



Product attributes and brand equity in the mobile domain: The mediating role of customer experience

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ABSTRACT

There are studies showing that utilitarian (perceived ease of use and perceived usefulness) and hedonic (entertainment and aesthetics) attributes of products are two fundamental resources that ensure brand equity in the mobile domain. However, few studies examine the attributes of products and how and why such resources influence mobile brand equity. In this study, a survey was carried out on 262 mobile users in Taiwan to examine the mediating effects of customer experience on the relationship between product attributes on mobile brand equity. Our findings suggest that utilitarian and hedonic attributes of products affect mobile brand equity through customer experience. In other words, perceived ease of use, perceived usefulness, entertainment, and aesthetics may not be intrinsic value; their value on mobile brand equity is realized through customer experience. However, whereas the effect of perceived ease of use on mobile brand equity is partially mediated, perceived usefulness, entertainment, and aesthetics are fully mediated by customer experience. By showing the differential effects of product attributes on mobile brand equity, this study provides a more refined understanding of the interplay among product attributes, customer experience, and mobile brand equity. The results suggest that by overlooking the mediating role of customer experience, previous research may have provided an overly optimistic view of the value of product attributes in mobile brand equity.

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1. Introduction

Mobile services, such as short messaging service, mobile data service, and contactless m-payment, have significant potential in serving customers in wireless environments. The rapid proliferation of mobile devices including mobile phones, web-enabled personal digital assistants, and other handheld computers is resulting in the growth of such items at an astonishing rate. In terms of mobile domain, consumers consider both hedonic and utilitarian product attributes.

The literature has established brand equity for the mobile domain. Mobile brand equity or m-brand equity is enhanced by two distinct, yet highly complementary, factors: product attributes (Chitturi, Rajagopal, & Vijay, 2008; Dhar & Klaus, 2000; Kivetz & Itamar, 2002; Okada, 2005; Strahilevitz & John, 1998; Voss, Spangenberg, & Grohmann, 2003) and customer experience (Gentile, Spiller, & Noci, 2007; LaSalle & Britton, 2003; Shaw & Ivens, 2005). Product attributes refer to utilitarian (practical, functional)

and hedonic (playful, joyful) benefits of products. Customer experience refers to the interaction with customers that ensures the derivation of utilitarian and hedonic value.

Although the contributions of previous studies are substantial, extant research is lacking in three aspects. First, the brand equity underscores the importance of several different attributes of products in brand equity, namely, entertainment and aesthetics, particularly in the mobile domain. There is, however, little insight into the relative importance of the different attributes of products as drivers of brand equity. This study makes contributions in highlighting entertainment and aesthetics of product attributes in mobile brand equity.

Second, previous studies have focused almost entirely on the effects of product attributes on brand equity. No detailed explanations are, however, offered as to how and why customer experience matters in these relationships. Yet it is often implicitly assumed that customer experience is a salient factor in transforming product attributes into brand equity. The current state of the literature is lacking and inconsistent because a key assumption is that it is not the product itself, but rather its interaction with customers, that drives brand equity. This study offers the empirical evidences of how and why customer experience mediates the relationship between product attributes and brand equity in the mobile domain.

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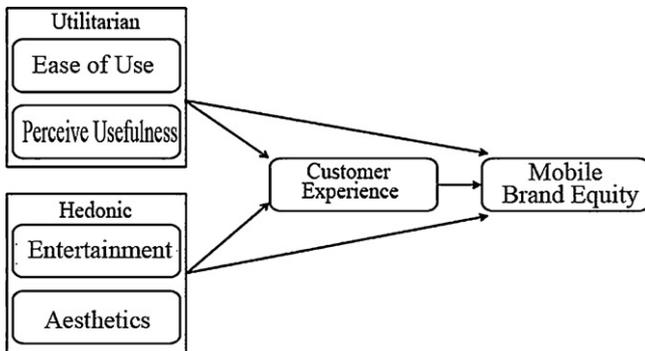


Fig. 1. Conceptual model.

Third, customer experience has traditionally been positioned as a moderator in the relationship between product attributes and brand equity. However, because product attributes may make communication difficult, interaction becomes a key factor that determines the nature of customer experience designs. This view implies that product attributes affect brand equity through their effects on the design of customer experience.

The extant research has paid little attention to these different perspectives of the role of customer experience. The moderating view suggests that product attributes are inherently valuable, so that customer experience determines the strength of their effect on brand equity. In contrast, the mediating view suggests that product attributes are not inherently valuable and that the product attributes could affect brand equity through their effects on customer experience. If the role of customer experience is that of a mediator rather than a moderator, we may need to reevaluate our stance toward the role of product attributes in brand equity. In examining the mediating view of customer experience, our findings also shed light on the level of importance researchers and managers need to place on the inherent value of product attributes.

