

**The Impacts of Perceived Experiential Values on  
Customer Outcomes and Behavioral Intentions in Online Retailing**

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## ABSTRACT

### **The Impacts of Perceived Experiential Values on Customer Outcomes and Behavioral Intentions in Online Retailing**

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As Internet technology moves toward maturation, e-retailers should add features to differentiate their sites from competition. Experiential marketing is an effective tool for businesses to achieve competitive advantage and avoid the commodity trap (Pine and Gilmore 1999). This work describes how e-retailers can enhance customers' patronage intentions through offering experiential values.

Past research shows that experiential values improve customer satisfaction and loyalty (e.g., Oh, Fiore and Jeoung 2007; Keng et al. 2007; Brakus, Schmitt and Zarantonello 2009). Those studies, however, are mainly conducted in the primary experience sector, which includes firms that produce experiences as their main aim (Sundho 2009). There is a large need for investigating the impacts of experiential values in the secondary experience sector, which consists of firms that use experiences as add-ons to their traditional offerings (Pine and Gilmore 1998; Sundho 2009). In the secondary experience sector of e-retailing, a very limited number of studies have found that experiential values improve behavioral intentions of the customers (Mathwick, Malhotra and Rigdon 2001; Soltani and Gharbi 2008; Jeong et al. 2009). Those few studies, however, did not investigate the *process* through which such impact takes place.

This research suggests that experiential values (Input) improve customers' attitudes and behavioral intentions toward the e-retailer's site (Output) through influencing customers' internal states and customers' perceptions about the e-retailer (Process). This work is the first in the e-retailing context to link experiential values to those two factors of the process simultaneously in a model. Associations between experiential values and e-retailer's assistive intent, e-retailer's Website personality, and involvement in e-retailer's Website are investigated here for the first time in the literature. This study also takes the first step to investigate how the impacts of experiential values vary for different cultural groups.

Anonymous data was collected through a survey about the last online purchase of the respondents. Data from 893 individuals strongly supported the study's research model and majority of the hypotheses. Findings showed that different types of experiential values are not the same in terms of influencing customers' perceptions and internal states. Right combinations of those values should be used to create the desired positioning for an e-retailer. Theoretical and managerial contributions are discussed.

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The journey of Ph.D. and this dissertation could not have been completed without the support of several individuals. First of all, I would like to express my deepest gratitude to my parents. During all my years of studying, my parents have done their best to facilitate my progress. I will forever remain ultimately grateful for their support and encouragement. This work is dedicated to them for all their love and care.

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Doing a Ph.D. was a great opportunity for me to discover and work on my field of interest. My passion about experiential marketing has highly increased after conducting this project. This field taught me the important lesson of moving beyond the normal and creating unique and memorable *experiences* in business as well as personal life. Many thanks to all the above mentioned people who helped me have a wonderful Ph.D. *experience!*

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# **CHAPTER 1**

## **INTRODUCTION AND RATIONALE**

This study investigates how online retailers could benefit from providing customers with experiential values. Offering experiential values is a fundamental task of the firms in “experience economy”, which is the current stage of economic evolution after economies of commodities, goods, and services (Pine and Gilmore 1998, 1999). In this new paradigm, the main consumption motivation is to have unique, memorable, and sensory-emotive experiences. Accordingly, more and more businesses are focusing their positioning on promising a specific type of pleasurable customer experience rather than on product/service attributes. In this line, Shaw and Ivens (2005) found that more than four fifth of a group of managers believed that customer experience would be the new competitive battleground for brands. Accordingly, some firms have initiated positions such as “Customer Experience Office” or “Chief Experience Officer” to orchestrate a holistic and unique customer experience (Berry, Wall and Carbone 2006).

Online retailing is one of the fastest growing segments of retailing and as a digital context, is a potential domain for staging memorable experiences (Pine and Gilmore 1999). The current research studies how provision of experiential values by online retailers enhances customer experience and improves customer’s patronage intentions toward the e-retailer. To do so, this research adopts an Input-Process-Output framework. In line with past studies, it is suggested here that perceived experiential values (Input) enhance customer’s attitude toward the site and willingness to revisit, repurchase from

and recommend it (Output). The study's main contribution would then be to investigate the mechanism and variables through which such impact takes place (Process).

A review of the literature shows that previous studies in the context of experiential marketing could be categorized into three main groups. The first group of studies focused on identifying different types of experiential values and suggesting typologies for them (e.g., Holbrook 1994, 1999; Pine and Gilmore 1998, 1999; Schmitt 1999; Mathwick, Malhotra and Rigdon 2001). The second group of studies tried to find factors that could serve as antecedents of each experiential value type. Examples of those antecedents are found to be personal interactions and physical environment in shopping malls (Keng et al. 2007) and product presentation features or interactivity of the Website in online domain (e.g., Fiore, Jin and Kim 2005; Jeong et al. 2009; Keng and Ting 2009). Finally, the third stream of research intended to find impacts of offering experiential values on customer behavior. Those studies in general confirm that offering experiential values leads to several positive outcomes such as improvements in customer satisfaction (e.g., Oh, Fiore and Jeoung 2007; Brakus, Schmitt and Zarantonello 2009), loyalty or behavioral intentions (e.g., Keng et al. 2007; Brakus, Schmitt and Zarantonello 2009), customer emotions (e.g., Tsaur, Yi-Ti and Wang 2006; Oh, Fiore and Jeoung 2007), memory for the brand (e.g., Oh, Fiore and Jeoung 2007), perceived overall quality (e.g., Oh, Fiore and Jeoung 2007), brand personality (e.g., Chang and Chieng 2006; Brakus, Schmitt and Zarantonello 2009), brand attitude (e.g., Chang and Chieng 2006; Zhang 2008), and consumer-brand relationships (e.g., Chang and Chieng 2006).

