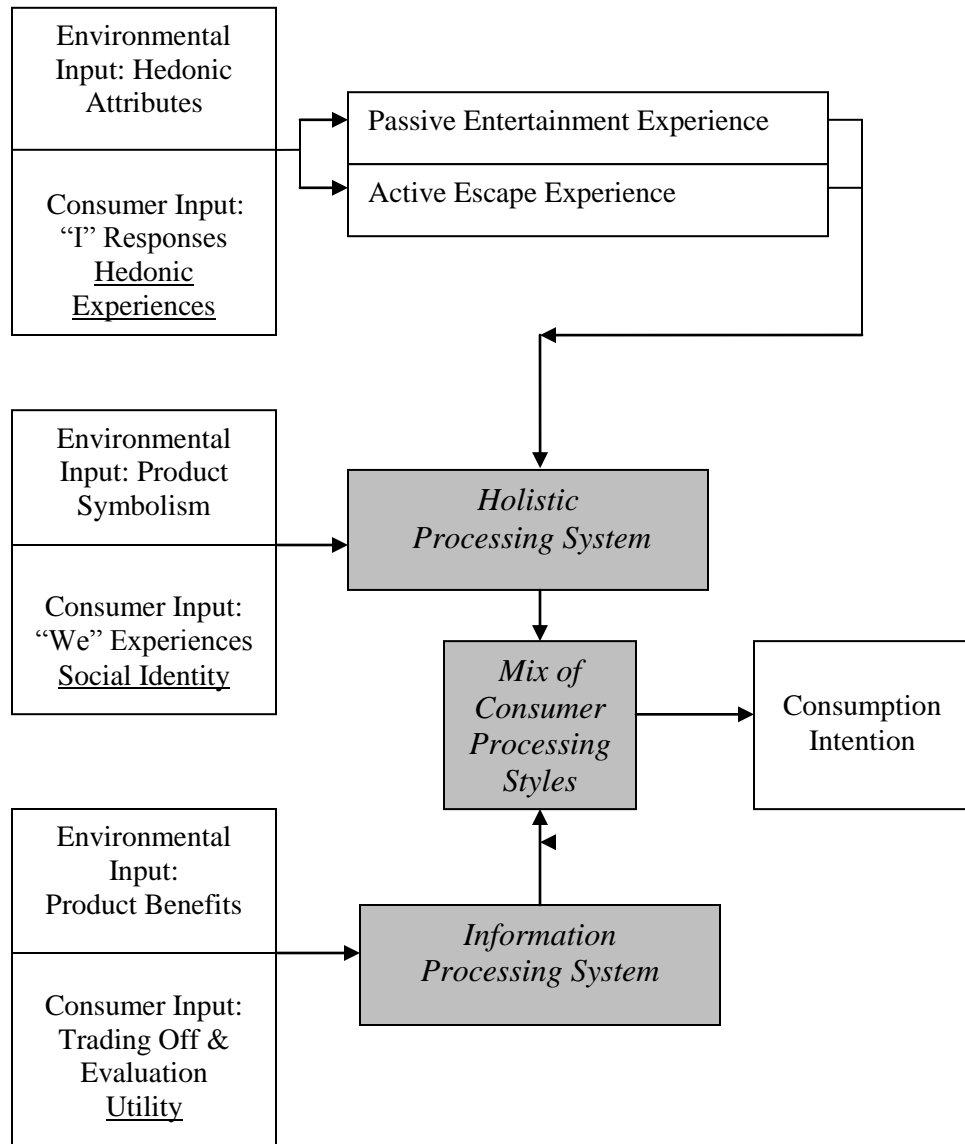
The important constructs described throughout this chapter are shown in the framework in Figure 3: hedonic experiences, social identity, and utility. All of these constructs are expected to contribute towards the intention to consume experiential offerings. The shaded areas in Figure 3 refer to consumer processing and will not be measured in the empirical model.

### 3.9 Research Questions to Guide the Work of the Next Two Chapters

In the next chapter, measures will be described in detail, and the following research questions will guide the development of the methodology:

- (1) What are the important value dimensions for the customer when using experiential offerings?
- (2) Do these dimensions explain the variance in consumption intention decisions for experiential offerings?
- (3) How important is social identity influence on consumption intention for experiential offerings associated with a peer group (i.e. compared to other dimensions)?
- (4) Is there an interaction between gender and social identification for the intention to consume experiential offerings associated with a peer group?

**Figure 3: Theoretical Framework for the Study**





**CHAPTER IV**  
**METHODOLOGY**

4.1 Research Methodology

In the current chapter the researcher discusses the methodology for testing the effects hypothesized in Chapter III. These hypotheses are presented again in Table III to get a complete picture of the effects to be discussed in the research design stage. The first three hypotheses (1, 2, and 3) in Table III refer to the antecedents for consumption

**Table III: Research Hypotheses**

H1	Hedonic experiences are positively related to consumption intention.
H2	Social identity is positively related to consumption intention.
H3	Utilitarian attitude is positively related to consumption intention.
H4	There is an interaction between gender and social identification in predicting the intention to listen to music.

intention in the model. These antecedents are hedonic experiences, social identity, and utilitarian attitude. The last hypothesis (4) addresses the differential value of the social identification dimension across gender. Social identity is expected to be more significant for female college students than for male college students in the intention to listen to music on headphones.

## 4.2 Outline of the Chapter

Each of the following steps in the methodology will be discussed in order in this chapter:

### I. Choosing an appropriate sample

- Choosing the population to be tested
- Morphology of the sample

### II. Choosing Items for Measuring the Constructs

- Choosing the measuring instrument for the antecedents
- Choosing the measuring instrument for the dependent variable

### III. Designing and Pretesting the Questionnaire

- Recognizing the importance of salience in measuring social influence
- Designing the questionnaire so that salience is established for the respondent
- Pretesting the questionnaire itself

### IV. Focus Group (Qualitative Components)

- Confirming which experiential offerings are associated with a college peer group
- Exploring students' meanings of consumer value dimensions for experiential offerings

### V. Exploratory Pretest (Empirical Components)

- Selecting items for constructs in the model using exploratory factor analysis (EFA)
- Analyzing the loadings of items on factors (i.e. confirming dimensions) using EFA
- Reliability testing (Cronbach's alpha)

## VI. Designing the empirical analysis of the field sample

- Reviewing the rationale for choosing multiple regression for analyzing the data and testing the research hypotheses
- Determining the sample size
- Describing the assumptions that must be met before regression analysis can be conducted on the field data
  - normality
  - linearity
  - homoscedasticity
- Conducting EFA for larger field sample
  - level of loadings of items on dimensions
  - lack of cross-loadings
  - total amount of variance explained
- Reliability testing for the field data using Cronbach's alpha
- Determining the coefficient of multiple determination or  $R^2$  in order to empirically study the significance of the model as a whole
- Determining the regression coefficients for each of the constructs and comparing the standardized coefficients to evaluate the strength of each of the three antecedents individually (for  $H_1$ ,  $H_2$ , and  $H_3$ )
- Running two additional regressions to test a group difference variable (i.e. male vs. female) to determine if social identification is more significant for females as opposed to males in predicting consumption intention.

### 4.3 Methodological Issue: Sampling Decisions

The first step in sampling is to define the population that is the focus of the study.

Kalton (1983) indicates the defined population needs to be specified according to the survey objectives. In the current study, the researcher is studying the hypothesized relationship between consumption intention and value dimensions for experiential offerings. One of the major objectives of this study is to explore the social value dimension of experiential offerings in the context of value-expressive (or identification) influence.

Park and Lessig (1977), in their earlier seminal study, established that students are more susceptible to value-expressive influence, compared to housewives, for such products as beer, clothing, automobiles, and cigarettes; they suggest hedonism may be

stronger among college students because young people “are in a continuous socialization process in which they are forming an ego, expressing themselves to an outside world, and testing their acceptability to others”; in addition they are “more likely to have yet-to-be solidified cognitive structures” (p. 104). They add that students often learn affective consumption styles from peers. Later, Krauth (2006) argued it is conventional wisdom that the behavior of young people in particular is strongly influenced by the behavior of those around them. Therefore, in light of this research, college students are a logical choice for the population of focus in the current study.

Stangor (2004, p. 249), in *Research Methods for the Behavioral Sciences*, notes that in the behavioral sciences college students are often used as research participants in samples. He explains that the use of college students is (1) efficient and (2) variability in the sample is minimized, allowing for a more powerful test of the research hypotheses.

In the current study of experiential offerings, the researcher collected data in surveys from students in one urban state college, one small-town college, and a comparable sized rural state college, as well as in a medium-sized private Catholic university in an urban suburb, all in Northeast, Ohio. This survey methodology counters the argument that the sample is too homogeneous due to sampling from just one department or just one university.

#### 4.4 Measuring Instruments: Choosing Items for the Constructs

From Chapter III, the conceptual framework includes three constructs that need to be measured: (1) hedonic experiences, (2) social identity, and (3) utilitarian attitude. An empirical analysis of the value dimensions of experiential offerings such as these is a new and exploratory area of marketing research. There are only a very limited number of

applicable measures in the literature, and these will be discussed in the following sections. Some research, for example, has been conducted in developing an experiential value scale (Mathwick, Malhotra, and Rigdon, 2001). There is also some research in the area of online games and consumer experiences (Hsu and Lu, 2004). Measures used in these types of studies were analyzed for their application and/or adaptation to the current study. In the exploratory pretest stage of this research, two experiential offerings were evaluated: listening to music on headphones and playing video games. Then, in the field study stage, the research focused in on undergraduate college students listening to music on headphones.

#### 4.4.1 Measuring Instrument: Passive Hedonic Experiences Associated with the Offering

Listening to music is a good example of an offering where the consumer is passively involved in the consumption experience (in the sense that the consumer passively absorbs the music and is not actively involved in creating the music). Pine and Gilmore (1999), in *The Experience Economy*, use the example of the musical performance to typify the passive participation associated with experiential offerings:

Passive participation [occurs when] ...customers do not directly affect or influence the performance. Such participants include symphony goers, who experience the event as pure observers or learners (p. 30).

Entertainment is often one of the components of this passive dimension of experiential offerings. In the exploratory pretest, the researcher chooses the entertainment construct to represent passive consumption value in experiential offerings.

How can entertainment experiences be measured? Lacher and Mizerski (1994, p. 369) studied the “experiential involvement” of rock music and found that rock music’s

ability to create an absorbing experience was a strong indicator of purchase intention. Their study did not directly measure entertainment value, however. Also, the questions used in their survey were very specific to listening to rock music only. Although their study established the importance of consumer experiences associated with listening to music for younger individuals, their measure could not be used to measure entertainment experiences associated with the offerings in this study which were broader than just listening to rock music.

A more appropriate measure was found in the research conducted by Mathwick, Malhotra, and Rigdon (2001). Mathwick et al. developed an experiential value scale (EVS) that measures the benefits of several experiential dimensions. The total scale was developed “to go well beyond the traditional mix of price and quality... [and focuses on] self-oriented dimensions of experiential value” (p. 40). The subscales were developed using the item reduction (or purification) process with five major steps. In step one a group of ten consumers were asked to assign each item to one of several dimensions of value determined by the researchers. Then, after discarding items that were not placed in any value category in step one, a small group of consumers were asked to sort items again. In step three substantive validity was established by verifying the correct assignment of items using the substantive validity coefficient ( $C_{SV}$ ) developed by Anderson and Gebring (1991). In step four, items were converted to Likert scales (using ratings from 1-7) and administered to five faculty and students from a large university, the participants making comments on the subscales and their appropriateness. In step five the final scale was pretested with a large group of consumers.

Cronbach's alpha was calculated for all dimensions of value and found to be greater than 0.70 in accordance with Nunnally's (1978) standard. Convergent validity was implied by the strength of the factor loadings for observed measures of latent variables in structural equation modeling (i.e. t-values were greater than 9.00). Finally, Mathwick et al. (2001) indicate discriminant validity for the components of the scale was implied by the fact that none of the confidence intervals surrounding the factor correlations contained "1.00". Mathwick et al. (2002) successfully used the same questions to measure entertainment in another study, where the authors address theoretical aspects of consumer perceptions of experiential value.

One of the subscales includes items measuring the passive entertainment component of experiences based on a Likert scale rated from 1 to 7. The following questions from that scale were used:

- 1. I think \_\_\_\_\_ is very entertaining.**
- 2. The enthusiasm of \_\_\_\_\_ is catching, it picks me up.**
- 3. \_\_\_\_\_ isn't just a product, it entertains me.**

#### 4.4.2 Measuring Instrument: Active Hedonic Experiences Associated with the Offering

Online games are a good example of an offering where the consumer is actively involved in the consumption experience (in the sense of physically manipulating the controls in the game). This active involvement enhances the consumer's involvement. Online games, therefore, were a good example for illustrating the active participation dimension of experiential offerings in the exploratory pretest stage of this study.

How do researchers describe this active participation dimension? Several researchers have discussed the phenomenon of flow experiences that are important to consumers while playing online games. They define flow as a state of mind the consumer can experience when he or she is totally involved in an activity (Hsu and Lu, 2004). In reference to playing on-line games, Hsu and Lu (p. 864), for example, indicate the user can enter a state of mind where nothing else matters outside the game and where there is total engagement characterized by “involvement, concentration and enjoyment ... [in an activity in which the consumer is] completely and deeply immersed”.

