The Comparison of Customers Engagement and Customer Value in Utilitarian and Hedonic Brands

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Abstract

This study aimed to investigate the relationship between customer engagement in utilitarian and hedonic brands. Experimental tests have been carried out using the presence questionnaire method. Due to the infinite population, the sample used for this study was selected using Morgan table. 384 of them were the consumers of insurance company services and cosmetic products. After reviewing the demographic characteristics of the sample, validity and reliability of data normality, the hedonic and utilitarian of two groups (customers of cosmetic and insurance companies) using T-student test. There search hypotheses were studied using PLS of structural equations and Pearson correlation coefficient. The results showed that there is a significant relationship at the confidence level of 95 % between the customer engagement and customer value in utilitarian and hedonic brands of the companies. The correlation between the customer engagement in hedonic brand and customer value is more than the correlation between the customer engagements in utilitarian brands.

Keyword: Subjective engagement, customer engagement, customer value, utilitarian brand, hedonic brand.

Introduction

Today, each customer has its own value and companies must struggle to gain a larger share of the stable market. Marketing is at its evolution stage and marketers are not only finding new customers. Today, the purpose of marketing is the management of demand through growing and moving up the customer to the maturity in the ladder of loyalty in organizations. Today, customer satisfaction is not enough and companies must not rely on the satisfaction of their customers they should make sure that their satisfied customers are engaged. The survival of any organization requires serious effort to outpace rivals in increasing the market share of products or services. The best practice for achieving this goal is customer satisfaction and customer value. After over one hundred years of development in customer-orientation in the world, a place has been created for customers to have a great reputation in the field of competition. Today, there is an in effable power in customers wherever there is a competition in production or services[1]. The area of economic activities in the world, the attitude of customer-orientation and customer satisfaction, is considered as one of the principles of business and not paying attention to these principles will likely remove them from the market[2].

The present study considered this importance and examined the relationship between customer engagement and customer value in utilitarian and hedonic brands in order to provide a model.

Research Framework: Theoretical Framework: Nowadays, many organizations seeking to achieve the excellent location and unique advantages in the competitive market are aware of providing superior services beyond the customers' expectations[3]. Companies increasingly seek to increase participation and commitment of customers or engage the customers' subjective in relation to their brands.

Prahalad, Ramaswamy 2004 and Sawhney, et.al 2005, Organizations that seek to sustain the quality of their services use the continuous evaluation of customers' attitudes from services' quality and identify the causes of providing services to improve services' quality[4,5].

Donavan et.al, argued that the most important step in the process of customer satisfaction is to identify customer expectations[1]. Divanderi and Delkhah also believed that if the performance ofthe company meets the customer expectations, customer dissatisfaction will arise. Accordingly, a strong emphasis is implicitly on customer satisfaction and involves a strong relationship between the customer engagement of the customer and the profitability of the organization[6]. About the customer engagement (customer commitment), it can be said that: in the current situation of business, it has been proved that customer engagement reinforces the organizational performance, competitive advantage and profitability[7,3]. Engaged consumers may recommend the product or brand to others and participate in the creation of experience are value and also play a role in organizational innovationprocesses[4,8,9]. Similarly, the student engagement is linked to the student learning outcomes in educational psychology. It has been shown in organizational behavior that the employee engagement reinforces the organizational engagement, citizenship behaviors, job satisfaction and organizational performance[10]. Customer