The above-mentioned studies provide a good overview of the positive outcomes of offering experiential values. However, most of those studies have been performed in

the context of leisure industries such as tourism (e.g., Williams 2006; Hayes and MacLeod 2007; Wang 2008; Ritchie and Hudson 2009), hotels and lodging (e.g., Oh et al. 2007), zoo (e.g., Tsuar, Yi-Ti and Wang 2006), and coffee shops (e.g., Chang and Chieng 2006). Sundho (2009) calls such industries primary experience sector since the main aim of those firms is to produce experiences. In addition to the primary experience sector, Sundho (2009) also introduces secondary experience sector, which includes manufacturing or service firms that use experiences as add-ons. Companies in this group mainly “wrap experiences” around their traditional offerings in order to sell those offerings better (Pine and Gilmore 1998). So far, investigation of the impacts of experiential values in the secondary experience sector in general and in the online shopping context in particular has been very limited. Research on the application of experiential values in e-retailing is confined to very few studies that found providing customers of online stores with experiential values leads to improvements in their Website patronage intentions (Mathwick, Malhotra and Rigdon 2001; Soltani and Gharbi 2008; Jeong et al. 2009). Those few studies, however, did not much investigate the key *processes* underlying the positive impacts of experiential values on customer patronage intentions. In fact, Mathwick, Malhotra and Rigdon (2001) only pointed to preference, and Jeong et al. (2009) merely mentioned emotions as the steps between experiential values and patronage intentions. Except for those efforts, the literature is largely silent on the mechanism and steps through which experiential values lead to positive results. What thoughts and feelings are generated as online shoppers encounter different types of experiential values? What image would online shoppers form about the e-retailer based on those perceived values? And how those perceptions and feelings affect the customers’

decisions on whether to revisit the e-retailer in the future or not? There is a large need for academic research to shed light on those unexplored domains.

Trying to fill the above gaps, this study suggests that offering experiential values by an e-retailer impacts two main factors including perceptions of customers about the online store (e-retailer's Website personality and e-retailer's assistive intent) and the internal states of the customers (Website involvement). To date, this study is one of the first efforts to link experiential values to these two aspects simultaneously in a model in the context of online retailing. In fact, the current research is the very first one to study the impacts of experiential values on two important constructs including e-retailer's Website personality and involvement in e-retailer's Website. This study also takes a new step to investigate the influence of each experiential value type on the five dimensions of e-retailer's Website personality. In addition, it looks at the associations between experiential values and the important and newly developed construct of online seller's "Assistive Intent" for the first time in the literature. This concept refers to the "buyer's perceptions of the extent to which the online seller exhibits intent, implicitly embedded in task facilitative tools aligned with the buyer's interests, to help the buyer fulfill a specific task on the seller's website" (Gupta, Yadav and Varadarajan 2009, p. 160). The relationships between e-retailer's assistive intent and other variables of the model in this study are all hypothesized for the first time here. An important contribution of this research, therefore, would be to establish higher levels of validity for this newly developed construct through testing its relationships with other variables of the model. The current study would also enhance validity of the newly developed construct of

Website personality (Poddar, Donthu and Wei 2009) through investigating the relationships between its multiple dimensions and different experiential values.

Furthermore, another important but unexplored issue is to find out how the impacts of experiential values could vary for different cultural groups. Culture is an important factor to consider since the high penetration of Internet around the globe makes online shopping accessible to many locations and cultures. Several studies have been performed on the importance of considering culture in designing Websites (e.g., Luna, Peracchio and de Juan 2002; Tsikrikitis 2002; Singh, Xhao and Hu 2003). Are experiential values considered equally important by all online shoppers? Or is it possible that the desire for experiential benefits is dissimilar among cultures with different levels of post-modern lifestyle (e.g., English Canadians vs. Asians)?

Considering the above gaps, this research aims to make a series of theoretical and managerial contributions. From a theoretical perspective, it pursues the following goals:

1. To develop a systemic Input-Process-Output (I-P-O) framework to illustrate the relationships between experiential values offered by an online retailer, perceptions of the customers about the online store, their internal states, and their behavioral intentions.
2. To separately investigate the impacts of each of the four experiential value types – as conceptualized by Mathwick, Malhotra and Rigdon (2001) – on customers' perceptions of the e-retailer and on customers' internal states.
3. To enhance validity of the newly developed constructs of e-retailer's Assistive Intent (Gupta, Yadav and Varadarajan 2009) and e-retailer's Website personality (Poddar,

- Donthu and Wei 2009) through investigating their relationships with experiential values and customer outcomes.
4. To study how culture could moderate the impacts of experiential values on Website involvement of the online shoppers.

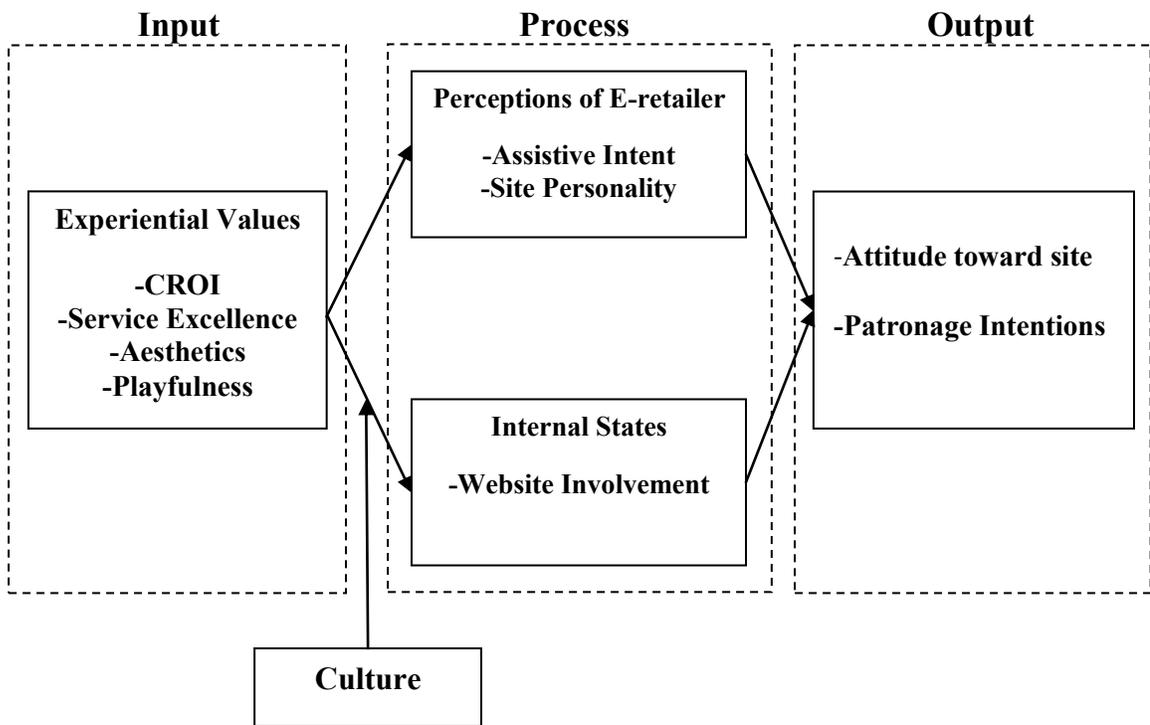
From a managerial point of view, this study has the following objectives:

1. To provide managers of the online retailers with a framework to improve online shopping experiences of their customers through offering experiential values.
2. To propose a solution for positioning and brand image enhancement by showing how each experiential value contributes to the formation of different perceptions about e-retailer's assistive intent and e-retailer's Website personality in customers' minds.
3. To help managers with their segmentation and targeting purposes through investigating how the impacts of experiential values would be different for online shoppers from dissimilar cultural backgrounds.