While there are many dimensions to this flow experience, escape is often one of the major dimensions of active participation. Hsu and Lu (2004) explain that escapism means that consumers can purposely engage in a behavior to escape their daily routine. (Also, see Hirschman, 1983.) This can occur for many types of activities from navigating the Internet (Mathwick, Malhotra, and Rigdon, 2001; Mathwick and Rigdon, 2004) to dancing, playing music, and playing sports (Hirschman, 1983). For these activities the individual is in a state of psychological immersion (Mathwick and Rigdon, 2004) that may involve a loss of self-consciousness. Csikszentmihalyi (1990) describes the individual in this state as being oblivious to everything else, as being absorbed in a new reality. When individuals take part in this type of behavior with total involvement, they subjectively feel or encounter a holistic experience (Csikszentmihalyi and LeFevre, 1989). Most important to the current marketing study, these absorbing experiences can linger in the memory of the customer for a long time and can capture their spending habits (Pine and Gilmore, 1999).



Mathwick et al. (2001) used the following items to measure escapism in their experiential value scale (EVS), incorporating a Likert scale rated from 1 to 7:

1. \_\_\_\_\_ **“gets me away from it all”.**
2. \_\_\_\_\_ **makes me feel like I am in another world.**
3. **I get so involved when I \_\_\_\_\_ that I forget everything.**

Cronbach’s alpha for these items for their study was .79 and the t-values were all significant after conducting confirmatory factor analysis on a sample size of 213 using structural equation modeling. These items represent one dimension of the EVS which overall was found to have a RMSEA score of .055 and a CFI score of .96, for their first order factor model, both evidence of good scale quality in structural equation modeling.

In 2003 Mathwick et al. used the following items to measure escapism:

1. \_\_\_\_\_ **“gets me away from it all”.**
2. \_\_\_\_\_ **makes me feel like I am in another world.**
3. **I get so involved when I \_\_\_\_\_ that I forget everything else.**

It can be seen that these are the same questions as the ones in their 2001 study with a change in wording for question number three.

Kim and Kim (2005) used the following items to measure escapism, with “1” representing strongly disagree and “7” representing strongly agree:

1. \_\_\_\_\_ **“gets me away from it all.”**
2. \_\_\_\_\_ **makes me feel like I am in another world.**
3. \_\_\_\_\_ **truly feels like “an escape”.**

Again, these questions are very similar to those used in Mathwick’s 2001 study except for question number three.

Since the reported psychometric testing for Mathwick et al's 2003 study was more thorough, those questions are used in the current study:

1. \_\_\_\_\_ **“gets me away from it all”**.
2. \_\_\_\_\_ **makes me feel like I am in another world**
3. **I get so involved when I am \_\_\_\_\_ that I forget everything else.**

#### 4.4.3 Measuring Instrument: Social Identification

Hsu and Lu (2004) studied social influence, along with flow experiences, in predicting user acceptance of online games. In their study, online games were conceptualized as “entertainment technology” (p. 853). The games were described as being multi-player games that allow the user to fantasize while being entertained. They noted that role-playing in online games makes these games hybrids of adventure games and chatting functions.

Using survey data collected from 233 users, Hsu and Lu found that social norms, attitude, and flow experience explain approximately 80% of game playing. Of importance to the current study, they argue that user adoption decisions were influenced by a social system beyond an individual's own decision style. They described aspects of this social system:

Identification influence occurs when a user adopts an opinion held by others because he or she is concerned with defining himself or herself as related to the group. [In comparison] compliance occurs when a user conforms to the expectations of another to receive a reward or avoid rejection and hostility (p. 857).

The current study was concerned with measuring college peer identification influence (i.e. the first category above) while Hsu and Lu (2004) chose to focus on compliance influence (i.e. the second category above). They asked respondents to rate such

statements as “My classmates think that I should play an on-line game” (p. 863).

Therefore while their study validates the need to study social influence, the items used in their study to measure social compliance influence could not be used in the current study where there was a focus on the social identification process.

What measure of social identification could be used in the exploratory pretest?

In a focus group conducted by the researcher, university students offered the following socially relevant reasons for consuming experiential offerings: (1) I often use/buy things used by typical students to project an image for social reasons; (2) I often use/buy things used by typical students to position myself socially; and (3) I often use/buy things used by typical students because using them says something about me to others. However, when these statements were tested on five students in a second informal focus group, when asked to think back on playing video games and listening to music, the majority stated they did *not* have these feelings. That is, these thoughts did not appear to be on the students’ minds when they were consuming the offering even though the larger, more formal focus group strongly suggested this was occurring. It appears, therefore, that questioning students using “I” in the written questions and asking about thoughts during consumption did not produce positive responses. Therefore another approach was taken.

For the exploratory pretest stage in the current study, the researcher decided to shift the focus of the questions from “I” to asking directly about social associations with the offering. Searching through past research for appropriate questions, the researcher found studies that have shown consumers buy possessions “to enhance individual [or self] identity” (Bearden and Netemeyer, 1989, p. 163). That is, possessions are considered to be a part of the self in an extended sense. In addition, Sivadas and Machleit

(1994) developed a 7-point Likert measure to determine the degree to which objects are incorporated into the individual's extended self. Exploratory factor analysis, item analysis, and some correlation tests were conducted in the development of their measure. Nomological validity was exhibited by showing that the scale correlated with two other similar scales. Coefficient alpha estimates of internal consistency for four product contexts were .90, .90, .90 and .91. Sivadas and Machleit (1994) used two undergraduate student samples to further develop and validate the scale.

Their measure was adapted to the current study for the exploratory pretest stage. Here the researcher was not interested in measuring the offering's importance to individual *self*-identity, however. In the current study, the researcher was interested in measuring the offering's importance to individual *social* identity, an extended concept of self-identity. Since this study is measuring peer group identification as opposed to self-identity, the term "identity" will be replaced by the term "student identity" or "identity as a student" in four of the questions in Sivadas and Machleit's measure:

1. **My \_\_\_\_\_ helps achieve the identity as a student I want to have.**
2. **My \_\_\_\_\_ is central to my identity as a student.**
3. **My \_\_\_\_\_ is part of who I am as a student.**
4. **I derive some of my student identity from my \_\_\_\_\_.**

In the exploratory pretest in the current study these items were also scored on a 7-point Likert-type scale with values ranging from strongly disagree to strongly agree. The original scale was used across four product categories (car, shirt, gift, gift giver). Here it was used in the exploratory pretest for measuring listening to music, playing video games, and buying textbooks online.

While this measure was important in exploring new concepts in the pretest stage for more than one offering, it did not perform as well as expected (to be discussed later in this chapter). Therefore, a new measure was needed for social identification for the actual field study. Before choosing a scale, the concept of social identification is described more thoroughly in the following paragraphs.

In terms of information processing, the extent of social identification is one of the key factors that influences the individual to behave in terms of group membership (Ellemers et al., 1999). The strength of identification (Deshpande et al., 1986) or its schematicity (Bem, 1981; Markus, 1977), or its self-importance (Aquino and Reed, 2002), differs even across members within the same reference group. For example, if two individuals are members of a college sports team, individual A may more strongly identify with being an athlete than member B. When this occurs, individual A's identity as an athlete carries more personal meaning than individual B's identity as an athlete (Kleine et al., 1993). This can, in turn, influence susceptibility to identification influence.

Tajfel (1978) suggests social identification occurs when the individual becomes *aware* of his or her membership in a group, along with other factors. This cognitive component represents "an awareness of one's membership in a social group" (Ellemers, Kortekaas, and Ouwerkerk, 1999, p. 372) and is referred to as self-categorization.

Bagozzi and Lee (2002) have developed a 7-point Likert scale to measure the individual's level of identification with a social group using college students in the U.S. and Korea. For the field study in the current research it was decided that social identification would be measured using two of Bagozzi and Lee's (2002) subdimensions of their scale: affective commitment and evaluative significance. Affective commitment

represents the consumer's emotional commitment to the reference group being measured. Qualities such as feeling attached to the group and feeling a sense of belongingness with a group are important in Bagozzi and Lee's subdimension of affective commitment. They reported the reliability of their measure of this component to be .91. The following questions based on this dimension were used in the field study along with Lee and Bagozzi's (2002) introduction in italics below (adapted to the current context):

*Imagine a group of typical college students (undergraduates who entered college right after high school and who will be working on a bachelor of science degree for approximately the next four years) and include your college friends in this group (if they fit the definition of a typical college student). Picture briefly in your mind what products and services these imaginary typical students might own or use. Think of what activities these students might typically take part in. Then, in addition, think about each of the next three questions and respond to each of them by circling the appropriate number representing your answer.*

- 1. How emotionally attached are you to your college peer group imagined above?**
- 2. How strong would you say your feelings of belongingness are toward your college peer group imagined above?**
- 3. How much do you see yourself belonging to your group of friends and peers imagined above?**

The second subdimension in Bagozzi and Lee's social identification scale is evaluative significance. Evaluative significance refers to the individual's attitude towards being a member of the group. This represents the consumer's attitude toward how valuable group membership is to his or her own self-esteem (Luhtanen and Crocker, 1992). They reported the reliability of their measure of this component to be .95. The following items were used in the survey in the field study to represent Bagozzi and Lee's (2002) evaluative subdimension of social identification:

- 1. I am a valuable member of my college peer group I imagined above.**
- 2. I am an important member of my college peer group I imagined above.**
- 3. I am a worthy member of my college peer group I imagined above.**

#### 4.4.4 Measuring Instrument: Utilitarian Value

In the conceptual framework developed in the last chapter there is a utilitarian dimension. In the literature, it was found that a measure of economic value can represent utilitarian value. Economic value was examined in the exploratory pretest stage. What does economic utilitarian value represent? Pine and Gilmore (1999) discuss the economic dimension of experiential offerings using Disney as an example. They explain, “Before a company can charge admission, it must design experiences that customers judge to be worth the price” (p. 101). The key to Disney’s profits are the “staged experiences” of the company’s theme parks, cartoons, movies and TV shows (Pine and Gilmore, 1998, p. 101). Staged experiences in Disney involve the development of numerous characters familiar to the public, which can be exploited through integrated marketing campaigns. Excellent design, marketing, and delivery of these types of staged experiences are just as crucial as they are for traditional goods and services. It was argued also, in the exploratory pretest stage, that the consumer’s experiential value during consumption must be worth the price of the experiential offering.

How should this economic utilitarian dimension be measured in the exploratory pretest? Affordable quality and economic value are concepts that are strongly established in marketing research. (See, for example, Thaler, 1985; Grewal, Monroe and Krishnan, 1996; and Yadov and Monroe, 1993.) Holbrook (1996) develops a conceptualization of economic utility which he refers to as *consumer return on investment* (CROI). He defines

this as the “investment of financial, temporal, behavioral and psychological resources that potentially yield a return ... [in terms of] affordable quality [along with other dimensions]” (p. 41).

Mathwick et al. (2001) develop a specific measure for this type of economic value, as a subcomponent of CROI, for which they report a Cronbach’s alpha of .78. Using structural equation modeling they find significant t-values for all of the items in their measure. In the exploratory pretest the wording in Mathwick et al.’s (2001) measure for economic utility was adapted to this study using the following items:

1. \_\_\_\_\_ **provides good economic value.**
2. **Overall I feel happy with the price of \_\_\_\_\_.**
3. **The price of \_\_\_\_\_ is too high given the quality of the experience.**

Notice that the third item needed to be reverse coded in the exploratory analysis stage.

While these items loaded well in certain contexts, other results from the exploratory stage, the loadings were not clean at all (to be discussed later in this chapter). Therefore, it was decided another measure would be developed for the field study to represent the utilitarian dimension in the framework: utilitarian attitude. This measure was the individual’s self-generated evaluation of the consumption experience. That is, items measured the individual’s evaluation of the consumption experience. As explained in detail in section 3.6.4, the consumer’s utilitarian attitude towards consumption behavior represented the utilitarian dimension of customer value in the theoretical framework developed in Chapter III for the field study.

In the field study, Voss et al.’s (2003) measure of utilitarian attitude was used to represent the utilitarian dimension in the theoretical framework. Voss et al.’s (2003)



measure is a psychometrically sound measure for utilitarian attitude that includes five semantic differential response items with seven response categories for each item.

Utilitarian attitude is only one component (i.e. a subdimension) of a more complex scale called the HED/UT scale. In developing the overall scale they followed the following scale development procedure:

(1) An initial pool of adjective pairs was derived from published research.

(2) The items were tested on 608 students from a large university. Some rated brands and some rated product categories. The answers were subjected to a purification process using principle component analysis and EFA. Coefficient alpha was .95 for the utilitarian attitude component of the scale.

(3) Discriminant validity was shown by testing the scale against three published scales and showing that the scale measured a different component.

(4) Criterion (predictive) validity was shown using 567 students and 16 product categories. The scales used by one group matched the ratings of the 16 product categories described by another group.

(5) Nomological validity was shown by running components of their scale in structural equation modeling and obtaining measures of fit that were acceptable, although the scale performed differently in four product contexts (Duracell batteries, CD player, Winston cigarettes, and Hershey's chocolate). The following five adjective pairs were used in a semantic differential format in the current field study:

**1. Ineffective.....Effective**

**2. Unhelpful.....Helpful**

**3. Not functional.....Functional**

**4. Unnecessary.....Necessary**

**5. Impractical.....Practical.**

#### 4.4.5 Measuring Instrument: Dependent Variable

Wansink and Ray (1992) indicate researchers can directly measure the consumer's consumption intentions. Consumption intention can even capture consumption-related responses more easily than measures of purchase intentions in certain contexts (p.15).