engagement is important due to the predictive capabilities, customer satisfaction and focal services based on the anticipated roles[11]. Thus it is expected that the concept of customer engagement works stronger than the traditional concepts such as customer satisfaction in explaining and predicting consumer behavior outcomes[9]. About the customer value, it can also be said that: Several definitions have been proposed in the literature on the value perceived by the customer. For example, the conceptualization of Zeithaml (14, 1988), defined this concept as" the consumer's overall assessment of the utility of a product/service based on his perception of what is received and what is given". It other words, the conceptualization of value for money,[5, 12]oran approach that reflects the specific benefits perceived by the customer (i.e., total benefits minus total costs observed and perceived) that result from specific interactions with a particular object (like a brand). The concept of customer value is considered as a multidimensional concept as well as the concept of customer engagement, although there is no consensus in the literature about the aspects of customer value. For example, while Sheth and colleagues proposed five aspects of value such as functional, social, emotional, cognitive and positional[10], Holbrook had a three-dimensional conceptualization that included active/ passive, intrinsic/ extrinsic, self-centered /other-centered aspects[13]. Sweeney and Soutar discussed the aspects of emotional, social, and functional value (price /value for money, performance quality)[5]. Those brands which are considered utilitarian will be evaluated due to their performance tools and perceived benefits and thus reflect then on-emotional decision-making processes and tools[14,15]. Examples of utilitarian brand include basic goods and necessities of life (food, milk) or goods that the consumer uses for mental tasks, and task-oriented works like buyingavacuum[16].

On the contrary, those brands which are hedonic are evaluated based on the aspects of perceived, sensory and emotional experiences[17,15]. And so the hedonic brands are mainly purchased mainly because of the emotional satisfaction that consumers achieve by features such as entertainment.[14] In this context, the main question of this research is formulated so that what is the relationship between the variables of customer engagement and customer value with utilitarian and hedonic brands?

Review of Literature: Ganesh and colleagues argued that older consumers are moreloyal[18]. Huang and colleagues emphasized that the purchases by old customers have a lower overhead costs for the selling company. Accordingly, we conclude that the customer engagement results from the satisfaction of customer from services and increase the efficiency and profitability of the company[19]. The customer engagement can greatly affect customer loyalty. Customer engagement is defined as an intense desire to preserve and maintain a relationship that is valuable to marketers[20]. In other words, the customers' behavioral protest towards a brand or company is beyond the purchase that is caused by motivational stimuli including various promotional activities[21]. Wenand colleagues believed that the highest level of

emotional investment and consumer behavior is due to the interaction of a particular brand with customer engagement as a specific commitment. Cognitive and emotional commitment of the customer to an active relationship embodies with a particular brand to transfer. At the same time, the perceived value by the customer can be considered as the overall assessment of the customer from a product or service based on what is presented to him[12]. Those brands which are hedonic are evaluated based on their perceived and instrumental benefits and thus reflect relatively non-emotional decision-making processes[15]. Examples of utilitarian brand include basic goods and necessities of life (food, milk) or goods that the consumer uses for mental tasks, and task-oriented works like buyingavacuum;[16] On the contrary, those brands which are hedonic are evaluated based on the aspects of perceived, sensory and emotional experiences[15,17]. And so the hedonic brands are mainly purchased mainly because of the emotional satisfaction that consumers achieve by features such as entertainment[14].

Methodology

Research Method: This study is a descriptive survey. It is an applied study in terms of objective and is a correlation study in terms of method. As was found, the main methods of data analysis in this study are Kolmogorov–Smirnov test, structural equations of factor analysis and valid partial least squares (PLS). Finally, in terms of data collection, the research is a field study (through a questionnaire). This paper used descriptive analysis methods including mean, standard deviation, skewness, and stretching with graphs associated with each variable.

Population and Sampling: The population consists of all customers of insurance and cosmetic companies. The customers of population are consisted of two groups which are unlimited.

In this study, 400 questionnaires were distributed and used and 384 questionnaires were analyzed based on the Morgan table. Stratified random sampling was used in this study, the first floor was for insurance companies and the second floor was for cosmetics companies. 192 questionnaires were related to the clients of insurance companies and 192 questionnaires were related to the clients of insurance companies.

Research hypotheses: i. There is a significant relationship between the customer engagement and customer value in utilitarian brands. ii. There is a significant relationship between the customer engagement and customer value in hedonic brands. iii. The correlation between customer engagement and customer value in hedonic brands is more than the utilitarian brands.

Research Descriptive Statistics: The study of descriptive data of the population is very necessary in terms of gender, age, education and duration of use of the product. Therefore it should initially be addressed.