To achieve the above goals, this study proposes the research framework depicted in Figure 1-1. It suggests that experiential values serve as inputs that improve behavioral intentions of customers toward an e-retailer (output) through influencing customers' internal states and customers' perceptions about the e-retailer (process). The typology used for experiential values is the one proposed by Mathwick, Malhotra and Rigdon (2001). Trying to measure levels of experiential values in Internet vs. catalog shopping, those authors developed an experiential value scale (EVS) that consists of four value types including Customer Return on Investment (CROI), service excellence, playfulness, and aesthetics. Our study conducted a survey about the last online purchase experiences

of the respondents to measure those values and other constructs of the research model. Anonymous data was collected from a student sample since students are among the most active e-shoppers (Yoo and Donthu 2001; Lester, Forman and Loyd 2005). The refined sample consisted of 893 respondents that reported their levels of perceived experiential values in their last e-purchase experiences as well as their tendencies toward the e-stores.

**FIGURE 1-1**  
**Experiential Values in E-retailing: The Impact Process**



This rest of this dissertation is organized as follows. Chapter 2 provides an overview of the experiential marketing and its applications in e-retailing. Chapter 3 describes the research model and hypotheses of the study. Chapter 4 elaborates on the methodology and explains our data collection and measurement decisions. Results of the data analysis are summarized in chapter 5 and discussed in chapter 6. Finally, chapter 7 provides theoretical and managerial implications, and suggests ideas for future research.

## **CHAPTER 2**

### **RESEARCH BACKGROUND**

This chapter consists of three parts. The first part describes development of the experiential marketing and clarifies its distinctions with traditional marketing. The second part reviews various classifications of experiential values in the literature. Finally, the last section addresses the role of experiential values in online retailing. The content of this chapter serves as a basis for development of the hypotheses later in chapter 3.

#### **2.1. An Overview of the Experiential Marketing**

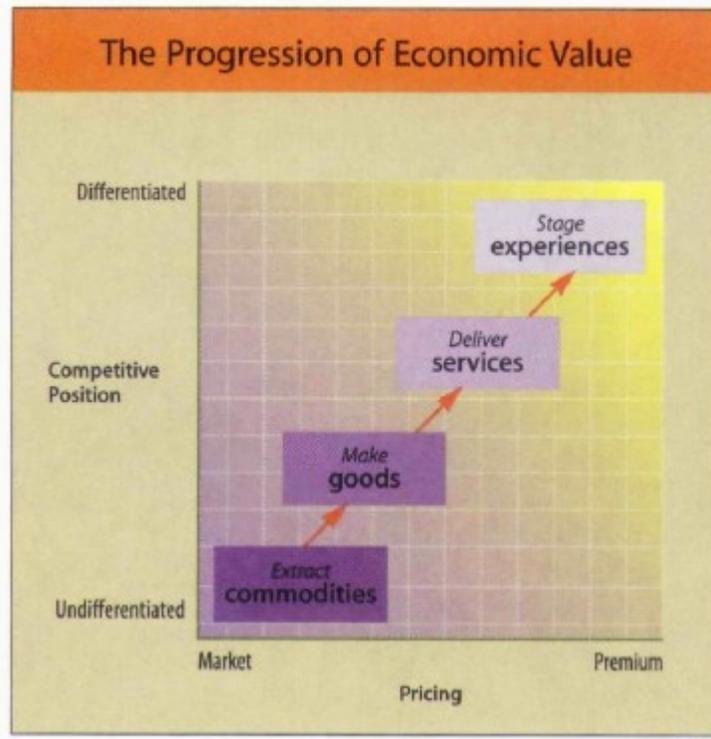
This section describes emergence and development of the experiential perspective to marketing. The importance of customer experience has been addressed in the marketing literature since long ago. According to Abbott (1955), an individual uses a product because he hopes it would perform a service that brings him a satisfying consumption experience. Holbrook and Hirschman (1982) introduced experiential view of consumption as an alternative to the information-processing perspective. According to those authors, Fantasies, Feelings, and Fun (3Fs) are the goals and criteria for successful consumption in the experiential view. In other words, in experiential consumption, the rational and goal-directed customer of the information-processing model turns to a pleasure-directed individual that continuously looks for amusement, enjoyment, and “sensory-emotive” stimulation (Hirschman and Holbrook 1982). In another conceptualization, Keller (1993) categorized benefits offered by any brand into three groups including experiential, functional, and symbolic. Keller (1993) here refers to

experiential benefits as those that “satisfy experiential needs such as sensory pleasure, variety, and cognitive stimulation” (p. 4). Similarly, Carbone and Haeckel (1994) pointed to the importance of *engineering* customer experience or the “take-away impression” that individuals form by merging sensory information available to them.

Although those early studies made references to the experiential aspects of consumption, the topic started to develop mainly in the last few years of 90s when Pine and Gilmore (1998, 1999) pointed to the emergence of experience economy after economies of commodities, goods, and services. According to those authors, an experience occurs “when a company intentionally uses services as the stage, and the goods as props, to engage individual customers in a way that creates a memorable event” (Pine and Gilmore 1998, p. 98). When a customer buys an experience, he would like to enjoy “a series of memorable events that a company stages – as in a theatrical play – to engage him in a personal way” (Pine and Gilmore 1999, p.2). In other words, the experience economy mindset is about encouraging participants to spend more time in a place rather than trying to just get them in and out of it as efficiently as possible (Gilmore and Pine 2002).

