

Hedonic Value Perception for Cellular Phone An Exploratory Study of Indian Consumers

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Abstract

This exploratory research tries to identify the determinants which affect the attitude of a buyer. The study explores the psychographic, socio-economic and demographic dimension and finds to what extent these factors affect the value perception of the product. Study tries to identify whether product is used as functional product or as a status symbol or luxury product. Previous research has established that hedonism plays a strong role in positioning the product, but how individuals' dimensions play important role in determining product's luxury image has not been explored deeply. This research attempts to find the differentiator of hedonism of non food products and evolve a model that can help to predict the determinants affecting hedonic value perception of cellular phone. Data for the research was collected from different inner and outer cities of India, using quota sampling technique, and respondents were contacted through the shop stop method. The questions were rated on a 5-point Likert scale. All measures were evaluated on SPSS 16. The results show that the hedonic values perception for non food products of inner city consumers depends mainly on order wise age, lifestyle, and education of the buyer where as for outer city it depends on education, income and marital status of the consumers. Results also showed the influence of ethnicity in consumers' hedonism for the product.

Key Words: Hedonism, Demographic, Buying Behaviour, Non Food Products, Cellular phone

1. INTRODUCTION

Consumers often face difficulty to choose between hedonic and utilitarian alternatives. These alternatives are partly driven by emotional desires and partly by cold cognitive deliberations. Hence, these choices represent an important domain of consumer decision-making. Emotional desires can often dominate functional motives in the choice of products (Maslow 1968). For example, an educated person will find buying a book, as hedonic where as an uneducated or less educated person may not feel the same.

Babin *et al* (1994) studied that consumer have different motives for shopping like gratitude, functional, emotional and hedonic. Among them functional or utilitarian motive is of primary importance. But with the evolution of organized retailing luxury shopping is increasing day by day and transforming the shopping behaviour of buyers and modernising their life style. Coming across the above foundation, as Batra and Athola (1991) state, the consumers' perception is based on the degree to which the products in question satisfy hedonic and utilitarian objectives, few question arises: why two people perceive the same product differently? why one find it luxury while other

finds that only task completion ? Whether perception is affected by products own intrinsic or extrinsic attributes or is it buyer's orientations which changes the perception of a product. This research focuses to understand the influence of consumers' determinants on hedonic value perception for cellular phone.

2. REVIEW OF LITERATURE

Cowling and Cubbin, (1972) were the first to use the term hedonic for price regulation for quality. Hedonic prices were the understood prices of attributes of different products with some unique characteristics associated with them (Rosen, 1974, p 34). Further studies found that hedonic rather than utilitarian attributes of a product explain greater amount of variation in prices (Rosen, 1974). Hence hedonic term was used in a financially viable sense.

Most of the studies then were directed to making the hedonic price model stronger in a variety of perspectives like household production model, value of pollution, job satisfaction, real estate valuation, digital computer industry, paediatric services demand and computer services demand, demand for cable television, breakfast cereals and valuation of public goods. In 1982 Hirschman and Holbrook first used the term hedonic in a consumption sense. Which explains the fantasy and emotive aspects of one's experience with products ? After that many researchers like Spegner Voss(2003), Batra , Athola,(1991) Dhar et al (2000) have done their research on hedonic value perception consumption.

Wakefield and Inman (2003) suggest that consumers are generally less price sensitive when buying products and services that have hedonic characteristics rather than when buying products of primarily functional nature. Because hedonic products are consumed for fun and fantasy, saving may not be a big concern when one has finally decided to buy something hedonic. Also, people may be willing to spend more on hedonic items because of the relatively infrequent consumption of such items.

Support for this also comes from O'Curry and Strahilevitz (2001) who show that individuals were more likely to choose a hedonic alternative over a utilitarian one when the probability of receiving the selected item was low and when the probability of receiving the selected item was high they choose utilitarian alternative.

Existing research exhibits that behaviour varies from customer to customer depending on their inclination to interpersonal influence (Bourne 1957;Mason 1981; Bearden and Etzel 1982; Horiuchi 1984; Bushman 1993; Pantzalis 1995). However, a broader perspective of the customer's perception and their motives for purchasing product needs to be explored.