Rossiter (2002, p. 323) recommends, for numerical scales which measure degree, "five to seven categories seems to best fit the number of psychological discriminations that most consumers can make." He also notes in footnote fifteen that 7 is a magical number and the average consumer can distinguish about seven categories. In this study "7" numerical categories will be used in a Likert-type scale, where "strongly disagree" is represented by 1 and "strongly agree" is represented by 7.

Fishbein and Ajzen's (1975) work was used as a model for developing the specific items in this measure. (Fishbein and Ajzen measured the intention to perform an action.) The following questions were used to measure the intention to listen to music on headphones:

**1. I intend to listen to music in the future.**

**2. I will try to listen to music in the future.**

**3. I plan to listen to music in the future.**

**4. I will listen to music in the future.**

#### 4.5 Methodological Issues: Designing the Survey to Ensure Salience of the Target Reference Group On the Part of Respondents During the Survey Process

Measuring the respondent's level of social identification requires the respondent to be aware of the reference group, in the current case the student peer group. The importance of salience and the mechanism for ensuring this salience is discussed in the next two sections.

##### 4.5.1 The Importance of Salience in the Identification Process

Terry and Hogg (1996, p. 779) indicate when social identity (i.e. identification with a significant reference group) is *salient* the self can be transformed so that “self-perceptions, beliefs, attitudes, feelings, and behaviors are now defined in terms of the group.” In these situations group membership “causes people to think, feel, behave, and define themselves in terms of group norms rather than unique properties of the self” (p. 780). In this manner they are exhibiting their identification with the group.

##### 4.5.2 Mechanism for Ensuring Salience for the Identified Target Group

Bagozzi and Lee (2002) point out that in order to ensure the group targeted by the researcher is salient, *at the beginning of the survey*, respondents should be asked to *imagine* for a moment the group that is the target of the study. To accomplish this in the current study the researcher asked the respondent to “imagine a group of typical college students”. The respondent was then asked to “picture briefly in your mind what products and services these imaginary typical students might own or use” and to “think of what activities these students might typically take part in”. These questions were modeled after the questions used by Bagozzi and Lee (2002) in their study of the dimensions of social influence for eating together. As recommended by Bagozzi and Lee, the target group was

identified (i.e. made salient) for the respondents *before* they began answering questions in the survey.

#### 4.6 Pretesting the Questionnaire Itself

The survey was distributed to a small group of three college students to be reviewed for any problems. They recommended changing “listening to music on the computer” to “listening to music on headphones” since this made more sense to them. The wording was thus changed using their recommendations. In addition, they indicated it made more sense to imagine a college friend, not a typical college student, in the introduction to the survey, since the respondent would probably automatically think of a *friend* that is a student anyway. Again, this change was made in the questionnaire, with the definition of a “typical college student” being provided to the respondent for clarification (i.e. to make sure the friend fit the category of the typical student used in the study). Finally, grammatical errors, misspellings, and incorrect word phrasings were corrected based on feedback from students and doctoral committee members. (See the final questionnaire in Appendix A.)

#### 4.7 Methodological Issue: Choice of Offerings

A focus group was conducted in a business class at a northeast Ohio university, since the sample would be also be made up of students from northeast Ohio universities. In order to determine the choice of offerings to be tested on college students for the exploratory pretest, choices were incorporated right into the instruction sheet. *In Table IV (bottom), listening to music, playing games on the computer, eating pizza, and talking on cell phones were the offerings most highly associated with students.* However, this study was looking at experiential offerings. Therefore, since eating pizza and talking on cell

phones were rated as neither predominantly experiential nor predominantly utilitarian, the experiential offerings chosen for the exploratory pretest were listening to music and playing computer games, both rated as highly experiential compared to the other eight offerings (top of Table IV).

#### 4.7.1 Confirming the Utilitarian Nature of the Comparison Offering Associated with Students in the Exploratory Pretest

For comparison purposes, the researcher included a more utilitarian offering associated with college students for the first focus group. From the results shown in Table IV, it can be seen that students in the focus group evaluated buying textbooks online as being basically a non-experiential offering, and evaluated listening to music on headphones and playing video games as being experiential offerings. Buying books online is rated the highest in utilitarian value compared to the other nine offerings. Also, from the results in Table IV, it can be seen that *buying texts online was an activity associated with students* (5.8 on a scale of 1 to 7). Therefore buying books online was chosen to serve as a base comparison activity during the exploratory pretesting stage.

#### 4.8 Exploratory Pretest

Stangor (2004) recommends researchers conduct a pretest when conducting research involving measuring instruments in a questionnaire. In the current study this exploratory pretest was based on a sample consisting of 25 questionnaires administered to students at a large private urban university in the Northeast. Students were given the option of completing the questionnaire at home and returning it, if they could not finish the questionnaire in class. They were required to remain anonymous and to *not* put any self-identifying information anywhere on the questionnaire.

**Table IV: Results of Focus Group**

<i>Student</i>	<i>#1</i>	<i>#2</i>	<i>#3</i>	<i>#4</i>	<i>#5</i>	<i>#6</i>	<i>#7</i>	<i>#8</i>	<i>All Eight</i>
<b>Experiential Level*</b>									
<b>music/computer</b>	<b>NA</b>	<b>1</b>	<b>2</b>	<b>6</b>	<b>4</b>	<b>5</b>	<b>2</b>	<b>2</b>	<b>4.86</b>
<b>games/computer</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>6</b>	<b>2</b>	<b>2</b>	<b>5.71</b>
<b>books/online</b>	<b>7</b>	<b>5</b>	<b>4</b>	<b>7</b>	<b>7</b>	<b>6</b>	<b>6</b>	<b>5</b>	<b>2.29</b>
<b>music/I-Pods</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>4</b>	<b>7</b>	<b>2</b>	<b>2</b>	<b>5.14</b>
<b>pizza</b>	<b>4</b>	<b>1</b>	<b>4</b>	<b>6</b>	<b>6</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>3.86</b>
<b>cell phones</b>	<b>4</b>	<b>3</b>	<b>4</b>	<b>7</b>	<b>6</b>	<b>5</b>	<b>2</b>	<b>4</b>	<b>3.57</b>
<b>laptops</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>7</b>	<b>5</b>	<b>6</b>	<b>5</b>	<b>4</b>	<b>2.86</b>
<b>blue jeans</b>	<b>6</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>3.86</b>
<b>song download</b>	<b>6</b>	<b>1</b>	<b>3</b>	<b>6</b>	<b>4</b>	<b>5</b>	<b>2</b>	<b>4</b>	<b>4.43</b>
<b>consuming beer</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>4</b>	<b>5</b>	<b>3</b>	<b>4</b>	<b>5.14</b>

\* Where 7 is the highest experiential rating

<i>Student</i>	<i>#1</i>	<i>#2</i>	<i>#3</i>	<i>#4</i>	<i>#5</i>	<i>#6</i>	<i>#7</i>	<i>#8</i>	<i>All Eight</i>
<b>Student Offering*</b>									
<b>music/computer</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>4</b>	<b>7</b>	<b>6</b>	<b>6</b>	<b>7</b>	<b>6.38</b>
<b>games/computer</b>	<b>3</b>	<b>NA</b>	<b>5</b>	<b>7</b>	<b>7</b>	<b>6</b>	<b>7</b>	<b>7</b>	<b>6.00</b>
<b>books/online</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>7</b>	<b>4</b>	<b>6</b>	<b>6</b>	<b>5.88</b>
<b>music/I-Pods</b>	<b>7</b>	<b>6</b>	<b>7</b>	<b>1</b>	<b>6</b>	<b>7</b>	<b>6</b>	<b>6</b>	<b>5.75</b>
<b>pizza</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>6</b>	<b>4</b>	<b>7</b>	<b>5</b>	<b>6</b>	<b>6.13</b>
<b>cell phones</b>	<b>7</b>	<b>7</b>	<b>5</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>5</b>	<b>6</b>	<b>6.38</b>
<b>laptops</b>	<b>4</b>	<b>7</b>	<b>6</b>	<b>7</b>	<b>6</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>5.63</b>
<b>blue jeans</b>	<b>6</b>	<b>6</b>	<b>5</b>	<b>6</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>4</b>	<b>4.88</b>
<b>song download</b>	<b>7</b>	<b>6</b>	<b>7</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>5.63</b>
<b>consuming beer</b>	<b>7</b>	<b>6</b>	<b>7</b>	<b>6</b>	<b>2</b>	<b>6</b>	<b>7</b>	<b>4</b>	<b>5.63</b>

\*Where 7 is the highest association of the offering with college students

#### 4.8.1 Exploratory Pretest: Dimensionality of the Constructs

An exploratory factor analysis procedure was conducted to see if the dimensions chosen to study experiential offerings were separate, identifiable dimensions (i.e. loaded on separate factors). In the exploratory pretest, the three dimensions under investigation were evaluated for three offerings: listening to music, playing video games, and buying textbooks on line. The first two product contexts were chosen to represent offerings that were felt to exhibit predominantly active and passive experiential dimensions. Listening to music was chosen to represent an experience involving predominantly passive interaction on the part of the consumer. Playing video games was chosen to represent an experience involving predominantly active interaction on the part of the consumer. (This offering was later dropped in the field study. Some students, it turns out, do not play video games or at least do not play enough to warrant questions about the experience.) Also, for comparison reasons, buying new or used textbooks online was chosen to represent a utilitarian offering thought to exhibit a predominantly utilitarian value dimension. The procedure for the exploratory pretest and results are discussed.

#### 4.8.2 Exploratory Pretest: Procedures to Test Dimensionality

The researcher analyzed the dimensionality of the constructs using the exploratory factor analysis with a Varimax rotation. In analyzing the results, the first step involved confirmation of the strength of the loadings (i.e. over .40 for each of the items as a minimum requirement). The second step involved purification of the instrument (i.e. eliminating items that (1) did not load highly or that (2) cross-loaded). In the third step the researcher determined the reliability of the measures by running a Cronbach's alpha procedure for each of the measures in each of the three product contexts. Before

conducting these three steps, however, correlations were reviewed and a basic KMO test was performed for each of the three data sets, (one data set for each product context in the exploratory pretest).

#### 4.8.3 Exploratory Pretest: Correlations and Basic KMO Test

Pallant (2005) recommends that the correlation matrix should have correlations of .3 and above. If there are no correlations above .3 the factor analysis should not be run. For all three offerings there were correlations above .30, thus meeting Pallant's test.

In all three product contexts for the 25 respondents, the results for the KMO Test were very acceptable. Pallant (2005) suggests the Kaiser-Meyer-Olkin Measure of Sampling Adequacy value should be .6 or above. Data from the 25 surveys for listening to music, when assessed, exhibited a KMO of .75. Data for playing video games exhibited a KMO of .71. Data for buying textbooks online exhibited a KMO of .65.

#### 4.8.4 Exploratory Pretest: Loadings of the Items and Purification of the Measuring Instruments

Using the sample of 25 surveys, the four items representing the social relevance construct, the three items representing the entertainment construct, the three items representing the escape construct, and the three items representing the utility (or economic value) construct were all analyzed for each product context separately (listening to music, playing video games, and buying textbooks online). The results of this analysis are discussed in the next few pages along with tables showing the results.

In terms of purification, items that do not show a satisfactory loading pattern should be eliminated from the measure. Hatcher (1994) indicates the researcher can consider loadings equal to or greater than .40 as meaningful loadings, while ignoring



loadings under .40. Also, loadings on a given factor should “share some conceptual meaning” (p. 92). Finally, after applying a Varimax rotation, the rotated factor pattern should demonstrate a simple structure. A rotated factor pattern exhibits simple structure when most of the variables have high loadings on one factor and near-zero loadings on the other factors. Each factor should have high loadings for some variables, while having near-zero loadings for the remaining factors (Hatcher, 1994).

For the product context of listening to music, while all of the loadings were significant, the items for the economic value dimension exhibited extreme cross-loadings. Therefore, even though these results provide insight into the utilitarian aspects of the experience being spread throughout the entertainment dimension for listening to music on headphones, the violation of exhibiting a simple structure necessitated dropping the economic utilitarian items and rerunning the procedure again. After this purification step, the loadings were clean and loaded highly on each of the three dimensions: social relevance, escape, and entertainment. (Refer to Table V on the next page).

For the product context of playing video games, while all of the loadings were significant, the items for the economic value dimension again exhibited extreme cross-loadings. Therefore even though these results provide insight into the utilitarian aspects of the experience being spread throughout the escape dimension for playing video games, the violation of exhibiting a simple structure necessitated dropping the utilitarian items and rerunning the procedure. After this purification step, the loadings were clean and loaded highly on each of the three dimensions: social relevance, escape, and entertainment. (Refer to Table VI in the following pages).