To explain the differences between experience economy and previous paradigms, Pine and Gilmore (1998) provide the example of a coffee offering in different formats: commodity (coffee beans), good (packaged and sold in a grocery store), service (at a coffee shop), and experience (a cup of coffee served in the lobby of a 5-star hotel). Progression of the economy types and the differences between experience economy and former stages are mentioned by Pine and Gilmore (1998, p. 98) in Figure 2-1 and Table 2-1.

**FIGURE 2-1**  
**Development of Economy Types**  
 (Source: Pine and Gilmore 1998, p. 98)

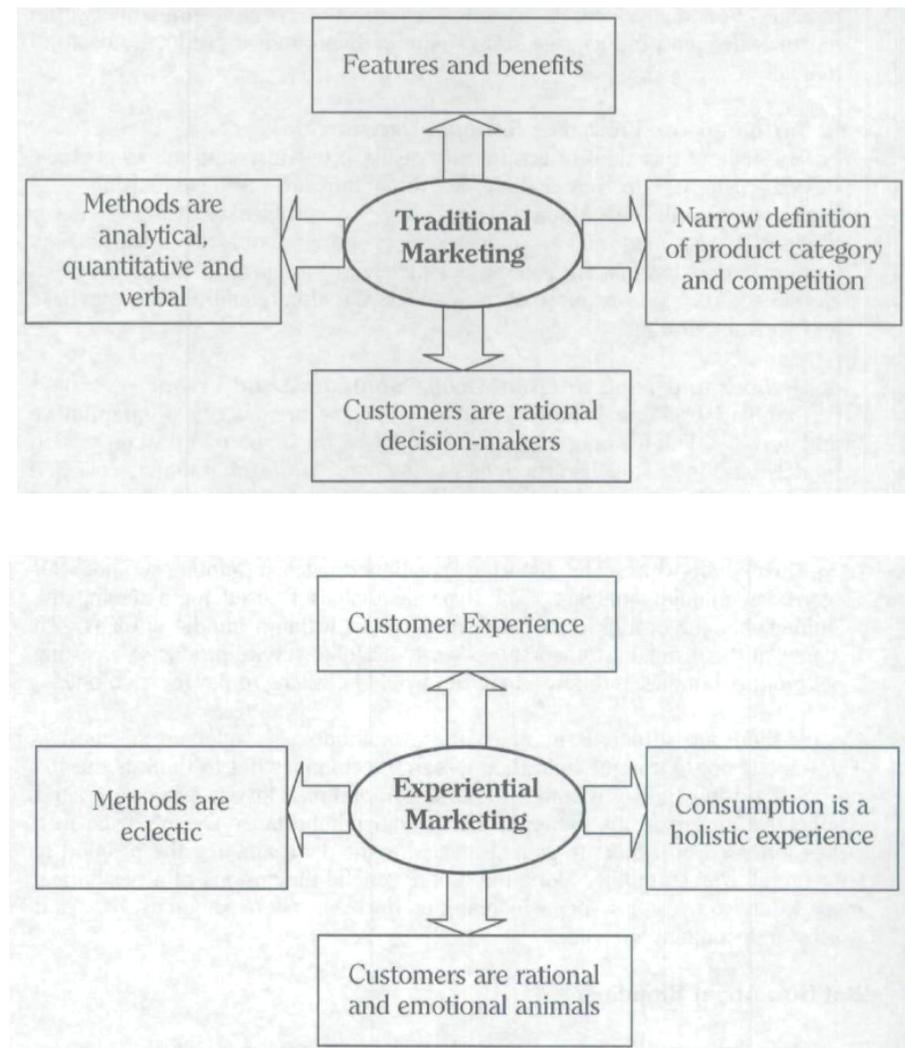


**TABLE 2-1**  
**Economic Distinctions**  
 (Source: Pine and Gilmore 1998, p. 98)

Economic Distinctions				
Economic Offering	Commodities	Goods	Services	Experiences
Economy	Agrarian	Industrial	Service	Experience
Economic Function	Extract	Make	Deliver	Stage
Nature of Offering	Fungible	Tangible	Intangible	Memorable
Key Attribute	Natural	Standardized	Customized	Personal
Method of Supply	Stored in bulk	Inventoried after production	Delivered on demand	Revealed over a duration
Seller	Trader	Manufacturer	Provider	Stager
Buyer	Market	User	Client	Guest
Factors of Demand	Characteristics	Features	Benefits	Sensations

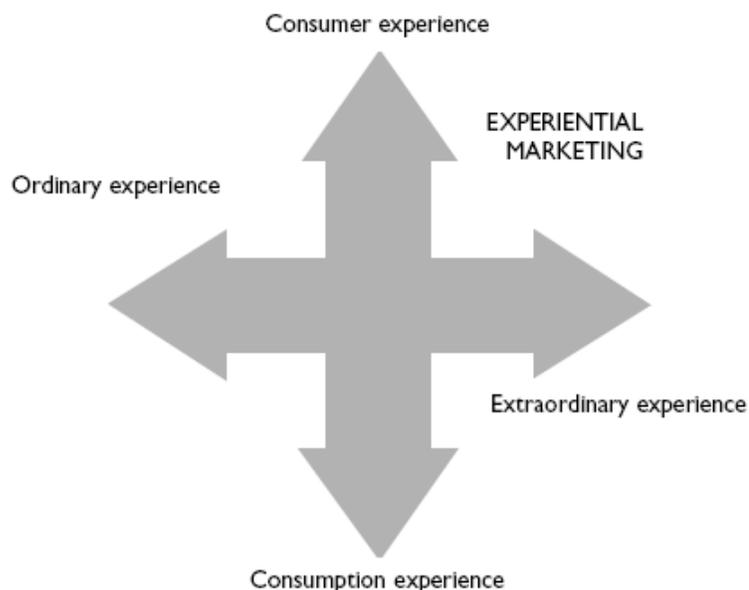
A shift from traditional marketing to experiential marketing was also mentioned by Schmitt (1999). A comparison of those two approaches is provided by Schmitt (1999, p. 55, p. 58) in Figure 2-2. Schmitt (1999) explains that while traditional marketing mainly deals with designing features-and-benefits, experiential marketing focuses on the creation of holistic consumer experiences through considering both rational and sensory-emotive consumption motivations.