Prior research on purchase decision criteria provides evidence that the relative importance of

evaluative criteria may differ based on personal factors such as social class, gender, and relative income level (Williams, 2002).

Therefore after identifying the gap in the literature the objectives of this study were:

1. To evolve a model that can help to predict the hedonic value perception of cellular phone.
2. To find the determinants affecting hedonic value perception of cellular phone.

3. RESEARCH HYPOTHESIS

Throughout the study we examined that hedonism associated with product is dependent on customer demographics, his lifestyle and many other factors. For this study purpose we have chosen following:

Ha1: The perceived hedonic value for product and demographic profile of the customer are significantly different.

Age

Two-thirds of Indian population is under 35 year's age and more than 60 per cent of the population will be in the working age group (15-60) till year 2050. The median age is 23 for Indian, opposed to the world median age of 33, sets the emerging young India apart. India is home to about 20 per cent of the global population under 25 (Indian census, 2011). This population is confident and willing to indulge in shopping.

Thus difference in hedonic behaviour as per age profile needs to be further studied which leads to the hypothesis

Ha1.1: The age profile of the customers and their Hedonic value perception for cellular phone are significantly different.

Gender

One of the major goals of marketing is to segment the consumers and try to target the product/ services to their specific needs. Gender has a long history in marketing as an important segmentation variable. This is because it is a group that meets all the criteria of a good segmentation variable; it is easily identifiable, information is accessible and the segments are large enough to generate more profit. (Meyers-levy and Sternthal, 1991, Palanisamy, 2004). Gender has also been used as a variable in the retail product studies by Bearden, Teel and Durand (1978) Eastlick, Lotz and Shim, (1998) Korgaonkar Lond and Price (1985) and Lumpkin and Hawes (1985) to name just a few researchers. Women are considered to have a more positive attitude to shopping. Other studies suggest that men are moving out of the traditional gender roles and becoming a significant consumer segment (Lee, Ibrahim and Hsueh-Shan, 2005, Dholakia, Perderon and Hikmet, 1995).

Thus gender profile is one of the important variables to form a hypothesis.

Ha1.2: The gender profile of the customers and their hedonic value perceptions for cell phone are significantly different.

Income

Growing disposable incomes, the consuming class and the increasing standard of living across cities translate to opportunities across all the retailing formats and verticals. Disposable incomes are on the rise with the economy providing new avenues of employment in Retail, IT and other sunrise sectors like biotech, hospitality etc. Employers are offering attractive compensation packages and perquisites to skilled Indian professionals Indians have an ability to spend over US\$ 30,000 a year on obvious consumption. Disposable incomes are expected to rise at an average of 8.5 per cent per annum till 2015 (Bijapurkar, 2003).

Ha1.3: The Income profile of the customers and their Hedonic value perception for cell phone are significantly different.

Marital Status

Considerable support has been found that marriage is associated with higher level of personal well being. This includes work on personal well being (Bradburn, 1969, Coombs, 1991, White, & Howell-white, 1996, Stack & Wassermann 1995). The advantage of married over those who are not married appears to hold true for a specific indicator of well being global happiness studies have provided evidence that married person report higher level of happiness than unmarried status and marital status has been the most important predictor of happiness (Burt, 1987 Glen & Weaver, , 1979, Grove et al., 1983, Davis, 1984) which is associated with the pleasure. Thus marital status becomes the important factor to develop a hypothesis for hedonism

Ha1.4: The Marital Status profile of the customer and their Hedonic value perception for cell phone are not significantly different.

Occupation And Qualification

Carman (1965) suggests that the best predictors of differences in buying behaviour by social class are occupation and education. Bellenger, Robertson and Greenberg (1977) studied the occupational profile of the consumers in order to determine its significance as it relates to the relative importance of shopping motives. Education as an independent variable also figures in many other studies. Eastlick, Lotz and Shim, 1998 Peters and Ford, 1972, Shim and Mahoney, 1991 studied occupation with reference to store choice behaviour while Cunningham and Cunningham, 1973 studied it in the context of shopping frequency.

