Effects of outcome, process and shopping enjoyment on online consumer behaviour

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Abstract

Customer value is one of the most powerful forces in today's marketplace and emerging as the strategic imperative for the 1990s. In this study, we proposed a three-component customer value model for e-commerce. Drawing upon the literature in marketing and information systems, our research model decomposed customer value into process value, outcome value, and shopping enjoyment. The results from this study showed that outcome value and process value contributed significantly to customer satisfaction and loyalty. Also, evidences confirmed that customer satisfaction affect customer loyalty. Enjoyment, however, had no significant positive impact on customer satisfaction.
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1. Introduction

Despite its newness, e-commerce is revolutionizing many aspects of the transactions between consumers and firms [1]. This revolution has resulted in a need to understand consumer behaviour online because of the enormous impact from the use of IT and its consequential impact on market success [2].

A key aspect of traditional consumer behaviour is the understanding of customer value perceptions. Customer value is one of the most powerful forces in today's marketplace [3,4] and was "emerging as the strategic imperative (p. 53)" for the 1990s [5]. From a consumer's perspective, obtaining value is a fundamental purchase goal and pivotal to all successful exchange transactions [6]. Thus, it plays an important role in predicting customer's choice and future (re)purchase intentions [7–10], increasing market share and profitability [11], and achieving competitive advantage [12].

Customer value can be equally important in e-commerce [13] because inducing people to visit a site involves some of the same marketing methods as attracting visitors to a retail outlet [2]. However, despite the importance of customer value in traditional marketing research, little has been written about the meaning of customer value as well as its roles in the e-commerce context.

Simply applying the customer value theories developed in offline environments to online contexts is fairly risky because consumers behave differently when they shop online [13]. While the offline customer value is mainly determined by product [8], in online retailing settings, not only the product, but also the online store and the Internet channel can contribute to customer value [14]. Though product value is relatively well understood in the literature, the added value from the use of Internet channel and store specific effort online is rarely studied. Moreover, the impact of different aspects of the customer value on a company's online performance is unclear.

Therefore, the current research objectives are to (1) present a clearer understanding of online customer value by examining its key components; (2) study its impact on e-commerce competition. To fulfil these aims, taking

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a consumer rather than system user perspective, we propose the concepts of process value, outcome value and enjoyment as three key customer value components for online retailing, and investigate their impact on online customer satisfaction and loyalty.

2. Conceptual foundations

In order to understand customer value online, we start with a review of customer value in the offline contexts. We then examine the special nature of online shopping. Based on that, we synthesize the three components of customer value online, and provide theoretical perspectives to support the three-component model.

2.1. Product value

One critical aspect of customer value is obtained through the product purchased. Product value is an important concept in the marketing literature, and has been conceptualized in so many different ways [15,16]. Table 1 synthesizes these definitions.

Though the above definitions vary in many aspects, the core of product value is clear. First, product value involves a trade-off between what the customer receives (e.g. quality, benefits, worth, utilities) and what she gives up to acquire the benefits (e.g. price, sacrifices) [15]. Therefore, value perception refers to the perceptions of net benefits [12,14,15,26]. Second, product value is a customer's subjective perception, as oppose to an objective one or one from the seller's perspective [15]. Even though the seller or manufacturer might "design" or "create value" in a product, the idiosyncratic use situation plays an important role in shaping value perception [15]. Finally and most importantly, the majority of above definitions in fact have a focus on product or core service [18,20,21,26], although a broader definition has been advocated by Zeithmal [8]. In a narrower sense, product value is equalized to customer value. With same essence, the term "value for the money" and "value for price" were used to describe product value [27].

A narrow definition of customer value with a focus on product value alone is not appropriate for the competitions online nowadays. First, as observed by Woodruff [15], product quality is often equivalent. If customer value were product value, the competition reduces to a price war, which is undesirable to most sellers. Furthermore, the GVU WWW user survey by Georgia Institute of Technology (www.gvu.gatech.edu) on more than 5000 Internet user in 1998 showed that the most popular products are software, book, hardware, and music. Such products are easy to describe, and require no personal inspection to ensure the quality of a particular piece of product. Competition on such product is less likely to be quality based, but rather price based [28,29]. Besides price competition, there is really no other choice if produce value were the only competition edge. Second, a focus on product value might over-

Table 1
Concepts of customer value

Definition/concepts of value	Reference
Value in business markets is the worth in monetary terms of the technical, economic, service, and social benefits a customer company receives in exchange for the price it pays for a market offering	[17, p. 54]
By customer value, we mean the emotional bond established between a customer and a producer after the customer has used a salient product or service produced by that supplier and found the product to provide an added value	[18, p. 63]
The cognitive trade-off between perceptions of quality and sacrifice	[10, p. 308]
Customer value is market perceived quality adjusted for the relative price of your product	[19, p. xiv]
The value that a retailer creates for its customers depends on two factors: the utility of the retailer's products and services, and the price the customer has to pay for those goods and services. (Utility is the benefit or worth of the retailer's offering as perceived by the customer.)	[20, p. 7]
The customer-perceived value can be defined as the difference between the benefits and the sacrifices (e.g. the total costs, both monetary and non-monetary) perceived by customers in terms of their expectation, i.e. needs and wants	[12, p. 123]
The real essence of value revolves around the trade-off between the benefits a customer receives from a product and the price he or she pays for	[21, p. 100]
Buyers' perceptions of value represent a trade-off between the quality or benefits they perceive in the product relative to the sacrifice they perceive by paying the price	[22, p. 46]
Meeting or exceeding customers' expectations in product quality, service quality and valued-based prices	[23]
What buyers are willing to pay?	[24, p. 3]
The consumer's perception of the product's price compare to other brands of the same product with similar specifications	[25, p. 88]
A customer's perceived preference for and evaluation of those product attributes, attribute performances, and consequences arising from use that facilitate (or block) achieving the customer's goals and purposes in use situations	[15, p. 142]
Value is the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given	[8, p. 14]

look some other important value components that customers base their decision on, for example, customer service. Recognizing this, Zeithaml [8] expanded the product value concept to what is gain for what is given, which included but not limited to the product itself. Nevertheless, value offered other than product takes only a peripheral role.

Although narrowly focused, product value is a critical variable to explain customer's product satisfaction and choice behaviours. For example, product value was found to be important to customer satisfaction and loyalty [30–32], store patronage behaviours [31,33,34], and purchase intention [10,25]. From the seller's perspective, product value is therefore an important variable in retaining customers, because it has a direct impact on customer satisfaction and loyalty, which are the two key variables in relational marketing [35].