**FIGURE 2-2**  
**Traditional Marketing vs. Experiential Marketing**  
(Source: Schmitt 1999, p. 55, p. 58)



More recently, another attempt to clarify the concept of experiential marketing was performed by Caru and Cova (2003). After a comprehensive review of the literature, those authors developed a typology of consumption experience, as shown in Figure 2-3 (Caru and Cova 2003, p. 282). In this framework, consumer experience is differentiated from consumption experience in the sense that the former points to the acquisition of products/services from the market while the latter is not restricted to the market and also includes family-, friends-, etc. related experiences. The second dimension of this framework differentiates between ordinary and extraordinary experiences. While ordinary experiences refer to normal and everyday happenings, extraordinary experiences are unforgettable events that encompass strong emotions. As Figure 2-3 shows, experiential marketing is about creating extraordinary consumer experiences. This conceptualization is similar to the notion of Berry and Carbone (2007), who mentioned that experience is always inherent but a positive experience is not automatically so.

**FIGURE 2-3**  
**Clarification of Experiential Marketing**  
**(Source: Caru and Cova 2003, p. 282)**



Arnold and Price (1993) point to white water commercial river rafting as an example of such extraordinary consumption experiences. High emotional intensity involved in the disclosure of that experience over time makes it an extraordinary and beyond normal event. Entertainment/leisure pioneers such as Walt Disney are also good examples of providing customers with a memorable branded experience, an idea that is currently gaining high strategic importance (Pine and Gilmore 1999).

Furthermore, Pine and Gilmore (1998) believe that companies could sell their traditional offerings better if they “wrap experiences” around them. Theme restaurants such as Hard Rock Café or Planet Hollywood charge customers mainly for the experience they will have during their visits rather than for the food they would eat. Creating a unique customer experience has been also mentioned as the success key for brands such as Starbucks (Michelli 2007) or Krispy Kreme, which provide customers with experiences that “deserve to be branded” (Smith and Wheeler 2002). Similarly, Gilmore and Pine (2002) provide an example of how a routine service could be turned into an enjoyable and memorable experience. Those authors point to the MGM Grand Hotel & Casino in Las Vegas, which gives its guests wakeup calls by using recorded voices of the celebrities who have performed there.

The above examples show that offering a unique experience is becoming the main competition idea for many brands. In fact, the concept of brand and experience are very closely related (Dayal, Landesberg and Zeisser 2000). Carbone and Haeckel (1994) mention that experience engineering moves a brand beyond commodity zone and creates customer preference for it. Experiential marketing has also been referred to as an effective way to turn around a declining brand (Schmitt 1999), differentiate a

product/service (Morgan and Rao 2003), and create competitive advantage for a firm (Haeckel, Carbone and Berry 2003). The next section studies the concept of experiential marketing in more details by focusing on the values and benefits that customers receive from an experiential offer.

## **2.2. Experiential Values**

Customer value is defined by Woodruff (1997, p. 142) as “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”. Creating high value for customers is the basis for positioning strategies (e.g., Sweeney and Soutar 2001) and leads to competitive advantage over rivals (e.g., Woodruff 1997; Parasuraman 1997). Past studies showed that there is a positive relationship between perceived customer value and brand preference (e.g., Grewal, Monroe and Krishnan 1998; Sinha and DeSarbo 1998) or customer satisfaction and loyalty (e.g., Cronin, Brady, and Hult 2000; Yang and Peterson 2004).

Early approaches to customer value mainly focused on mere cognitive and utilitarian aspects of it. For instance, Zeithaml (1988, p. 14) defined perceived value as “consumer's overall assessment of the utility of a product (or service) based on perceptions of what is received and what is given”. Those early perspectives of customer value mainly neglected the hedonic and experiential aspects of consumption (Sweeney and Soutar 2001). Later conceptualizations of value, however, included non-utilitarian and experiential dimensions as well. For instance, Mathwick, Malhotra and Rigdon

(2001) mentioned that retailers are starting to position themselves as providers of memories and experiences rather than mere goods, and are becoming “interactive theaters” rather than mere sales points. Similarly, Carpenter, Moore and Fairhurst (2005) found that customers expect both hedonic and utilitarian values when they shop at the stores. A number of studies also showed that both hedonic and utilitarian values are positively related to customer preference (e.g., Overby and Lee 2006), customer attitude (e.g., Sweeney and Soutar 2001), customer satisfaction (e.g., Babin, Darden and Griffin 1994; Carpenter and Fairhurst 2005; Cottet, Lichtlé and Plichon 2006), loyalty and behavioral intentions (e.g., Tsai 2005; Pura 2005), customer share (Babin and Attaway 2000), and the amount spent by customers (Babin, Darden, and Griffin 1994).

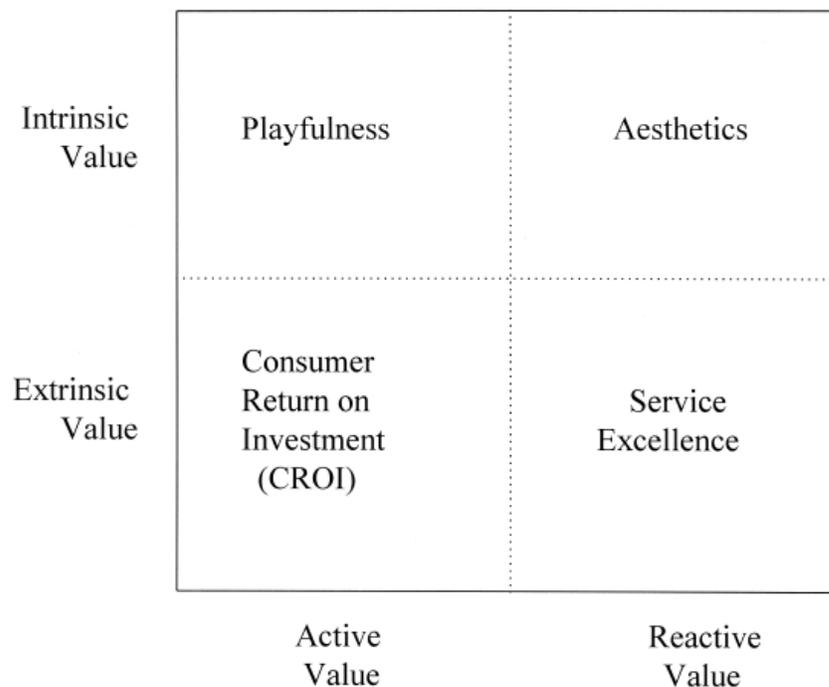
In the context of experiential marketing, a few scholars tried to explore the values that customers gain from an experiential offer. A number of typologies have been mentioned in the literature to categorize those benefits. The most widely-used classifications are summarized in the following:

1. Holbrook (1994) categorized experiential values based on two dimensions: intrinsic vs. extrinsic and active vs. reactive. While extrinsic values mainly point to the utilitarian benefits of shopping, intrinsic values refer to the “appreciation of an experience for its own sake, apart from any other consequence that may result” (Holbrook 1994, p. 40). Reactive or passive values refer to the degree to which a consumer comprehends, appreciates, or responds to a consumption object or experience. Active or participative values, on the other hand, are created when there is an increased level of collaboration between the consumer and the marketing entity. This classification became the basis for later conceptualization of Mathwick,

Malhotra and Rigdon (2001), which is discussed below. As an expansion of this framework, Holbrook (1999) later added a third dimension of self-oriented vs. other-oriented to his categorization of values.