Ha1.5: The qualification profile of the customer and their Hedonic value perception for cell phone are significantly different.

Ha1.6: The occupation profile of the customer and their Hedonic value perception for cell phone are significantly different

Geographical Area

Ha 2: The area of living of the customer and their Hedonistic for cell phone are not significantly different.

Ha2.1: The state of origin of the customer and their Hedonic value perception for cell phone are not significantly different.

Lifestyle

Changing face of the Indian consumerism and the lifestyle patterns of Indian middle class are getting redefined with exposure to western values and growing brand consciousness. From a saving to a spending mindset, the outlook for Indian consumerism is optimistic. There is significant increase in the number of new entrants and player and revenues across all the product categories. Due to increased consumer exposure to the latest trends and brands driven by the mass media, retail revenues are soaring. Thus study of consumption pattern and life style has noteworthy important. . In order to explore beyond the one-dimensional demographic profile, lifestyle characteristic need to be measured through a psychographic profiling. Thus life style variable is an important variable to develop hypothesis for hedonic value perception.

Ha3: There is a significant difference in the life style of the customers and their Hedonic value perception for cell phone.

Ethnicity

Research has indicated that consumers who come from different ethnic backgrounds and cultures exhibit different shopping behaviour (Herch and Balasubramanian, 1994, Keng et al 1996). Shopping habits have also been found to be different for different areas of residence and races (Sexton, 1974). India is rich in religious and cultural diversity adding to the heterogeneity of the population being studied. Further. The cities covered in this study are mostly multicultural and cosmopolitan. These variables will therefore help identify and profile the hedonism for different product.

Ha 4: There is a significant difference in the ethnicity of the customers and their hedonic value perception for cell phone.

3. Research Methodology

Given the objectives of the research, instrument was developed to measure product they bought, hedonic value drawn from for product, the demographic profile of the consumers, their lifestyle.

The demographic data collected include gender, age, marital status, education, family, and income, number of earning members, family size, and children, religious affiliation, ethnicity, occupation, mother tongue and state of origin in India. The Psychographic variables analyzed include shopping orientation, values and lifestyle.

The hedonic value for the product has been calculated by the scales given by Spangenberg ,Voss et al (1997).

Data was collected in the months of September and October over the period of the business hours of the shop (usually 11.00 am-11.00pm) since studies have indicated that consumer behaviour varies depending on the time of the day (Skogster, Uotila and Ojala, 2008; Sudman, 1980). Attempt was made to fill approximately a third of the questionnaire during the mid morning hours (11.00 am-3pm) and the next one third in the late afternoons (3pm-7pm) and the last one- third after 7pm.It was considered that the visitors who buy the product during the weekdays and weekends could differ substantially along the variables of interest; therefore data was collected on equal number of weekends and weekdays at every destination (Blair, 1983).

Data were analyzed with the statistical package for social sciences (SPSS-Version16.0). Discriminant analysis and multivariate analysis were adopted to run the test. The sampling method was quota sampling.

4. FINDINGS

Respondents were from different parts of India though a majority was from Maharashtra and Madhya Pradesh. The sample consisted 20.2% of the age group 18to 24, 28.0 %of the age group 25 to 34 years, 31.6% of the age group 35 to 44 and 20.2% of the age group 45 to 54 years .The male and female ratio was tried to kept equal with male contributing 50.5% and female 49.5% in the sample ranging from both service and business class and educational qualification from schooling to professionals.

4.1 Hedonic Value Perception for Cellular Phone

Ha 1 - The perceived hedonic value for product and demographic profile of the customer are significantly different.

Table 1. Hedonic Value Perception for Cellular Phone (ANOVA)

VARIABLE		df	Mean Square	F
Age	Between Groups	1	82.523	89.453
Gender	Between Groups	1	31.649	268.595
Qualification	Between Groups	1	5.237	6.061
Marital Status	Between Groups	1	98.6	24.786

Occupation	Between Groups	1	14.844	74.073
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From the ANOVA table it is evident that there is significant difference (at.05 level of confidence) in the hedonic value perception and of Cellular Phone and customers' demographic profile. Mean squares value indicates that age (82.523) and gender (31.649) are strongly associated with hedonism especially for Cell phone in India.