For the product context of buying textbooks online, while all of the loadings were

**Table V: EFA Before and After Removing the Utilitarian Items for the Music Context**

	Factor			
	1	2	3	4
economic2	.87			
entertain1	.83		.39	
economic1	.77			
entertain3	.77		.48	
entertain2	.74	.33	.53	
socrelevance2		.86		
socrelevance1		.86		
socrelevance4		.83		
socrelevance3	.46	.82		
escape3			.87	
escape2	.31	.49	.75	
escape1	.45	.48	.59	
economic3				.98

	Factor		
	1	2	3
socrelevance3	.94		
socrelevance4	.91		
socrelevance1	.91		
socrelevance2	.84		
escape2		.88	
escape3		.87	
escape1		.86	
entertain1			.91
entertain3			.90
entertain2			.79

**Table VI: EFA Before and After Removing the Utilitarian Items for Video Games**

	Factor			
	1	2	3	4
escape3	.900			
escape1	.885		.348	
escape2	.834		.317	
economic1	.667	.312		.330
economic2	.519		.476	.490
socrelevance1		.920		
socrelevance3		.909		
socrelevance4		.873		.354
socrelevance2		.872		
entertain1	.309		.891	
entertain3	.339		.855	
entertain2	.491		.767	
economic3				.877

	Factor		
	1	2	3
socrelevance3	.937		
socrelevance4	.912		
socrelevance1	.905		
socrelevance2	.837		
escape2		.877	
escape3		.870	
escape1		.864	
entertain1			.906
entertain3			.899
entertain2			.788

significant, the items for the escape dimension and the entertainment dimension all loaded on one dimension as can be seen in Table VII. (In the field data collection stage the hedonic dimension was later conceptualized as one dimension with two sub-dimensions (i.e. reflecting these findings).

**Table VII: EFA for the Textbook Online Context**

	Factor			
	1	2	3	4
entertain3	.907			
escape2	.891			
escape1	.889			
entertain2	.868			
entertain1	.806			
escape3	.705			
socrelevance2		.925		
socrelevance4		.832		
socrelevance3		.812		
socrelevance1		.728		
economic1			.933	
economic2			.923	
economic3				-.761

To conclude, for the experiential offerings in the exploratory pretest, the loadings were all high but the utilitarian items loaded on the escape and entertainment dimensions as opposed to a separate dimension. The results for the three product contexts were interesting since they show there was not a separate economic dimension for the experiential offerings. Therefore, in the field study this economic construct was dropped as noted earlier. Also, the structure was clean for the hedonic dimension for all three

products if the hedonic dimension was conceptualized as one dimension with two subdimensions (entertainment and escape). The hedonic dimension in this study was therefore conceptualized as one dimension with two subdimensions in the field study stage as noted earlier. (This made it necessary to test these changed constructs in a second pretest before analyzing the field data and these results will be reported in Chapter V.)

#### 4.8.5 Reliability of the Measures

One of the main issues of reliability is internal consistency (i.e. the degree to which all the items of a construct measure that construct). The most commonly used indicator of internal consistency is Cronbach's alpha for which the coefficient should be minimally above .70 (Cronbach, 1951; Pallant, 2005). In the current study all of the results for Cronbach's alpha for the four measures for the three product contexts met this standard of being above .70, except for one measure in one context. The economic measure in the context of listening to music was only .53. However, when the one reversed item (the third economic question) was removed, Cronbach's alpha was now .73. With the exception of this one reversed item in the listening to music product context, all remaining scores were above .82 in all product contexts, with approximately half of the results scoring above .90.

Refer to Table VIII for a summary of all of the Cronbach's alpha results (on the following page). The measures performed especially well in the context of playing video games. Scores were .95 for entertainment, .93 for escape, and .93 for social relevance. One important point brought out here, when comparing these scores with scores for other offerings, is that the reliability of the same scale is not standard across product contexts, although the performance overall is good. In addition, in terms of the four scales used in

the exploratory pretest, the reliability scores for the economic utility scale in the three product contexts (i.e. .73, .82, and .88 after the economic reversed utility item was

**Table VIII: Cronbach's Alpha for Four Measurement Instruments in Three Contexts**

<i>Items</i>	<i>Offering 1 Scores</i>	<i>Offering 2 Scores</i>	<i>Offering 3 Scores</i>
<b>Items for Hedonic Value</b> (Passive Dimension)	<b>Listening to Music on Headphones</b>	<b>Playing Video Games</b>	<b>Buying Textbooks Online</b>
<b>Entertain1</b> <b>Entertain2</b> <b>Entertain3</b>	<b>.95</b>	<b>.93</b>	<b>.88</b>
<b>Items for Hedonic Value</b> (Active Dimension)	<b>Listening to Music on Headphones</b>	<b>Playing Video Games</b>	<b>Buying Textbooks Online</b>
<b>Escape1</b> <b>Escape2</b> <b>Escape3</b>	<b>.89</b>	<b>.95</b>	<b>.87</b>
<b>Items for Social Value</b>	<b>Listening to Music on Headphones</b>	<b>Playing Video Games</b>	<b>Buying Textbooks Online</b>
<b>SocRelevance1</b> <b>SocRelevance2</b> <b>SocRelevance3</b> <b>SocRelevance4</b>	<b>.93</b>	<b>.93</b>	<b>.88</b>
<b>Items for Economic Value</b>	<b>Listening to Music on Headphones</b>	<b>Playing Video Games</b>	<b>Buying Textbooks Online</b>
<b>Economic1</b> <b>Economic2</b> <b>Economic3</b>	<b>.53</b>	<b>.71</b>	<b>.68</b>
<b>Economic1</b> <b>Economic2</b> (Reversed Item Removed )	<b>.73</b>	<b>.82</b>	<b>.88</b>

removed) were lower than those for the other three scales.

Finally, it should be noted that the reversed answer in the economic measure causing problems was recoded before analyzing the data, but since this question loaded separately in the online book context there may still have been some confusion on the part of students in answering this one reversed item in the questionnaire. That is, some students may not have “adjusted” their answer for the one reverse coded item in the questionnaire. (These three items were taken from a measure already existing in the literature.) If this item were dropped there would only be two items. Again, the whole economic measure was later dropped in the field study, partly due to these problems. The measure was replaced by utilitarian attitude and a second pretest conducted before analyzing the field study results in Chapter V. (See Chapter V for details of this measure.)

#### 4.9 Empirical Analysis: Rationale for Choosing Multiple Regression

Multiple regression is used when the researcher wants to explore the potential of a set of independent variables to predict one continuous dependent measure (Pallant, 2005). Regression allows the researcher to not only objectively assess the predictive power of a set of independent variables, but also to determine the relative importance of each independent variable in the prediction of the dependent measure (Hair et al., 1998). Regression is one of the most widely used multivariate techniques and the appropriate technique when (1) the researcher is using one dependent variable in a single relationship as opposed to several interacting relationships with more than one dependent variable, (2)

the dependent variable is metric, and (3) the researcher is interested in a statistical, not functional, relationship.

In the current study of consumer value dimensions, the researcher wanted to determine the percentage of variation in the intention to consume an offering due to three antecedents in the model influencing the intention decision: the level of hedonic experiences, the level of social identity with the peer group on the part of the respondent, and the consumer's utilitarian attitude towards consuming the experiential offering. The researcher looked at the relationship among three variables and *one* dependent variable (i.e. the strength of the antecedents for predicting the intention to consume) as opposed to several relationships (i.e. such as there would be if several relationships were to be considered at the same time for more than one dependent variable using structural equation modeling). This single relationship in the current study meets the first requirement of appropriateness of the regression technique discussed above.

The dependent measure was metric as opposed to being categorical. It was measured on a 7-point Likert scale. This meets requirement number two. Also, the equation representing the relationship in the model was an approximate relationship and, for any given independent variable, the researcher could only estimate the *average value* of the dependent variable associated with an independent variable. Therefore, there is a basic assumption in the current study that there was random behavior on the part of respondents. This meant the relationship was *not* functional (i.e. since in a functional relationship the researcher would expect *no error in prediction*). Therefore, all three major reasons listed above for the appropriateness of choosing regression existed in the current study.



#### 4.10 Determining the Sample Size for the Field Study

Using the basic formula described by Malhotra (1999) for determining a sample size (i.e. where the size of the sample is equal to the z-value squared times the coefficient of determination all divided by the error), a sample size of 200 was calculated. (This calculation was made assuming a coefficient of variation of 50% and a 95% confidence level.)

Other researchers have alternative methods for determining a sample size, relying on specific calculations for specific statistical techniques. Tabachnick and Fidell (2001, p. 117), for example, recommend the sample size should be larger than the following in regression:  $N$  (sample size)  $> 50 + 8m$  (where  $m$  equals the number of independent variables). This calculation suggests the sample should have been larger than  $50 + 32$  (or  $4 \times 8$ ) = 82, which is a standard that is even lower than the 200 figure discussed above. Stevens (1996, p. 72) uses the rule of thumb that there should be a least 15 cases for every independent variable when using the regression technique, bringing the standard down to 60 from 82. Hair et al. (1998) note this rule of thumb can be increased to 20 cases per independent variable, which is a standard slightly higher than 80, again lower than the recommendation of 200 respondents discussed above.

Therefore, using the original calculation of 200 met all four standards. Also, since this study later divided the sample into males and females in the field study stage (i.e. to see if there was a significant difference in social identification as a predictor between these two subgroups), a final sample size of 400 was logical to allow for 200 in each subsample after the division (assuming there would be approximately the same number of male and female respondents in the field study).

#### 4.11 Assumptions in Multiple Regression that will Be Verified

There are several assumptions that need to be tested after collecting the data in a field study:

(1) Independence

The independent variables must not be highly correlated.

(2) Limited Outliers

There should be very few outliers in a standardized residual scatterplot of the data (i.e. very few outliers with values less than  $-3.3$  or above  $3.3$ ).

(3) Normality

The residuals should be normally distributed in a histogram. Also, in the normal probability plot the residuals should form a reasonably straight diagonal line from the bottom left to the top right (Pallant, 2005).

(4) Linearity

Again, the residuals should have a straight-line relationship with the predicted dependent variable scores in a normal probability plot.

(5) Equal Variance

The variance of the residuals with the predicted dependent variable scores should be similar for all predicted scores in a scatterplot. Pallant (2005) notes the variances should exhibit homoscedasticity and that there should be no clear pattern in the scatterplot, such as a curvilinear pattern; the residuals should be roughly distributed in a rectangular pattern with most of the scores concentrated in the center of the scatterplot.

4.12 Reaffirming the Soundness of the Measuring Instruments Using Data from the Field Study

Similar to the exploratory pretest, the data collected from the field study was analyzed using exploratory factor analysis (i.e. to check the new measures discussed above). This included checking for high loadings on individual items on their appropriate construct as well as checking for a lack of cross-loadings. In addition reliability testing was repeated for all constructs using Cronbach's alpha. (See Chapter V for detailed field data results.)

#### 4.13 Analyzing the data using the Regression Function

During the analysis of the field study data, the regression coefficients for each of the constructs were calculated and the model as a whole was empirically tested. The regression model is shown below:

$$Y = b_0 + b_1(X_1) + b_2(X_2) + b_3(X_3) + \epsilon$$

or,

$$\begin{aligned} \text{Consumption Intention (Y)} = & b_0 \\ & + b_1 (\text{Hedonic Experiences}) \\ & + b_2 (\text{Social Identity}) \\ & + b_3 (\text{Utilitarian Attitude}) \\ & + \epsilon (\text{error}) \end{aligned}$$

In the above regression equation, **b<sub>0</sub>** represents the intercept and **b<sub>1</sub> through b<sub>3</sub>** represent the regression coefficients. The intention to listen to music on headphones is the dependent variable.

##### 4.13.1 The Significance of the Model as a Whole: Reporting the Coefficient of Multiple Determination

When analysis requires the use of multiple regression as opposed to simple regression, the researcher does *not* calculate the coefficient of determination but, instead, reports the **coefficient of multiple determination, or R<sup>2</sup>**. The coefficient of multiple determination serves as *a test of the overall significance of the regression model*.

Specifically, the coefficient of determination for a specific regression equation is a measure of “the percentage of the variation in the dependent variable which is explained by variations in the independent variables taken together” (Schroeder et al., 1986, p. 33).

In the current study, this coefficient represented the percentage of variation in the intention to consume a product or offering as explained by *three* antecedents influencing the consumer in a direct relationship: the level of hedonic experiences, the level of social identity, and the level of the consumer’s utilitarian attitude towards the consumption experience.

#### 4.13.2 Analyzing the Regression Coefficients to Test Hypotheses Numbers 1, 2, and 3

According to Hair et al. (1998) each regression coefficient represents the estimated change in the dependent variable for one unit of change in the independent variable. In the current study, a coefficient was determined for each of the three antecedent constructs such that the coefficient estimated the effect of that construct on the dependent variable *while holding other independent variables constant*. For example, the coefficient for the importance of hedonic experiences associated with the consumption of an offering in the current study represented that construct’s effect on consumption intention while holding the other two antecedents constant.

Hair et al. (1998) note that, when the sample used in a research study is based on a sample of the population (i.e. is *not* a census), significance testing is required for each of the regression coefficients associated with the constructs. This is necessary to confirm that *each estimated coefficient is significantly different from 0*. That is, this allows the researcher to empirically test if the construct associated with the coefficient has a “true”

impact in the model. Finally, by comparing the standardized coefficients for the independent variables the researcher can determine the *relative strength* of each antecedent's influence on the dependent variable in the model. (This will be reported in Chapter V.)

#### 4.14 Addressing Hypothesis Number 4

Hypothesis 4 indicates there will be an interaction effect such that gender will moderate the effect of social identification on the intention to listen to music on headphones for college undergraduate students. To test the interaction effect, a step-wise regression was performed. Gender and an interaction term (SOC x Gender) were included in the list of variables entered into the procedure. The results are reported in Chapter V. The final model including this interaction effect is shown below:

***Regression Model:***

$$Y = b_0 + b_1(X_1) + b_2(X_2) + b_3(X_3) + b_4(X_4) + b_5(X_4X_2) + \epsilon(\text{error})$$

or,

$$\text{Consumption Intention (Y)} = b_0$$

$$\begin{aligned}
 &+ b_1 (\text{Hedonic Experiences}) \\
 &+ b_2 (\text{Social Identity}) \\
 &+ b_3 (\text{Utilitarian Attitude}) \\
 &+ b_4 (\text{Gender}) \\
 &+ b_5 (\text{Gender X Social Identity}) \\
 &+ \epsilon (\text{error})
 \end{aligned}$$

The final model is illustrated in Figure 4.