According to the table 1 and graph it is clear that the majority of respondents of insurance company were male. On the contrary, the majority of respondents of cosmetics company were female.

According to table-2 it is clear that the majority of respondents of insurance company were older than 30 years old and the

majority of respondents of cosmetics company were between 21 to 40 years old.

According to the table 3 it is clear that the majority of cosmetics and insurance companies customers have the same level of education.

Table-1
Frequency and frequency percentage of sample members based on gender

Customers of Incurance Company			Customers of Cosmetics Company			
Cumulative Frequency Percent	Percent	Frequency	Cumulative frequency percent	Percent	Frequency	Gender
38.5	38.5	74	68.8	68.8	132	female
100.0	61.5	118	100.0	31.3	60	male
	100.0	192		100.0	192	total

Table-2
Frequency and frequency percentage of sample members based on age

Customers of insurance company			Customers of cosmetics company			
Cumulative frequency percent	Percent	Frequency	Cumulative frequency percent	Percent	Frequency	age
3.6	3.6	7	7.3	7.3	14	Below 20
6.8	3.1	6	24.0	16.7	32	25-21
32.8	26.0	50	52.6	28.6	55	30-26
60.9	28.1	54	77.6	25.0	48	35-31
80.2	19.3	37	94.8	17.2	33	40-36
100.0	19.8	38	100.0	5.2	10	older than 40
	100.0	192		100.0	192	total

Table-3
Frequency and frequency percentage of sample members based on education

Customers of insurance company			Customers of cosmetics company			
Cumulative frequency percent	Percent	Frequency	Cumulative frequency percent	Percent	Frequency	Education
14.1	14.1	27	10.4	10.4	20	diploma
28.6	14.6	28	28.6	18.2	35	associate
69.3	40.6	78	77.6	49.0	94	bachelor
88.0	18.8	36	92.7	15.1	29	master
100.0	12.0	23	100.0	7.3	14	PhD
	100.0	192		100.0	192	total

Table-4
Frequency and frequency percentage of sample members based on on duration of product use

Customers of insurance company			Customers of cosmetics company			duration of product use
Cumulative frequency percent	percent	frequency	Cumulative frequency percent	percent	frequency	
11.5	11.5	22	13.5	13.5	26	Below 1 year
34.4	22.9	44	35.9	22.4	43	2-1
62.5	28.1	54	62.5	26.6	51	3-2
84.4	21.9	42	90.1	27.6	53	4-3
100.0	15.6	30	100.0	9.9	19	Older than 4 years
	100.0	192		100.0	192	total

According to the table 4 it is clear that the majority of insurance companies' customers had about 2-3 years experience in the use of the products and the majority of cosmetics companies' customers had about 3-4 years experience in the use of the products.

Reliability and validity of research: In this study, the inquiry of experts and their probable reformations were used to estimate and provide the validity of the questionnaire. After obtaining the views of industrial and academic experts and desired reforms of faculty advisors, some questions were reformed and became more understandable for the target population. Finally some of the questions or indices were removed and some other important questions were added and the validity of the questionnaire was provided.

In order to determine there liability of the questionnaire, Cronbach's alpha coefficient was used. Cronbach'salph was used to calculate the internal consistency of measurement tools such as questionnaires or tests that measure various features. Cronbach's alpha coefficient in the initial sample questionnaire was obtained as 0/759 and more than 0/70. As a result, the reliability of the questionnaire was approved. Output tables of SPSS software to determine the reliability, is given below.

Table-5
The overall Cronbach's alpha coefficient

Cronbach's alpha	Number
.956	48

Results and Discussion

The population normality test: Before using the correlation coefficient, data normality should be considered.

Table-6
Evaluation of data normality using the Kolmogorov–Smirnov test

Significant level	Kolmogorov–Smirnov test	Variables
0.278	0.993	Mental engagement in hedonic brands
0.0513	1.589	Mental engagement in utilitarian brands

Due to the significant level of more than 0.05 for both variables in both groups, the normal distribution of the target population cannot be rejected in 95% confidence level. Therefore, the Pearson correlation coefficient was used to test these variables.