4.2 Predictors of Hedonic Value for Cellular Phone

In order to identify which demographic factor is best predictor of hedonism, series of discriminant analysis has been run with hedonism as the dependent variable.

After doing discriminant analysis for all the variables for cell phone, it is inferred that the discriminant function is able to classify 87.7% of original group cases correctly.

Table 2&3 shows the value of wilk's lamda and probability value of F-test for statistical significance of the discriminant function which ranges between 0 and 1 and with lower value (0.420) of gender indicating a better discriminating power of it.

From table 2 it can be inferred that ($p=0.000$) discrimination between the groups is highly significant.

From table 4 of structure matrix it can be said that gender (.384) qualification (.370) and life style (.174) are the better predictor of hedonic value perception of cellular phone in central and western part of India. Probability is that almost (87%) customers in these regions would be hedonic for cellular phone.

Table 2. Model summery

Function	Eigen value	Wilks' Lambda	Chi-square	Df
1	-9.528	.096	630.446	9

Table 3. Model summery

	Wilks' Lambda	F	Sig.
Annual income	1	0.004	0.949
Ethnicity	0.884	35.985	0
Gender	0.42	378.288	0
Occupation	0.831	55.617	0
Family Size	0.799	69.093	0
Qualification	0.438	351.634	0
Age	0.792	71.96	0
Marital Status	0.95	14.49	0
Life style	0.778	78.025	0

Table 4. Model summery (Structure Matrix)

Variable	Coefficient
Gender	0.384
Qualification	0.370
Life style	0.174
Age	0.167
Family Size	0.164
Occupation	0.147
Ethnicity	-0.118
Marital Status	0.075
Annual income	-0.001

5. MODEL DEVELOPMENT

After identifying that gender, qualification and lifestyle are the main predictor for hedonism of cellular phone second set of discriminant analysis was run by taking only these three variables as independent variable and hedonism as dependent variable. Results in table 5 depicts that again qualification come out as strongest predictor (.808) of hedonism.

From table 6 and 7 we prescribe a model taking Unstandardized coefficients discrimination that if the value of discriminant score (Y) for of a customer comes less than -1.453 than he could be considered hedonic for cellular phone. (Model has been successfully tested under similar conditions and predicted 97.7 % cases correctly)

Table 5. Model summery (Structure Matrix)

Qualification	.808
Gender	.550
Life Style	.106

Table 6. Model summery (Canonical Discriminant Function Coefficients)
(Unstandardized coefficients)

Qualification	2.561
Gender	-.161
Life Style	2.605
(Constant)	-11.498

Table 7. Model summery (Functions at Group Centroids)

Hedonism	Function
	Centroid
Less Hedonic	2.818
Hedonic	-1.456

Prescribed Model

Discriminant Score For Cellular Phone
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$$Y = -11.498 + \text{Qualification} * (2.561) + \text{Gender} * (-.161) + \text{life style} * (2.605)$$

6. RESULTS

Research shows that gender, qualification and life style are the major determinates for finding hedonism of cell phone graduate males leading the aggressive life style between the age of 18 and 34. preferably service class are more hedonic for cell phone.

7. FUTURE RESEARCH

In the course of this research, it has been identified that there are various areas where further research is needed to extend this study to look at hedonic and functional value of the product.

In this study major determinants which affect the hedonic value perception came as gender, qualification and life style. Further research can be done by eliminating other variables used in this analysis except these three and adding some different factors to find relationship between them.

This study does not imply on the food products thus there is a scope for future study in this area.

8. CONCLUSION

The identification of the hedonism in terms of psychographic and behavioural dimensions can assist in designing promotional themes, and socioeconomic and demographic characteristics can facilitate the right marketing mix of the product and developed the better understanding of an emerging consumer market.

With Higher disposable incomes, easy availability of credit and high exposure to media and brands has considerably increased the average propensity to consume over the years. This study can give a platform to companies to position their product correctly in this huge developing market.

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