#### 4.15 Final Results

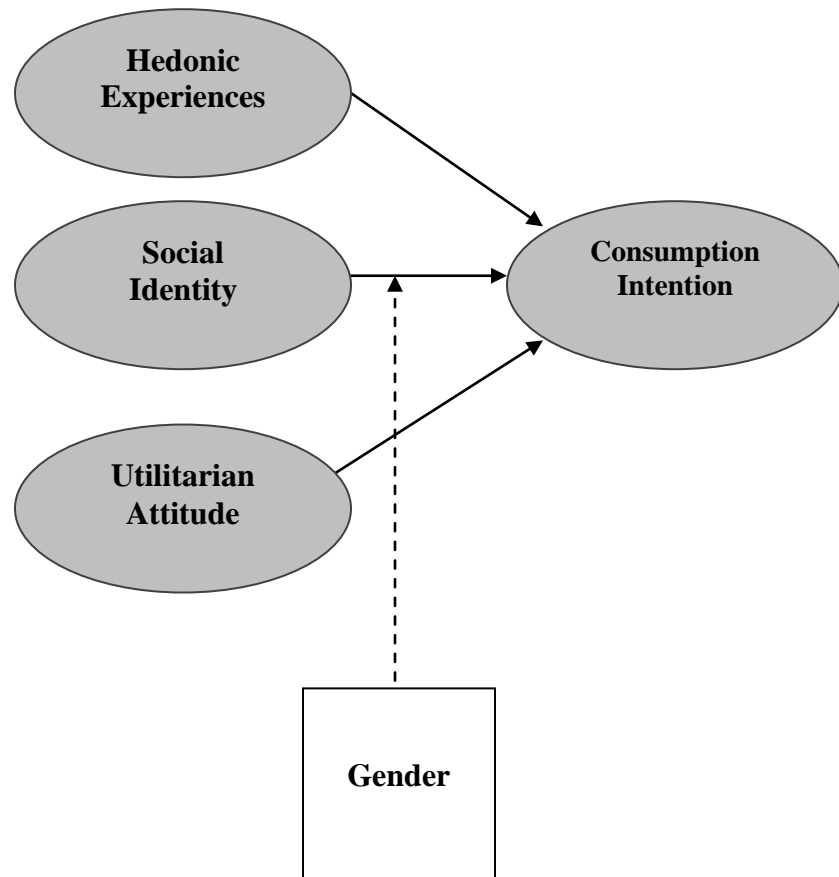
The final results produced after following the methodology will be reported in Chapter V. The significance of the results will be summarized in Chapter VI along with a discussion of the importance of the research in contributing to the consumer behavior literature, as well as the importance of the results for marketers in practice.

#### 4.16 Summary and Conclusions

In this chapter the researcher chose the measuring instruments for the framework developed in Chapter III. After conducting a pretest using 25 respondents, a purification process was undertaken to determine the final items for the measures to be used in the field study. The measures for escape and entertainment were developed to represent the hedonic value dimension associated with an experiential offering. A measure of social identity was used to determine the respondent's level of social identification with the peer group, representing the "we" component in the framework. Finally, the decision was made to drop the proposed economic measure due to the unstable results in the pretest. The utility component in the model would be represented, instead, by the consumer's attitude towards the usefulness of the consumption experience, itself.

In addition, steps were laid out for conducting the collection and analysis of the data (to be discussed further in Chapter V). The regression technique was chosen for analyzing the data and testing the research hypotheses outlined in Chapter III. It was pointed out that the following assumptions had to be met for the collected data in order to use the standard multiple regression technique during the analysis of the field data: normality, linearity, and homoscedasticity. The results of this regression analysis will be thoroughly analyzed in the next chapter, Chapter V.

**Figure 4: Final Model of Consumption Intention**



## **CHAPTER V**

### **DATA ANALYSIS**

#### 5.1 Topic

This chapter presents the empirical results of the study. The goal of the study was to test the hypotheses developed in chapter three. Those hypotheses reflect the view in this dissertation that there are two major categories for evaluating customer value in the intention to consume experiential offerings: (1) a category containing the physical attributes of the offering itself, and, (2) a category containing the *perceived* market attributes of the offering. Using listening to music, as an example, in studies in the past the first category would contain such factors as the importance of the quality of the recording, the catchy lyrics, the rhythm, and the musical ability of the performers in the recording. The second category, in studies in the past, would include factors *perceived* by the consumer, such as meaning attached to the music by the consumer, images that are evoked in the consumer by the music, and sensual pleasure experienced by the consumer.

The second category is the category of focus in this dissertation. The study looked at three types of subjective consumer experiences, two of which are very rarely addressed in models in marketing studies: (1) hedonic experiences, including escape experiences and entertainment experiences; (2) feelings of belongingness and/or attachment that come



from consuming an offering associated with an important reference group (here a college peer group); and, (3) the individual's attitude toward the practical use of consuming the offering (here utilitarian attitude). The research hypothesized that hedonic experiences, social identification, and utilitarian attitudes would be predictors of consumption intention for experiential offerings. (See the constructs and hypotheses outlined in Table IX.)

It was expected that these three predictor variables would be significant at the .05 level and would therefore support the hypotheses. It was also expected that the model would be valid as shown by significant F-test results. However, due to the fact that the study narrowed the focus to only one of two categories of consumer value, not fully determined, and not all factors in the chosen categories were measured, the R-square for the smaller equation was unknown and not as high as in a full model. That is, this study looked at only hedonic, social, and utilitarian attitudinal components in only one category and did not consider other components in the perceived market attributes category such as economic utility or curiosity. It also did not consider social compliance influence, or conspicuous consumption. The focus was narrowed to perceived market attributes that were thought to be logically associated with the following experiential offering after surveying the literature: listening to music on headphones.

There are contradictory results in the literature as to whether or not gender moderates social identification. An additional hypothesis addressed this possible interaction. That is, this hypothesis was exploratory due to the lack of definitive results in the literature. (H4 states that there is an interaction between gender and social identification in predicting the intention to listen to music.)

**Table IX: Predictors of Consumption Intention after the Purification Process**

<b>Variables</b>	<b>Abbreviations</b>	<b>Sub-Dimensions</b>	<b>Hypotheses</b>
Hedonic-pleasurable experiences related to the senses during consumption	HED 1-HED5	<i>Subdimension 1:</i> Escape esc1-esc3; <i>Subdimension 2:</i> Entertainment enter2-enter3	H1: Hedonic experiences are positively related to consumption intention.
Social Identity- social identity score representing the respondent's degree of identification with the college peer group (which typically consumes the offering)	SOC1-SOC5	<i>Subdimension 1:</i> Level of emotional attachment to the group SOC2E-SOC3E <i>Subdimension 2:</i> Value of social identification to the individual SOC1- SOC3	H2: Social identity is positively related to consumption intention (i.e. there is a direct relationship.)
Attitude- the individual's own attitude towards the usefulness of the consumption experience	ATT1-ATT5	No sub dimensions	H3: Utilitarian attitude is positively related to consumption intention
Gender (interacting with social identification)	Male/Female	Dichotomous variable	H4: There is an interaction between social identification and gender in the prediction of the intention to listen to music on headphones.

Finally, as noted in Chapter IV, in the exploratory pretest stage the researcher found the economic construct did not perform well and a new construct was therefore chosen to represent the utility dimension of the theoretical framework: utilitarian attitude towards the consumption experience. This construct needed to be tested further, a task outlined in the current chapter. Also, results of the exploratory pretest showed that

entertainment and escape experience could be considered as two subdimensions of hedonic experiences, as opposed to separate dimensions on their own. This new construct also needed to be tested further. The results of testing for both of these constructs are presented in the current chapter.

## 5.2 Preview of the Chapter

First, results of a new pretest on 25 respondents are presented covering exploratory factor analysis, purification, and reliability testing for the items representing the three final predictor variables in the model. The purification process required small changes in the items of the constructs, in turn requiring changes in the survey. These changes are reported in detail. Second, the following supportive regression assumptions were again tested for 25 respondents: independence of predictor variables, normality, linearity, homoscedasticity, and a limited number of outliers.

Third, the data collection procedure introduced in the last chapter is reviewed in the context of the field study. Fourth, the data from 373 respondents collected in the field study is analyzed. This includes a discussion of the results from exploratory factor analysis and reliability testing on the field data. It also includes a discussion of the assumptions for regression, tested again on the data for the 373 field respondents to ensure the data was appropriate for the regression procedure.

Fifth, the results of the regression procedure are presented, including the coefficient of determination, the significance of the F-test (to test the validity of the model as a whole), and interpretation of the p-values (to test the relative strength of the predictor variables). Sixth, each of the major hypotheses (H1, H2, and H3) is presented

and the results for each are summarized. Finally, there is a discussion of H4 and the potential moderating effect of gender on social identity.

### 5.3 Results of the Pretest: Principal Components Analysis

For the pretest, twenty-five respondents in a northwestern university completed questionnaires and the data was analyzed using exploratory factor analysis. A two-step process was used. First the data was processed using principal component analysis. Then the data was analyzed using a Varimax rotation. Each step will be discussed.

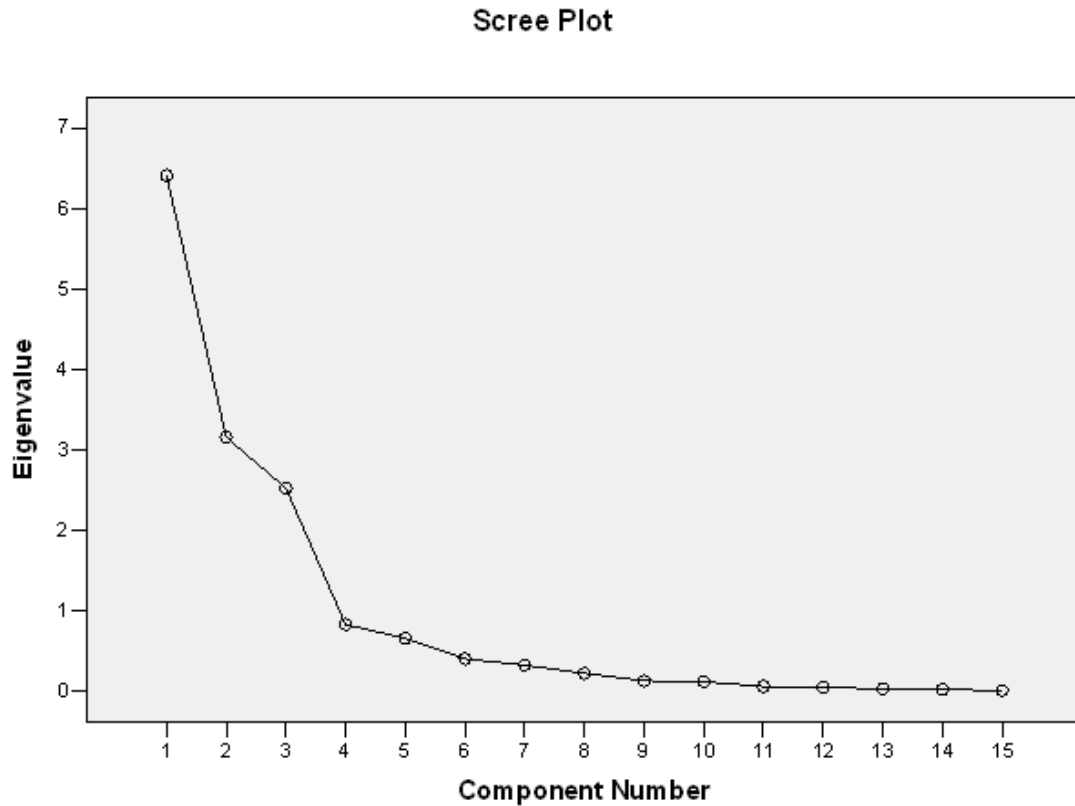
Principal components analysis was conducted first. In the results the hedonic component included both escape items (esc1-esc3) and entertainment items (enter1-enter3). The social identity component contained both emotional attachment items (SOC1E-SOC3E) and social value items (SOC1-SOC3). The attitude dimension contained five items (ATT1-ATT3).

The items did not load cleanly, however, on three dimensions. SOC1E (“How emotionally attached are you to your college peer group imagined above?”) loaded on a separate fourth dimension and enter1 (“I think listening to music is very entertaining.”) loaded on the social identity dimension instead of the hedonic dimension. Before making purification decisions, the data from the scree plot was examined.

### 5.4 Results of the Pretest: Purification and Varimax Rotation

There are three points before the elbow in the curve in Figure 5. It is customary with results such as this to run a Varimax rotation with 3, 4, and 5 dimensions. Varimax rotation was chosen because it is an orthogonal method of rotation. Field (2005, p. 740) indicates this is a method of rotation that “keeps the underlying factors independent” and independent factors are required for the regression analysis procedure.