T-student test was used to evaluate which brands are hedonic and which brands are utilitarian. The condition of using this parametric test is the normality of data.

Due to the significant level of more than 0.05 for both variables in both groups, the normal distribution of the target population cannot be rejected in 95% confidence level. Therefore, the T-test was used to test these variables.

Testing hypotheses: To review the hypotheses of this study, partial least squares PLS was used. Partial Least Squares is a method for structural predictive model. Especially when there are many markers of each factor and there is a multiple alignment among them. This is the first option to estimate the model. In the design of the structural model for the study this approach has been used to estimate the factor loadings and path coefficients.

Hypotheses were examined in structural equation model and the path of structural model was assessed. Each path corresponded to one of the model's hypotheses. Testing each hypothesis by examining the sign, size and statistical significance is the path coefficients (beta) between each latent variable and the dependent variable. Considering the results of the relationship between dependent and independent structures, the significance of the effects between structures can be examined using the coefficients. To evaluate the significance of the path coefficient sorbet a, the significant amounts of the t-value should be considered for each coefficient[22].

According to the obtained results of PLS, both variables have a significant relationship with the dependent variable of customer value. (Absolute value of t-statistics of these variables is more than 1/96). About the effectiveness of each of the independent variables or their coefficients, it can also be said that the variable of mental engagement in hedonic brands is related to the customer value more than the mental engagement in utilitarian brands. Also considering that the coefficients of both variables are negative, both variables are inversely related to customer value. According to the above descriptions, hypotheses 1 and 2 at the 95% significance level are accepted. There is a negative significant relationship between the customer engagement and customer value in hedonic and utilitarian brands. Hypothesis 3: The correlation of customer engagement and customer value in hedonic brands is more than the utilitarian brands.

Table-7
Evaluation of data normality using the Kolmogorov–Smirnov test

Customers of insurance company		Customers of cosmetics company		variables
Significance level	Kolmogorov–Smirnov test	Significance level	Kolmogorov–Smirnov test	
0.149	1.140	0.672	0.723	hedonic
0.067	1.302	0.382	0.908	utilitarian

Table-8
Direct linear effects of the structure's role (dependent variable of customer value)

Standard error	Average in structure	Statsiticst	Path coefficients (beta)	Variable (structure)
0.0886	0.1013	-3.118	-0.1610	Mental engagement in hedonic brands
0.0563	0.0999	2.787	-0.099	Mental engagement in utilitarian brands

Table-9
Results of correlation coefficient test between independent variables and customer value

Significance level	Pearson's correlation coefficient with the variable of customer value	Variables
0.000	-0.586	Customer engagement in hedonic brands
0.032	-0.268	Customer engagement in utilitarian brands

Correlation between mental engagement in hedonic brands and customer value is more than the correlation between mental engagement in utilitarian brands and customer value and both the reverse. Thus, the third hypothesis is accepted.

The following figure shows the paths along the path coefficients and t-values for each independent variable. Since the amount of R2 is 0/416, we conclude that the proposed model contains 41/6 % of the factors influencing customer value.
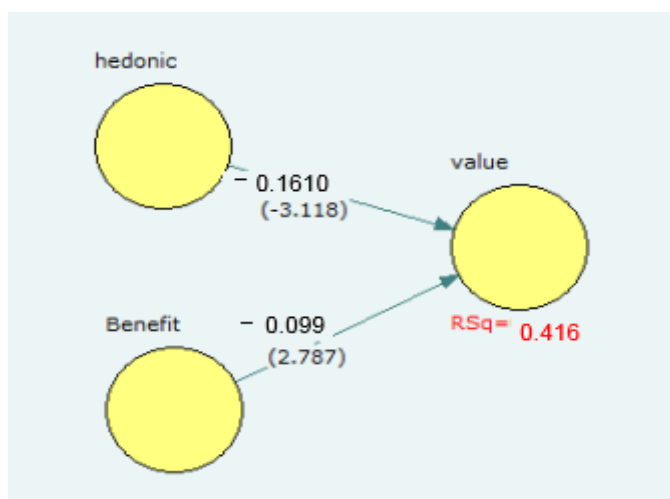