2. In an attempt to measure experiential values in catalog vs. Internet shopping, Mathwick, Malhotra and Rigdon (2001) developed an experiential value scale (EVS) that incorporates four values of playfulness, aesthetics, service excellence, and customer return on investment (CROI). Such classification of experiential values was based on the two dimensions of “extrinsic vs. intrinsic” and “active vs. reactive” suggested by Holbrook (1994). The classification of Mathwick, Malhotra and Rigdon (2001) is shown in Figure 2-4.

**FIGURE 2-4**  
**Typology of Experiential Values**  
**(Source: Mathwick, Malhotra and Rigdon 2001, p. 42)**



Consumer return on investment (CROI) includes “active investment of financial, temporal, behavioral and psychological resources that potentially yield a return” (Mathwick, Malhotra and Rigdon 2001, p. 41). It consists of two sub-dimensions including efficiency and economic value. While the former points to utility resulting from the efficiency of an exchange encounter, the latter refers to economic utility and perceived affordable quality. In defining service excellence, Mathwick, Malhotra and Rigdon (2001) point to customers’ appreciation of a firm for being an ideal and standard to base quality judgments against which. In other words, this construct reflects perceptions of customers about the ability of a service provider to deliver on its promises and perform certain expected objectives by showing expertise and high task-related performance (Holbrook 1994). Mathwick, Malhotra and Rigdon (2001) also introduce two dimensions for aesthetics. The first dimension is visual appeal or the degree of a setting’s physical attractiveness. The second dimension of aesthetics refers to entertainment or dramatic aspects of the retailer’s experience. This entertainment dimension captures the “spectacle” features that help in lifting spirits of the shoppers. As Mathwick, Malhotra and Rigdon (2001) mention, both visual appeal and entertainment dimensions are sources of immediate pleasure for customers regardless of fulfillment of the shopping task. Finally, playfulness consists of an intrinsic enjoyment originating from engagement in absorbing activities, as well as a sense of escapism from routine world or a temporary get away.

3. Pine and Gilmore (1998) categorize experiences based on two dimensions: participation and connection. Participation is further classified into passive or active. The former happens when customers have no impact on the performance of the

experience provider such as in case of the audience of a movie. In active participation, however, participants are co-creators of the experience. An example of this type of participation is rafting activity. The second dimension is connection and points to degree of the unity of customers with the environment in which an experience takes place. Absorption and immersion are two extremes of the connection spectrum. Absorption is defined as “occupying a person’s attention by bringing the experience into the mind” and immersion points to “becoming physically (or virtually) a part of the experience itself” (Pine and Gilmore 1999, p. 31). Pine and Gilmore (1998) mention note taking in a class or watching TV as examples of absorption, and reading the course materials or watching a movie in the cinema as instances of immersion.

4. Schmitt (1999) introduced five Strategic Experiential Modules (SEMs) corresponding to five experience types including sensory (Sense), affective (Feel), creative and cognitive (Think), physical, behaviors and lifestyle (Act), and social-identity and relation to a reference group or culture (Relate). Examples of those modules mentioned by Schmitt (1999) include: designing the sight, sound, touch, taste and smell of a product (Sense), promoting joyful image of a product (Feel), provocation of thoughts such as raising questions in commercials (Think), motivational slogans such as Nike’s “Just do It” (Act), and connecting a person to his ideal self image by brands such as Harley Davidson (Relate).

In addition to the above main typologies of experiential values, a few other classifications have also been mentioned in the literature. For instance, Lasalle and Britton (2002) suggest that an experience could result in four types of customer value

including physical, intellectual, emotional, and spiritual. In another framework, pleasurable experiences are categorized by Dubé and LeBel (2003) into four types of 1) sensory (or physical) pleasure originating from pleasant sensations; 2) social pleasure derived from one's interactions with other people; 3) emotional pleasure including feelings or mental images; and 4) intellectual pleasure derived from appreciating how complex and subtle the things around us are. Most recently, Brakus, Schmitt and Zarantonello (2009) also tried to develop a scale to measure brand experience and developed four dimensions including sensory, affective, intellectual, and behavioral for it. Several studies later investigated the impacts of offering experiential values on customer behavior. A summary of those studies is provided in Table 2-2. A similar review in the context of online retailing in particular is provided in the next section.

**TABLE 2-2**  
**Outcomes of the Experiential Values**

<b>Source</b>	<b>Framework used for experiential values</b>	<b>Constructs enhanced by experiential values</b>	<b>Context of the study</b>
Chang and Chieng (2006)	Schmitt (1999)	Brand personality, brand attitude, brand association and image, and consumer-brand relationship	Coffee shop brands
Lin (2006)	Schmitt (1999) & Mathwick, Malhotra and Rigdon (2001)	Satisfaction and loyalty	Hotel guests
Tsaur, Yi-Ti and Wang (2006)	Schmitt (1999)	Emotions	Zoo visitors
Keng et al. (2007)	Mathwick, Malhotra and Rigdon (2001)	Behavioral intentions of customers	Shopping malls
Oh, Fiore and Jeoung (2007)	Pine & Gilmore (1998, 1999)	Customer satisfaction, customer arousal, customer memory of brand, and customer perceived overall quality	Bed and breakfast brands
Zhang (2008)	An eight dimensional experiential value scale developed by combining the frameworks of Holbrook (1994) and Pine and Gilmore (1998, 1999).	Attitude of customers	A hotel brand
Brakus, Schmitt and Zarantonello (2009)	A four dimensional scale including sensory, affective, intellectual, and behavioral experiences	Brand personality, brand satisfaction, and brand loyalty	A series of brands from various product/service industries
Wang and Lin (2010)	Schmitt (1999) and Mathwick, Malhotra and Rigdon (2010)	Satisfaction	Tourism destinations shown in TV series

### **2.3. Experiential Values in Online Retailing**

Success of the e-retailing industry depends on the level to which it could fulfill both goal-oriented and experiential needs of consumers (Wolfenbarger and Gilly 2001). Experiential features such as a Website's level of being fun, enjoyable, and user-friendly are important factors in enhancing brand equity of an online (dot com) company (e.g., Page and Lepkowska-White 2002; Na and Marshall 2005). Experiential elements are also included in most conceptualizations of e-service quality such as SITEQUAL by Yoo and Donthu (2001), and WebQual™ framework of Loiacono, Watson and Goodhue (2002).