**Figure 5: Three Components in the Scree Plot**



The best fit Varimax rotation contained three dimensions. The decision to choose this rotation with three dimensions was supported by the information given in the scree plot which shows three points have an eigenvalue of “1” or above. Pallant (2005, p. 175) states, “these factors [above the elbow in the scree plot] contribute the most to the explanation of the variance in the data set.” (The items were purified before conducting the procedure by dropping enter1 and SOC1E, items which had loaded on a separate fourth dimension earlier.) In the final results, all of the loadings were above .80 except for one item, ATT1, which had one loading of .73. The average loadings were .88 for social identity, .87 for hedonic, and .84 for utilitarian attitude, all excellent loadings. The items loaded cleanly on the three dimensions.

### 5.5 Results of the Pretest: Reliability Testing

Reliability testing for the three constructs was conducted using Cronbach's alpha. As can be seen in Table X, the reliability results for the measures were excellent, with all alphas showing a value of .92 or above. The measure for social identity had the highest reliability score.

**Table X: Pretest Reliability Results**

<b>Dimension</b>	<b>Cronbach's Alpha</b>	<b>Number of Items</b>
Hedonic	.934	5
Social Identity	.945	5
Attitude	.921	5

### 5.6 Results of Testing the Regression Assumptions on the Pretest Data

The data was analyzed for the following assumptions: independence of predictor variables, normality, linearity, and limited outliers. Table XI shows that the predictor variables were independent (i.e. are not highly correlated). None had a correlation of over

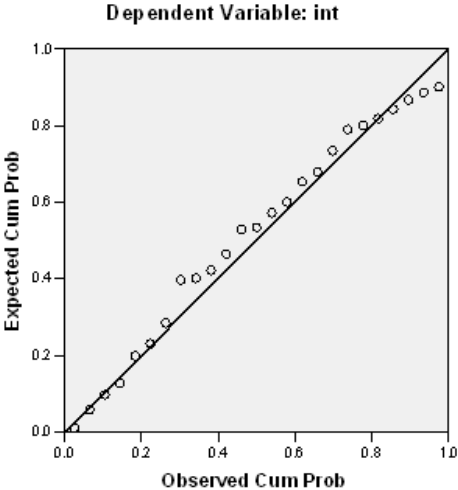
**Table XI: Pretest Correlation Results Showing Variables are Independent**

<b>Pearson Correlation</b>	<b>INTENT</b>	<b>HED</b>	<b>SOC</b>	<b>ATT</b>
INTENT	1.000	.298	.428	.154
HED	.298	1.000	.323	.213
SOC	.428	.323	1.000	.338
ATT	.154	.213	.338	1.000

.43. Figure 6 shows the residuals were generally normally distributed. The points roughly follow the diagonal line representing a normal distribution. (The dependent variable here is the intention to listen to music on headphones.) In support of the linearity assumption, the scatterplot in Figure 7 shows that the data did not have a curvilinear pattern. In addition, the pattern is random and this supported homoscedasticity or equal variance for the residuals. Finally, according to Pallant (2005), outliers have

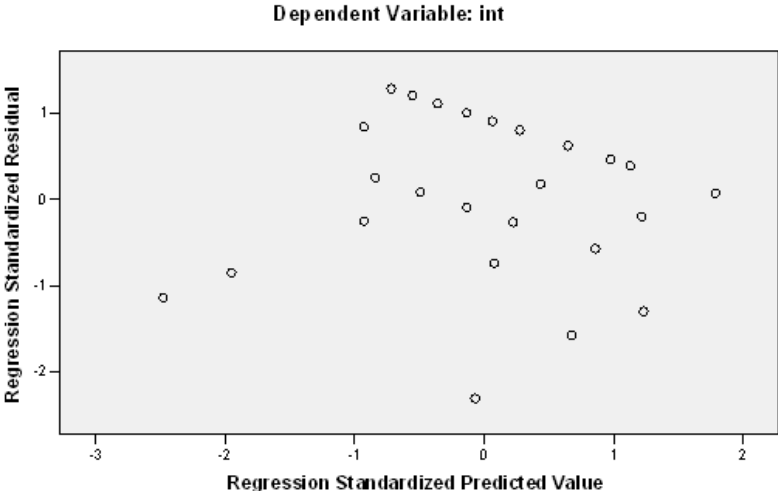
**Figure 6: Pretest for Residuals Distribution**

Normal P-P Plot of Regression Standardized Residual



**Figure 7: Pretest for Homoscedasticity**

Scatterplot



values of standardized residuals above 3.3 or less than -3.3. In Figure 7 there are no points beyond this range.

#### 5.7 Data Collection Procedure

In the field study a survey instrument was administered to undergraduate students in colleges in the following environments: (1) a small college town, (2) a large city (both public and private schools), and (3) a rural area. The questionnaires were all distributed by either a professor or a doctoral student. Respondents in many cases were only given extra credit if the questionnaire was completely filled out, whether filled out in class or returned later. This encouraged students to return completed questionnaires.

The total number of surveys distributed was 400. A total of 373 respondents filled out the questionnaire completely. The completion rate, therefore, was 93.2%, largely due to the policy mentioned above of often rewarding completed questionnaires with extra credit points in the class. It should be noted, however, that not all professors gave extra credit points and many professors allowed students to take the questionnaires home and return them. Of the 373 respondents, 185 were female undergraduates and 188 were male undergraduates. There was no personal identification on the surveys due to the need to keep the surveys anonymous.

#### 5.8 Results of the Field Data: Exploratory Factor Analysis and Reliability

For the field study, 373 respondents completed questionnaires and the data was collected. Using an exploratory factor analysis procedure, the results in Table XII were produced. This procedure used principal components analysis and Varimax rotation. The



**Table XII: Factor Analysis of the Field Data  
Using Varimax Rotation**

	Component		
	1	2	3
soc4	<b>.914</b>	.055	.106
soc5	<b>.914</b>	.090	.139
soc6	<b>.874</b>	.067	.127
soc3	<b>.849</b>	.152	.130
soc2	<b>.792</b>	.229	.063
hed5	.107	<b>.866</b>	.169
hed4	.105	<b>.842</b>	.289
hed6	.034	<b>.761</b>	.149
hed2	.212	<b>.703</b>	.283
hed3	.185	<b>.672</b>	.327
att3	.090	.165	<b>.854</b>
att2	.140	.223	<b>.826</b>
att5	.102	.155	<b>.787</b>
att1	.120	.327	<b>.736</b>
att4	.111	.305	<b>.628</b>

loadings for the items cleanly loaded on three dimensions, averaging .87 for hedonic (hed), .77 for social identification (soc), and .77 for utilitarian attitude (att).

Reliability testing on the data collected in the field study showed the measures to be reliable. All Cronbach alphas are all above .86 in Table XIII.

**Table XIII: Field Data Reliability Testing**

Dimension	Cronbach's Alpha	Number of Items
Hedonic	.876	5
Social Identity	.931	5
Attitude	.868	5
Intention to Listen	.979	4

### 5.9 Results of the Field Data: Regression Assumptions

Randomly, fifteen entries in the data file were checked against the data in the original questionnaires to look for any errors in inputting the data. None were found.

Then, the data was analyzed to determine if the assumptions for regression were met: independence of predictor variables, normality, linearity, and limited outliers.

Testing for independence of the predictor variables, Table XIV shows that none of the predictor variables had a correlation of over .50. Since this figure is higher than

**Table XIV: Final Field Study Regression Model Correlations**

<b>Pearson Correlation</b>	<b>INT</b>	<b>HED</b>	<b>SOC</b>	<b>ATT</b>
INT	1.000	.364	.256	.451
HED	.364	1.000	.276	.501
SOC	.256	.276	1.000	.294
ATT	.451	.501	.294	1.000

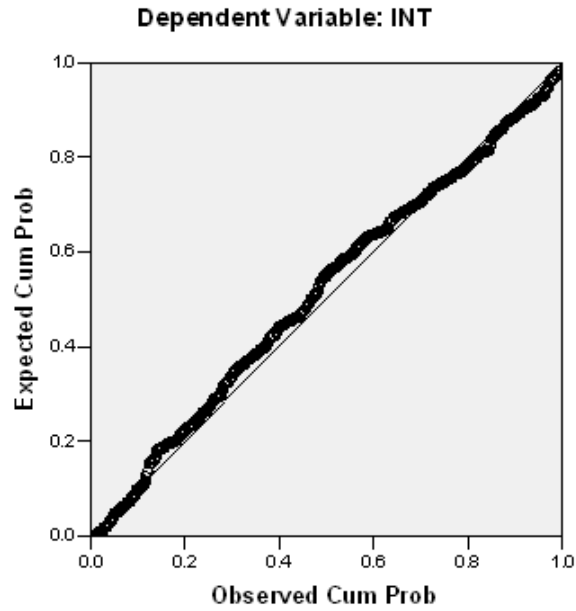
the results of the pretest, however, a stepwise regression was run, to see if there were any high correlations among the predictor variables (i.e. if there was any duplication of constructs). See Appendix C for the results of the stepwise regression showing that all three of the dimensions are important in predicting the dependent variable and therefore should all be retained in the equation.

Also, Pallant (2005) indicates variables should be only taken out of the regression equation if correlations are higher than .70, as correlations over .70 show the variables are not independent. Following Pallant’s recommendations, none of the predictor variables needed to be removed for high correlation in this study. Finally, the high correlations between HED and INT (the intention to listen to music on headphones), and ATT and INT are what the researcher wanted, as this shows the chosen constructs were highly correlated with the Y variable.

Figure 8 shows that, in the P Plot of standardized residuals, the points representing the residuals follow the line representing a normal distribution. The scatterplot in Figure 9 shows that the data did not have a curvilinear pattern. This

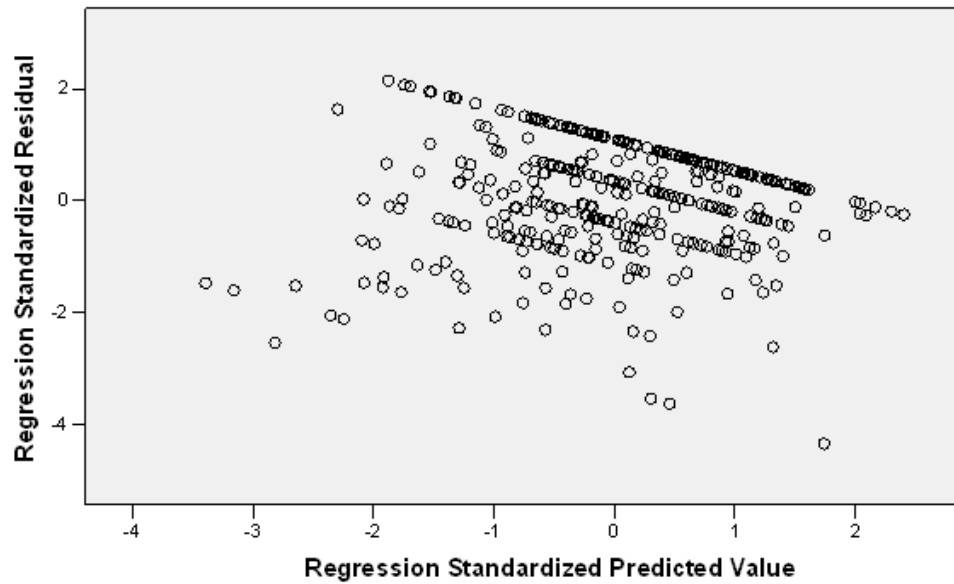
**Figure 8: Final Field Study Normal P Plot**

Normal P-P Plot of Regression Standardized Residual



**Figure 9: Final Field Study Regression Model Scatterplot**

Dependent Variable: INT



supported the linearity of the data set. In addition, the pattern is, in general, random, supporting homoscedasticity or equal variance for the residuals. There does seem to be a heavier line across the top, illustrating some correlation in the error terms. However, that is not of concern in determining the linearity of the dataset, one of the main functions of creating the scatterplot in this study.

Again referring to the scatterplot, according to Pallant (2005), outliers have values of standardized residuals above 3.3 or less than -3.3. There should only be a very small number of outliers in a data set and extreme outliers should be removed. There were only four outliers in the data set of 373. Therefore the number of outliers is acceptable. (See the casewise diagnostics in Table XV, showing there were four outliers, since it is difficult to read the outlier information in the scatterplot.)

**Table XV: Casewise Diagnostics**

Case Number	Std. Residual	INT	Predicted Value	Residual
2	-4.349	4	27.35	-23.351
227	-3.633	4	23.50	-19.503
291	-3.545	4	23.03	-19.033
297	-3.072	6	22.49	-16.493

#### 5.10 Regression Results for the Field Data

Standard multiple regression was used to analyze the field data. The default confidence level was .95%. (See Chapter V for the rationalization for using the multiple regression technique in this study.) During the data collection stage, each item was answered from 1-7 by the respondents. That is, all of the items in the survey were rated on a scale from 1-7. Data from the questionnaires was transferred to data sheets. All the answers for items were placed in columns on the data sheet, listed by respondent number. In addition, all the items for each construct were summated in an additional column on

the data sheet. There were three of these columns representing the three dimensions (hedonic experiences, social identity, and utilitarian attitude). For example, the highest possible score, for social identity, was 35 (5 items times the highest possible score for each of five items on a 7-point scale). The lowest possible score was 5, since there could be an answer of “1” for each of the 5 items on the respondent’s answer sheet. The standard error results are computed using the 5-35 range in the answers. Finally, the three summated columns were used as the input for the regression analysis.