Figure-1
Final model of customer value

Finally, to demonstrate the validity of the finding soft he research model, fit indexes in structural equation models and partial least squares method was used. AVIF index is equal to 2/327 and is below the critical value of 5 and shows that the multiple alignments were controlled well in the model. Accuracy and reliability of the model in predicting the dependent variable are appropriate and independent structures have unique variance in the dependent variable. The indicators of APC and ARS show that the relationships between variables were properly identified and the highest correlation coefficient was used to test the hypothesis, because the amount is significant[23]. These values are given in the following section.

Table-10
Indicators of studying the validity of the estimated model

Result	Significant level	value	index
A considerable portion of the variance is explained by the relations.	0.0006	0.291	APC
The correlation coefficients rerepeatable for expressing causal relations.	0.0009	0.287	ARS

Bias of variance for predictive independent variables shows that each one of the independent variable had its own unique contribution and there is no interference in the formation of a consider able amount of variance explained by the model. VIF index has been measured below the critical value of 5 for both structures which had the role of predictor variables. This critical value of the maximum coefficient of variance is explained by the over laptolerance and the values below that indicate no substitution effect between the independent variables which is the main assumption of the system of simultaneous equations.

Conclusion

The main result of the study: After reviewing the data normality using t-test, it was clear that some cosmetics companies were among the hedonic brands and some insurance companies were among the utilitarian brands.

In order to determine if these lected markers for measuring the desired constructs are of sufficient accuracy, validity was studied. The criterion that was done to evaluate the importance of carefully selected indicators to measure the constructs shows that the existing markers provide appropriate operating structures for measurement in this study. Markers (indicators) for each construct (variable) provide the proper resolution of the measurement model compared to other structures. In simple terms, eachr marker only measures itsstructure and their mixture must separate all structures. This process can be studied in two ways; both methods were used in this study. With regard to the

first approach, using the extracted mean variance it was found that all thestructuresstudied had the extracted mean variance of more than 0/4, so all structuresarewellseparatedfrom each other. With regard to the second approach,thesquare root ofthe meanvariancewas used to determine the validity. For this purpose,thesquare rootofthe extracted mean variance should be more than otherfactorsassociatedwiththese structures. Theresults of the second approach indicate thateach marker wassuitablefor its own structure. Comparingthe results of thisresearch with the study of Hollebeek(2013) hasthe same direction. Bothshowthat there is a negative linear relationshipbetween customer engagement and customer value in hedonic and utilitarian brands.[21]Hollebeekshowed that the value and brand of customerengagementfor hedonic brands is more than the utilitarian brands. Andthe results of thisstudyindicated that the correlationbetween mental engagement inhedonicbrandsand customer value is more than the correlationbetween mental engagement inutilitarian brands and customer value and both the reverse.Also The findings in this study are in accordance withKumar Saha et al [24] ,Aghaei et al [25] , Asadollahi et al [26] , Atazadeh et al [27] and Orzan et al [28].

Research Recommendations: According to the survey results: i. Products with appropriate quality and price cause fewer engagements in the minds of buyers. Thus the companies need to consider this issue in offering their products. ii. Since the quality and price of products of hedonic brands cause engagements in the minds of buyers more than the products of utilitarian brands, thus it is recommended that providers of these products should be more obsessed.

Suggested Future Research: In this study, some suggestions for future research are offered to scholars and researchers: i. The relationship between the emotional commitment of the customer and customer value in hedonic and utilitarian brands, ii. The relationship between the reaction involvement of the customer and customer value in hedonic brands and utilitarian brands, iii. The comparison of mental engagement of the customer and in foreign and non-foreign hedonic brands and utilitarian brands.

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