2. Theoretical background, research model, and hypotheses

Fig. 1 presents our conceptual model. The model indicates that utilitarian and hedonic product attributes affect customer experience which in turn affects mobile brand equity.

2.1. Customer experience

Customer experience originates from Pine and Gilmore's book "Experience Economy" in 1999, whose authors present the "experience" as a new economic offering, which emerges as the next step after commodities, goods and services. Customer experience is defined as a set of interactions between a customer and a product, a company, or any part of an organization, which provokes a reaction (LaSalle & Britton, 2003; Shaw & Ivens, 2005). Its evaluation depends on a comparison between customers' expectations and the stimuli coming from the interaction with the company and its offerings that correspond to the different moments of contacts or touch-points.

Customer experience is a renewed way to consider the well-known concept of consumption: it has become a holistic experience which involves a person – rather than a customer – as a whole at different levels and in every interaction between such a person and a company, or a company's offer (LaSalle & Britton, 2003). Based on this perspective, the creation of value is not only about selling memorable experiences but also enabling the customers to live all the moments of the relationship with a company in an excellent way, even beyond their expectations. Prahalad and Ramaswamy

(2004) indicate that customer experience involves co-creating their own unique experience with the company. Companies provide artifacts and contexts that are conducive to experiences and which can be properly employed by consumers to co-create their own, unique experiences (Caru & Cova, 2003, 2007). Co-creation plays an important role in developing an outstanding or perfect customer experience. When a co-creation approach is adopted, the customer engages in a dialogue and interaction with suppliers during product design, production, delivery and subsequent consumption.

Gentile et al. (2007) believe that customer experience is a new lever to create value for both company and customer and a good experience must holistically and consistently involve a person at different levels. The psychological and behavioral studies (Anderson, 1995; Brakus, 2001; Fiske & Taylor, 1991; Schmitt & Simonson, 1997) distinguish three basic systems – sensation, cognition and affect – each with its own structures, principles and mutual interactions. Verhoef et al. (2009) found that the customer experience construct is holistic in nature and involves the customer's cognitive, affective, emotional, social and physical responses. When considering a person per se, these studies take into account the set of a customer's actions, the system of values and beliefs (from which lifestyles and behaviors are derived) and relationships. Being modified from Schmitt (1999) and with the dimension of pragmatic experience added, Gentile et al. (2007) form holistic customer experience and identify six experiential components: a sensorial component (sense); emotional component (feel); cognitive component (think); pragmatic component; lifestyle component (act); and relational component (relate). Customers perceive each experience as a complex feeling, and each component as being hardly distinguishable from the others; sometimes there are relevant overlapping areas and clear interrelations.

2.2. Direct effect of product attributes on customer experience

The utilitarian and hedonic attributes have been a fertile area in the study of customer preference in product attributes (e.g., Chitturi, Rajagopal, & Vijay, 2007; Dhar & Klaus, 2000; Kivetz & Itamar, 2002; Okada, 2005; Voss et al., 2003). The utilitarian benefit refers to the functional and instrumental value of consumption offerings and the hedonic benefit refers to their pleasure and experiential value (Strahilevitz & John, 1998). In the context of mobile devices, for example, the device's battery life and sound volume are utilitarian benefits, whereas appeals to aesthetics based on its shape and color are hedonic benefits.

Schmitt (1999) and Gentile et al. (2007) concluded by stating that the module of customer experience includes the utilitarian and hedonic attributes. Recently, the technology acceptance model (TAM) was applied in a consumer context with the addition of a "hedonic" factor that relates to user pleasure when utilizing it. The TAM (Davis, 1989; Davis, Bagozzi, & Warshaw, 1989) is often used in the measurement of utilitarian benefit (Bruner & Kumar, 2005; Cyr, Head, & Ivanov, 2006; Wakefield & Whitten, 2006), while aesthetics and entertainment fall into the hedonic category (Cyr et al., 2006; Varshney & Vetter, 2000; Wei, 2008; Wong & Hiew, 2005). Mobile services have been suggested to have both utilitarian and hedonic dimensions and vendors can create aesthetically rich interfaces that customers enjoy. Moon and Kim (2001) referred to experience in mobile contexts and suggested that there is a positive relationship between the utilitarian/hedonic dimension and customer experience. They found that when individuals are in the state of playfulness, they will find the interaction intrinsically interesting; they are involved in the activity for pleasure and enjoyment rather than for extrinsic rewards.

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