The final regression results are shown in Table XVI. From this output, it can be seen that 24 per cent of the variance in the dependent variable was explained by the model. In the current study, therefore, hedonic feelings, social identity, and utilitarian attitude explained 24 per cent of the variance in college students’ intentions to listen to music on headphones. As noted at the beginning of the chapter, these results were unknown but expected since many constructs have been left out of the regression equation in an effort to focus on new dimensions of value. The significance of the F test was .00 and this shows that the model was therefore valid (i.e. that at least one independent variable is linearly related to the dependent variable).

Again, referring to the results, all three p-values were less than .05 for the independent variables. According to these p-values, all three independent variables were related to the intention to listen to music. Hedonic feelings, social identity, and utilitarian attitude were significant predictor variables in the sample tested. (See Table XVI.)

#### 5.11 Hypothesis Testing

As noted above, the standard multiple regression technique was used to test the hypotheses developed in Chapter 3. The three major hypotheses were tested by

**Table XVI: Multiple Regression Results**

SUMMARY OUTPUT					
Regression Statistics					
Multiple R	0.489913				
R Square	0.240015				
Adjusted R Square	0.233836				
Standard Error	5.369038				
Observations	373				
ANOVA					
	df	SS	MS	F	Significance F
Regression	3	3359.322	1119.774	38.8452	7.74E-22
Residual	369	10637	28.82657		
Total	372	13996.33			
PREDICTORS					
	Coefficients	Standard Error	t Stat	P-value	Standard
Intercept	9.016158	1.296837	6.952422	1.64E-11	P<.001
HED	0.209050	0.067445	3.099561	0.002087	P<.010
SOC	0.099497	0.042739	2.328015	0.020451	P<.050
ATT	0.355769	0.056538	6.292607	8.85E-10	P<.001

examining p-values in the regression output. Each of the major hypotheses is presented below and the results for each hypothesis are summarized. In the hypotheses below, consumption intention is college students' intentions to listen to music on headphones. Hedonic experiences are escape and entertainment experiences. Social identity is the social identity score for the respondent in relation to the college peer group. Attitude is the respondent's attitude towards the utilitarian value of the consumption experience.

**H1: Hedonic experiences are positively related to consumption intention.**

The results show the p-value to be .002, indicating that hedonic experiences were significant at the .01 level of significance. Therefore, hedonic experiences were significantly related to consumption intention in a direct relationship, holding the effects of all other variables constant.

**H2: Social identity is positively related to consumption intention.**

The results show the p-value to be .02, indicating that social identity was significant at the .05 level of significance. Therefore social identification on the part of college students was significantly related to consumption intention in a direct relationship, holding the effects of all other variables constant.

**H3: Attitude is positively related to consumption intention.**

The results show the p-value to be .00, indicating that utilitarian attitude was significant at the .01 level of significance. Therefore, utilitarian attitude on the part of college students was significantly related to consumption intention in a direct relationship, holding the effects of all other variables constant. The usefulness of the consumption experience, for example, holds value for the respondents in the sample.

All three components, hedonic experiences, social identity, and utilitarian attitude, were predictors of the intention to listen music for college students. The final regression equation, based on the unstandardized coefficients, was the following:  $Y = .21HED + .10SOC + .36ATT$ . For one unit of change in HED score there is .21 units of change in

the Y score (intention to listen to music on headphones). Similarly, for one unit of change in the social identity score there is .10 units of change in the Y score. Finally, for one unit of change in the utilitarian attitude score there is .36 units of change in the Y score.

#### 5.12 Analyzing the Standardized Coefficients

To compare different constructs representing dimensions of value it is important to look at standardized coefficients. When using standardized coefficients, the values for the variables are converted to the same scale for comparison purposes (Pallant, 2005). The regression procedure was run again, this time requesting standardized coefficients. The largest beta in the results was .34 for utilitarian attitude, the strongest unique contributor to explaining the variance in the dependent variable (i.e. while holding all the other predictors constant). The beta coefficient for HED was .17 and for SOC .11. Therefore social identity was the weakest unique contributor to explaining the variance in the dependent variable. Again, all three variables were significant in terms of the prediction of the dependent variable, college students' intention to listen to music on headphones. (As noted above, all three p-values were significant at the .05 level of significance.)

#### 5.13 Interaction Effect

As noted in Chapter 3, the literature does not make a clear argument for or against gender differences in social identity. This was seen by comparing the research conducted by Cheek (1989), Pliner and Chaiken (1990), Seta et al. (2006), and Solomon and Schopler (1982). Studies in this group of researchers focusing on *marketing* indicated that social identification was more important for females as compared to males, arguing *females tended to place an emphasis on social relationships* in informal groups. In the current study it was hypothesized that female undergraduate students would be more



influenced by social identification, compared to male undergraduate students, when measuring the intention to listen to music on headphones. Therefore, the following hypothesis regarding a potential interaction between gender and social identification was tested:

H4: There is an interaction between gender and social identification in the prediction of the intention to listen to music.

The final regression model is shown below, including the interaction effect:

***Regression Model:***

$$Y = b_0 + b_1(X_1) + b_2(X_2) + b_3(X_3) + b_4(X_4) + b_5(X_4X_2) + \epsilon(\text{error})$$

$$\begin{aligned} \text{Consumption Intention (Y)} = & b_0 + b_1 (\text{Hedonic Experiences}) \\ & + b_2 (\text{Social Identity}) \\ & + b_3 (\text{Utilitarian Attitude}) \\ & + b_4 (\text{Gender}) \\ & + b_5 (\text{Gender X Social Identity}) \\ & + \epsilon (\text{error}) \end{aligned}$$

#### 5.14 Analysis of a Potential Interaction Effect

The researcher analyzed the results for an interaction, using the same data as above. The first step was to determine if there was a difference in the average identity score for females and males in the sample. The results of the ANOVA are shown in APPENDIX D. There was no significant difference in the value of the social identity construct for males and females. For the next step, gender was run as a dummy variable in an additional regression equation. Similar to the results of the ANOVA, the dummy variable for gender was not significant. The p-value for gender was 0.548228, highly

insignificant. (The results of the regression run with a dummy variable representing gender are shown in APPENDIX D.)

Third, the interaction itself was run using a regression equation. Again there were no significant results. Gender was not significant as a moderator of social identity. As can be seen in the Table XVII below, there was no significant interaction between gender and social identity. Therefore, gender in and of itself was not significant and did not act as a moderator for this sample of college undergraduate students.

**Table XVII: Interaction Results**

REGRESSION VARIABLE	<i>Unstandardized Coefficient</i>		<i>Standardized Coefficient</i>		
	B	Std. Error	Beta	t	Sig.
HED	.207	.068	.163	3.071	.002
SOC	.091	.045	.103	2.030	.043
ATT	.353	.057	.333	6.224	.000
INTERACTION	.015	.025	.029	.592	.555

#### 5.15 Conclusions

Analysis of the data provides support for the reliability and validity of the measures used in this study. Three of the four hypotheses were supported. Hedonic experiences, social identity, and utilitarian attitude were all significant predictors of the intention to listen to music on headphones for the total sample. H4, suggesting, gender moderates social identity influence, was not supported. Gender did not have a moderating effect on social identity for the sample of 373 undergraduates. There was also no significant difference in the mean scores for social identity for males and females in the sample.

Finally, some interesting results occurred. Utilitarian attitude proved to be the strongest predictor of the variance in the 373 college students' intentions to listen to music, while hedonic experiences and social identity were weaker predictors, although all three were significant. This can be explained by the fact that consumers tend to agree more on the primary benefits or function of a product, while they tend to disagree more on the psychological and subjective attributes of a product. (See Cateora and Graham, 2007). For example, male and female college students may tend to agree on the following basic functions of listening to music: helpful, practical, and effective. In turn, they may tend to disagree more on which subjective experiences are most important to them during the consumption process.

In conclusion, while the hedonic experiences and social identity dimensions alone were not as strong a predictor in the equation as utilitarian attitude, all three predictor variables *together* could be used to predict the intention to listen to music on headphones for the sample of 373 college undergraduate students. That is, hedonic experiences, social identity, and utilitarian attitude were all significant predictors of the intention to listen to music on headphones in this study, showing the importance of all three dimensions of consumer value in explaining the intention to listen to music on headphones.

## **CHAPTER VI**

### **DISCUSSION**

#### 6.1 Preview of the Chapter

This chapter presents an overview and discussion of the results of the study from both a theoretical and practical marketing strategy perspective. This includes an analysis of the contribution to the theoretical literature in the area of consumer value dimensions as well as a discussion of the application of the results to such applied areas of marketing as integrated marketing communications. Limitations are discussed. There is a final concluding statement.

#### 6.2 Theoretical Contributions

This study set out to develop a conceptual framework for empirically evaluating the dimensions of consumer value for experiential offerings. A review of the literature uncovered a sharp division, with two major approaches to conceptualizing value for offerings. In the past, most research on consumer value focused on the “value for money” paradigm that has been defined as basically the tradeoff between quality and price (Cravens et al., 1988; Dodds, Monroe, and Grewal, 1991). Low price and high quality were emphasized. Consumer purchase decisions were hypothesized as being *rationally*

*based* decisions largely motivated by utilitarian values (i.e. stressing the importance of utility for the consumer). Traditional marketing theories in consumer behavior were not customer-oriented but were fundamentally “engineering- and logistics-driven” (Schmitt, 2001, p. 11), conceptualizing customers as a rational decision-maker trading off product features and price in a process referred to as information processing.

Recent research explored expanded areas of interest and looked at features that conceptualize the consumer going beyond rational processing. Park and Macinnis (2006, p, 17), in their research on the *experiential value of offerings*, explored experiential products and describe them as being able to entertain the self, as being able to involve the consumer in experiences related to “sensory pleasures, nostalgia, aesthetics, or sexual desire.” Hsu and Lu (2004), in their research on playing video games, described the holistic experiences of escape that occur during video game playing. This newer research on experiential offerings supported the idea that fantasy in new experiential product offerings can entertain, and can, at the ultimate level, allow the consumer to escape from everyday life. In terms of what is going on in the mind of the consumer, Agarwal and Malhotra (2005) refer to a holistic processing that can occur that is quite different from rational information processing.

This study took on the task of fully integrating these two major streams of research described above, the traditional and newer approach. Based on two styles of consumer processing outlined by Agarwal and Malhotra (2005), a framework was developed incorporating three basic generic categories of value: emotional/subjective value represented by hedonic experiences, social value represented by social identity

influence, and utilitarian value represented by the individual's utilitarian attitude towards the consumption experience.

The integrating factor was two major types of *consumer processing*: (1) experiential holistic top-down processing and (2) micro dimensional bottom-up processing. The hedonic and social identification constructs represent the holistic processing, while utilitarian attitude represents the more rational micro, summational processing. Extending the integrated processing model developed by Agarwal and Malhotra (2005), this study contributes to the literature by focusing on consumer processing styles as an integrating factor in a comprehensive model.

Finally, this research also introduces a new generic category in the study of dimensions of value for college students: identification influence based on the basic need to feel a part of the group, to feel attached and have a sense of belonging to a reference group. In terms of processing, this is best thought of as imitation, a more holistic form of processing.

### 6.3 Managerial and Practical Contributions

The results are also relevant from a managerial and practical point of view. A major goal of an organization is to increase profits. As noted in the literature review, a new, experiential economy appears to be replacing the service economy in the United States (Pine and Gilmore, 1999). Firms need to take advantage of the profits that can be made from experiential offerings.

### 6.4 Developing Successful Marketing Strategies for Experiential Offerings

The results of the study found that, for listening to music on headphones, subjective experiences associated with the consumption experience are an important

component of consumer value for college students. For the application of these results, marketers can focus on subjective experiences to integrate marketing communications when promoting and selling new music releases, for example.

Newer researchers such as Schmitt (2001) introduce the idea of consumer experience management. Pine and Gilmore (1999) describe a new experience economy. The world of psychological experiences in the consumption of offerings opens up a whole new area of research. Hansen and Christensen (2007) refer to Mental Brand Equity. Extending their concept, this study suggests firms should be considering Experiential Brand Equity based upon subjective experiences associated with the consumption process. Using this conceptualization, the richness and quality of subjective experiences that emphasize escape and entertainment, for example, could be the focus of themes for integrated marketing communications.

As noted in earlier chapters, by integrating experiential themes across media, firms can harness synergy “to help build brand equity” (Naik and Raman, 2003, p. 375). Increased brand equity, in turn, allows, the firm to make profits. Disney serves as a model for how marketing communications for experiential offerings can be quite successful in building brand equity. For example, a theme such as Aladdin was used in Disney TV ads, ads for Happy Meals, ads for movies, and on ads on the Disney channel. Advertising in one medium built upon advertising in another medium, increasing the consumer’s awareness of themes associated with Disney offerings. So, too, for other experiential offerings, themes focusing on hedonic feelings, for example, can be integrated across marketing communications.

## 6.5 Limitations of the Current Study

The sample used in this study is restricted to one segment of the population and the effectiveness of the model needs to be tested on populations other than students. Music may not involve hedonic experiences for seniors, for example. Similarly, only one offering, listening to music on headphones, was studied in depth here. Other offerings used by college students need to be evaluated for dimensions of consumer value. In addition, the study only focuses on one type of reference group: the peer group, and therefore, findings cannot be generalized to other types of reference groups without further positive test results.