Experiential features of a Website are also investigated in a series of studies that looked at the impacts of an online retailer's Website atmospherics on behavioral customer outcomes. For instance, Eroglu, Machleit and Davis (2001) divided online environmental cues into two categories: high-task relevant and low-task relevant. While high-task related cues aim to facilitate completion of the customer's shopping task on the site, low task-related cues help in creating experiential and hedonic shopping values for him/her. Richard (2005) pointed to the entertainment of a Website as one of those low task-relevant (experiential) cues. Similarly, Lee and Overby (2004) referred to entertainment, visual, escape, and interaction as experiential aspects of an online retailer's Website, and showed that both utilitarian and experiential values positively impact satisfaction of e-shoppers.

A very limited number of studies have investigated the impacts of experiential values - as categorized in the previous section - on consumer responses in the context of online retailing. In a comparison of catalog and Internet shoppers, Mathwick, Malhotra and Rigdon (2001) investigated how their four suggested dimensions of perceived

experiential values - i.e. aesthetics, playfulness, service excellence, and customer return on investment - impact retail preference and future patronage intents of the customers. Those authors found that in the case of online shopping, CROI positively impacted Internet shopping preferences while for catalog shoppers, CROI and aesthetics both predicted the catalog preferences. In another study, Dubé, LeBel and Sears (2003) looked at the Websites of several successful brands in the hospitality industry and found evidence for the existence of four types of pleasurable experiences - including sensory, social, emotional, and intellectual - in them. More recently, Soltani and Gharbi (2008) showed that the perceived experiential value of an e-retailer's Website positively impacts customer loyalty and future site patronage intents. Furthermore, Jeong et al. (2009) showed that two of the experience realms of Pine and Gilmore (1998, 1999) – i.e. entertainment and esthetic experiences - had direct positive impacts on Website patronage intentions of the customers. In another study, Keng and Ting (2009) revealed that three out of the four experiential value types of Mathwick, Malhotra and Rigdon (2001) - i.e. aesthetics, playfulness, and service excellence - were positively correlated to the user's attitude toward visiting a blog.

**TABLE 2-3**  
**Experiential Values in the Online Domain**

<b>Source</b>	<b>Framework used for experiential values</b>	<b>Constructs enhanced by experiential values</b>	<b>Context of the study</b>
Soltani and Gharbi (2008)	Mathwick, Malhotra and Rigdon (2001)	E-loyalty intentions	Online retailing
Jeong et al. (2009)	Pine and Gilmore (1998, 1999)	Pleasure, Arousal, and site patronage intentions	Online retailing
Keng and Ting (2009)	Mathwick, Malhotra and Rigdon (2001)	Attitude of browsers toward visiting a blog	Blog readers

Findings of the above mentioned studies are summarized in Table 2-3. To the best of our knowledge, Table 2-3 shows all the studies that have investigated outcomes of the experiential values in the e-retailing domain. Due to the newness of experiential value typologies, application of those models in general and in the online domain in particular has been very limited. The current research takes steps to fill this gap by proposing a model to investigate impacts of the experiential values of Mathwick, Malhotra and Rigdon (2001) on behavior of online shoppers. This study chooses the experiential value framework of Mathwick, Malhotra and Rigdon (2001) since it is the only one that was originally developed for the context of online retailing. The following chapter provides a series of hypothesizes about the consequences of providing online customers with those experiential values.

## **CHAPTER 3**

### **CONCEPTUAL FRAMEWORK**

This chapter discusses consequences of providing online customers with experiential values. The relationships between experiential values and a few other constructs are hypothesized here in a model. Each construct is reviewed first, followed by the hypotheses about its relationships with other constructs. The role of culture as a moderator in the model is discussed as well.

This chapter is categorized into six main parts based on the research framework shown in Figure 1-1. Those parts address: 1) Impacts of experiential values on customers' perceptions of the e-retailer, 2) Impacts of experiential values on internal states of the customers, 3) Impacts of customers' perceptions of the e-retailer on customer outcomes, 4) Impacts of internal states of the customers on customer outcomes, 5) Inter-relationships between outcomes (impact of attitude on patronage intentions), and 6) the role of culture as a moderator. Each of those parts is discussed in the following.

### **3.1. Impacts of Experiential Values on Customer Perceptions**

#### **3.1.1. Impacts of Experiential Values on Assistive Intent**

The concept of assistive versus persuasive intent was first mentioned in the domain of advertising. Robertson and Rossiter (1974, p. 13) refer to assistive ads as those that try to inform or “tell you about things”. The opposite of such commercials are persuasive ads, which try to “make you buy things”. In the online domain, Gupta, Yadav

and Varadarajan (2009) first developed a construct named online seller's "assistive intent", which refers to the "buyer's perceptions of the extent to which the online seller exhibits intent, implicitly embedded in task facilitative tools aligned with the buyer's interests, to help the buyer fulfill a specific task on the seller's website" (p. 160). Gupta, Yadav and Varadarajan (2009) tested the mediating role of assistive intent in explaining the impact of online seller's controlled variables on trust formation for customers. Those authors showed that online customers form trust based on their perceptions of the seller's assistive intent or their impression that "the seller is helping or attempting to help the buyer complete a given task, taking into account the buyer's task-related needs" (Gupta, Yadav and Varadarajan 2009, p. 161-162).