There were other limitations that resulted from the paucity of material in the literature relating to experiential offerings. Specifically, Holbrook (1994) indicates that another dimension of consumer value for experiential offerings is intellectual curiosity. This is a complex topic area, as it involves the cognitive aspects of consumer processing as well as the affective aspects at the same time. There was such a lack of literature in this area that it was not possible to develop a measure for this dimension in the current study. Now that three dimensions have been confirmed for one offering, it would be appropriate to conduct further research in this area.

## 6.6 Concluding Statement

It is not surprising that attitude was important in the intention to listen to music. Even more important, the results of the study suggest *subjective experiences associated with consuming an experiential offering* were also an important dimension of consumer value. That is, hedonic feelings were found to be a predictor of the intention to listen to music on headphones for college students. In addition, social identification was also important.



When dealing with experiential offerings, firms need to reposition in their minds what value means to consumers. Products need to be conceptualized as consisting of both product attributes and what can be referred to as “process attributes”, subjective feelings the consumer experiences during the consumption of the offering. This includes other more abstract influences, such as social identification, that need to be understood in order for the firm to fully understand the dimensions of value associated with the consumption of experiential offerings.

Finally, researchers need to understand the role of the Internet and other types of mass communication in allowing firms to further reinforce experiences in many offerings. This study is just one step in the exploratory process of clarifying why consumers choose certain experiential offerings. Further research will help to clarify the mechanisms that are occurring in the minds of consumers as the United States moves from a service economy to an experiential economy.

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## **APPENDICES**

## APPENDIX A

### CONSENT FORM

Hello. My name is Glenna Pendleton and I am a doctoral student in the Department of Marketing (216-687-4771). I am conducting a marketing survey to study student evaluations of products (or activities related to products). Specifically, I will be asking you to evaluate buying new or used textbooks on-line, listening to your favorite songs on headphones (or ear buds), and playing video games on a game console.

The Institutional Review Board requires notification of any risks to subjects participating in any research project. There are “no foreseeable risks” for the subject in the process of filling out this survey. The questionnaire is designed to take less than one hour of your time. The directions on the top of the first page give a brief overview of the questions/statements you will be asked to answer or evaluate. This overview will let you know what to expect ahead of time before you begin the process of actually answering the questions one by one in order.

You must be a CSU student over 18 years old in order to participate in this survey. Please return the blank survey if you are less than 18 years old. Also, please do not identify yourself in any way on the questionnaire. Do not put any self-identifiers on the documents. In this manner your specific responses cannot be associated with the data generated in the final study. They will be combined with many other answers and used only for statistical purposes.

Participation in this research is voluntary. In addition, you will not be penalized if you need to withdraw from the study after accepting a survey. If you have any further questions please contact me at the above telephone number. You may also contact my doctoral committee advisor, Dr. William Lundstrom, at 216-687-5302.

If you have been given the information in this consent form verbally and understand the consent statement below you are not required to sign on the line below. This will allow us to further guard your anonymous status.

***I understand that if I have any questions about my rights as a research subject, I can contact Cleveland State University’s Review Board at (216) 687-3630.***

\_\_\_\_\_  
NAME

\_\_\_\_\_  
DATE

***THANK YOU FOR PARTICIPATING IN THIS RESEARCH STUDY!***

## APPENDIX A

### DIRECTIONS

The first fifteen questions require you to imagine a situation and then to indicate your answers to questions or statements by circling the appropriate number in the box. Next, questions in the middle section relate to specifically listening to music on headphones. At the end, there are six background questions and a few questions that ask for your opinion.

Some questions may appear to be similar since one or more questions were created to obtain an accurate measure of your evaluation for each topic. Please try to answer all of the questions in order. Complete answers are important for a successful analysis of the data. Also, please respond to the questions honestly, as this will allow the researcher to conduct a more accurate analysis later on.

### QUESTIONNAIRE

Imagine a group of typical college students (undergraduates who entered college right after high school and who will be working on a bachelor of science degree for approximately the next four years) and include your college friends in this group (if they fit the definition of a typical college student). Picture briefly in your mind what products and services these imaginary typical students might own or use. Think of what activities these students might typically take part in. Then, in addition, think about each of the next three questions and respond to each of them by circling the appropriate number representing your answer.

	Not at All			Moderately			Very Much
1. Do you associate listening to music on headphones (or ear buds) with the typical college student?	1	2	3	4	5	6	7
2. Do you associate playing video games on a game consul with the typical college student?	1	2	3	4	5	6	7
3. Do you associate buying new or used textbooks on-line with the typical college student?	1	2	3	4	5	6	7

## APPENDIX A

Before answering the next six questions, think of actually using products or services, or performing shared activities, you associate with the typical college student (for example, listening to songs on I-pods, playing video games on a PS3, etc.). Then proceed to answer each of the six questions as honestly as possible, thinking of your own college peer group.

	Not at All		Moderately Attached		Very Much		
4. How emotionally attached are you to your college peer group imagined above?	1	2	3	4	5	6	7
	Not at All Strong		Moderately Strong		Very Strong		
5. How strong would you say your feelings of belongingness are toward your college peer group imagined above?	1	2	3	4	5	6	7
	Not very Much					Very Much	
6. How much do you see yourself belonging to your group of friends and peers imagined above ?	1	2	3	4	5	6	7

	Does Not Describe Me At All		Describes Me Moderately Well		Describes Me Very Well		
7. I am a valuable member of my college peer group I imagined above.	1	2	3	4	5	6	7
8. I am an important member of my college peer group I imagined above.	1	2	3	4	5	6	7
9. I am a worthy member of my college peer group I imagined above.	1	2	3	4	5	6	7

## APPENDIX A

Please answer the following questions filling in “listening to favorite songs on headphones or ear-buds” in the blanks in your mind.



	Strongly Disagree							Strongly Agree
10. I think _____ is very entertaining.	1	2	3	4	5	6	7	
11. The enthusiasm of _____ is catching, it picks me up.	1	2	3	4	5	6	7	
12. _____ isn't just a product, it entertains me.	1	2	3	4	5	6	7	



	Strongly Disagree							Strongly Agree
13. _____ “gets me away from it all”	1	2	3	4	5	6	7	
14. _____ makes me feel like I am in another world.	1	2	3	4	5	6	7	
15. I get so involved when I am _____ that I forget everything else.	1	2	3	4	5	6	7	

## APPENDIX A



My \_\_\_\_\_ is:

ineffective 16.	1	2	3	4	5	6	7	effective
unhelpful 17.	1	2	3	4	5	6	7	helpful
not functional 18.	1	2	3	4	5	6	7	functional
unnecessary 19.	1	2	3	4	5	6	7	necessary
impractical 20.	1	2	3	4	5	6	7	practical



Strongly  
Disagree

Strongly  
Agree

21. I intend to _____ in the future.	1	2	3	4	5	6	7
22. I will try to _____ in the future.	1	2	3	4	5	6	7
23. I plan to _____ in the future.	1	2	3	4	5	6	7
24. I will _____ in the future.	1	2	3	4	5	6	7

APPENDIX A

BACKGROUND INFORMATION

1B. What is your level of education at this university? Please circle.

Freshman          Sophomore          Junior          Senior          Other

2B. Please indicate your age: \_\_\_\_\_.

3B. Please indicate your gender with a circle around the correct answer:

male          female.

4B. How many years have you been a student at this university? \_\_\_\_\_.

5B. Are you full-time or part-time? Circle the correct answer:

full-time    part-time.

6B. Are you living on campus? Indicate with a circle around the correct answer:

yes          no.





APPENDIX A

**THANK YOU FOR  
PARTICIPATING IN  
THIS RESEARCH!**

RETURN YOUR COMPLETED QUESTIONNAIRE  
AFTER YOU ARE FINISHED.

*Please keep in mind that the questionnaire information must be kept confidential. Also, you are to remain anonymous to protect your privacy.*

?

*If you have any questions please feel free to contact myself or the supervising faculty member at 216-687-4771.*

## APPENDIX B

(IRB questionnaire approval)

## APPENDIX C

Stepwise Regression Results (forward technique)  
Showing the Need for all Three Dimensions Found in the EFA Results

Variables Entered/Removed(a)

Model	Variables Entered	Variables Removed	Method
1	ATT	.	Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).
2	HED	.	Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).
3	SOC	.	Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).

a. Dependent Variable: INT

APPENDIX C

Model Summary(d)

R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
				R2	F Change	df1	df2	Sig. F Change
.451a	.204	.201	5.482	.204	94.816	1	371	.000
.478b	.229	.225	5.401	.025	12.141	1	370	.001
.490c	.240	.234	5.369	.011	5.420	1	369	.020

- a Predictors: (Constant), ATT
- b Predictors: (Constant), ATT, HED
- c Predictors: (Constant), ATT, HED, SOC
- d Dependent Variable: INT

Coefficients(a)

Variables and Constant	Unstandardized Coefficients		Standardized Coefficients		
		Std. Error	Beta	t	Sig.
1 Constant	10.865	1.191		9.126	.000
ATT	.478	.049	.451	9.737	.000
2 Constant	10.278	1.185		8.673	.000
ATT	.380	.056	.359	6.809	.000
HED	.234	.067	.184	3.484	.001
3 Constant	9.016	1.297		6.952	.000
ATT	.356	.057	.336	6.293	.000
HED	.209	.067	.165	3.100	.002
SOC	.099	.043	.112	2.328	.020

## APPENDIX D

### T-Test Results

Group Statistics (where 0=male and 1=female)

Gender		N	Mean	Std Deviation	Std. error Mean
SOC	0	188	21.21	6.569	.479
	1	185	21.91	7.220	.531

### Independent Samples Test

Levene's Test for Equality of Variances		F	Sig.	Sig. (2-tailed)
SOC	Equal variances assumed	1.612	.205	.327
	Equal variances not assumed			.328

### T-test for Equality of Means

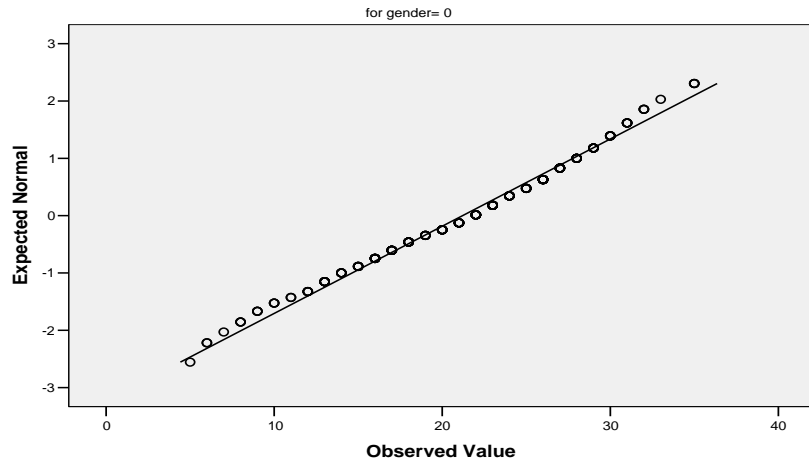
df	Sig. (2-tailed)	Std. Error Difference
-.701	.714	.704

# APPENDIX D

## Testing if Scores are Normally Distributed

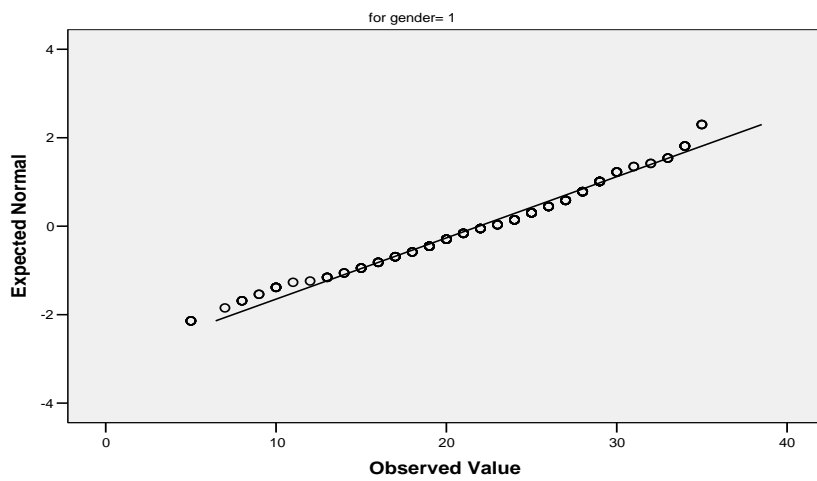
### Males

Normal Q-Q Plot of SOC



### Females

Normal Q-Q Plot of SOC



APPENDIX D

**Regression Results Using a Dummy Variable for Gender**

SUMMARY OUTPUT					
Regression Statistics					
Multiple R	0.490673				
R Square	0.24076				
Adjusted R Square	0.232507				
Standard Error	5.373692				
Observations	373				
ANOVA					
	df	SS	MS	F	Significance F
Regression	4	3369.751	842.4379	29.17376	4.42E-21
Residual	368	10626.580	28.8766		
Total	372	13996.330			
PREDICTORS					
	Coefficients	Standard Error	t Stat	P-value	Standard
Intercept	8.922087	1.307365	6.824479	3.65E-11	
HED	0.208343	0.067514	3.085922	0.002183	<b>P&lt;.010</b>
SOC	0.098936	0.042786	2.312340	0.021310	<b>P&lt;.050</b>
ATT	0.353571	0.056705	6.235317	1.24E-09	<b>P&lt;.001</b>
gender	0.336036	0.559154	0.600973	0.548228	<b>Not Significant</b>