Providing customers with the four experiential values of Mathwick, Malhotra and Rigdon (2001) is an effective way to meet customers' needs during online shopping sessions and to help them effectively complete their purchase tasks. High levels of CROI and service excellence could be viewed by customers as signals that the e-retailer is taking their utilitarian needs into account. Customers also have hedonic desires in online shopping. As Koufaris (2002, p. 217) mentions, "even though consumers may not expect to be entertained when they shop online, if they do enjoy their experience, they are more likely to return to the web store". Addressing those hedonic needs through provision of playfulness and aesthetic values by the e-retailer is thus in line with the customers' interests. Offering playfulness and aesthetic values is a sign for the good intentions of an e-retailer, also because it shows that the e-retailer goes beyond mere utilitarian customer needs and takes extra steps to attend to the customers' intrinsic desires.

Furthermore, Gupta, Yadav and Varadarajan (2009) found that customers attribute higher assistive intent to those new online sellers that use Interactive Information Management (IIM) and Interactive Information Comprehension (IIC) tools. IIM refers to interactive tools - such as dynamic tables for side-by-side comparison - that are used to sort or compare different product alternatives. IIC points to interactive online elements - such as buying guides and glossaries - that are helpful for understanding the meaning and importance of different product attributes. There are similarities between the benefits of those interactive tools and the four experiential values conceptualized by Mathwick, Malhotra and Rigdon (2001). The informational aspects of IIM and IIC tools help in saving customers' time (CROI) and improve the performance of an online seller in terms of facilitating customers' purchase decisions (service excellence). In addition, several previous studies (e.g., Lee, Fiore and Kim 2006; Jeong et al. 2009) showed that the interactivity of Web-based technologies leads to experiential values such as fun, enjoyment, and entertainment (playfulness and aesthetics) for the customers. Based on the above discussion, the following hypotheses are developed:

H1a: Perceived CROI (Customer Return on Investment) positively impacts perceived e-retailer's assistive intent.

H1b: Perceived service excellence positively impacts perceived e-retailer's assistive intent.

H1c: Perceived aesthetics positively impacts perceived e-retailer's assistive intent.

H1d: Perceived playfulness positively impacts perceived e-retailer's assistive intent.

### **3.1.2. Impacts of Experiential Values on E-Retailer's Website Personality**

Brand personality is an important dimension of brand associations (Keller 1993). Aaker (1997, p. 347) defined brand personality as “the set of human characteristics associated with a brand” and developed a scale to measure its dimensions. Such framework was primarily drawn on the human personality and consisted of five dimensions including sincerity, excitement, competence, sophistication, and ruggedness. In a more recent conceptualization, Sweeney and Brandon (2006, p. 645) referred to brand personality as “the set of human personality traits that correspond to the interpersonal domain of human personality and are relevant to describing the brand as a relationship partner”.

Through associating themselves with brands that have certain desired personalities, customers achieve higher self-esteem (Belk, Bahn, and Mayer 1982) and self-expression (Aaker 1999). According to the “self-congruity” theory (Sirgy 1982; Sirgy and Samli 1985; Sirgy, Grewal and Mangleburg 2000), existence of high congruity between the descriptive characteristics of an individual's actual or ideal self and those of a brand leads to the individual's high brand attitude and preference. Similarly, Grohmann (2009) added a gender dimension (Masculinity vs. Femininity) to the conceptualization of brand personality and showed that the congruence of such dimension with the gender role identity of a consumer enhances his/her affective, attitudinal, and behavioral responses toward the brand.

Aaker (1996) refers to brand personality as one of the key factors in the association/differentiation aspects of the brand equity. Aaker (1996) also mentions that the impact of brand personality would be more important for brands that are very similar

or brands that are consumed socially. Similarly, Plummer (1984, 1985, 2000) points to brand personality as the main influencer of the brand choice for many product classes and especially across cultures. Berry (2000) believes that creating a distinct and appealing brand personality is the only method to stand out in an environment with high levels of competitive advertising. The role of brand personality is also found to be particularly important when customers can not differentiate between products based on the quality or price, such as in the case of low-involvement products (Kumar, Luthra and Datta 2006). Past research has also revealed significant influences of the brand personality on several other constructs including perceived quality (e.g., Ramaseshan and Tsao 2007; Poddar, Donthu and Wei 2009), trust (e.g., Grohmann 2009; Lee and Back 2010; Louis and Lombart 2010; Sung, Kim and Jung 2010), customer satisfaction (e.g., Brakus, Schmitt, and Zarantonello 2009; Lin 2009), customer-brand relationship (e.g., Fournier 1998; Aaker, Fournier and Adam 2004; Chang and Chieng 2006), affect (e.g., Grohmann 2009; Sung, Kim and Jung 2010), success of the brand's extensions (e.g., Freling and Forbes 2005; Lau and Phau 2007), and word of mouth communication (e.g., Grohmann 2009).

Based on the idea of brand personality, two other constructs including store personality and Website personality were later developed in the literature. D'Astous and Levesque (2003) defined store personality as "the mental representation of a store on dimensions that typically capture an individual's personality" (p. 457). Starting with the brand personality scale of Aaker (1997), those authors developed a store personality scale in the context of department stores. One important difference between the conceptualization of D'Astous and Levesque (2003) and that of Aaker (1997) was the presence of both negative and positive personality traits in the former. The dimension of

unpleasantness (annoying, irritating, loud, and superficial) in the scale of D'Astous and Levesque (2003) represents the negative aspects of a store's personality. Positive traits of the store personality, on the other hand, are captured in that framework by four dimensions including enthusiasm (dynamic, enthusiastic, lively, welcoming), sophistication (chic, elegant, high class, stylish), genuineness (honest, reliable, sincere, true), and solidity (hardy, reputable, solid, thriving). In the online domain, Park, Choi and Kim (2005, p. 7) introduced the concept of e-brand personality or the "brand personality of an online product or service, usually represented by a Website" for the first time. Four dimensions including bold, analytical, friendly, and sophisticated were developed for the e-brand personality in that study. Later, Poddar, Donthu and Wei (2009) mentioned that an e-seller's Website is very similar to a physical store in many aspects such as facilitating interaction with the customers, providing recommendation, offering help by the sales representatives, etc. Inspired by D'Astous and Levesque's (2003) definition of store personality, Poddar, Donthu and Wei (2009) defined Website personality as "the mental representation of a Web site store on dimensions that are similar to and reflect the dimensions of human personality" (p. 442). The same dimensions of store personality mentioned by D'Astous and Levesque's (2003) were used by Poddar, Donthu and Wei (2009) to measure personalities of the e-commerce Websites.

Aaker (1997) categorized antecedents of the brand personality into product-related (e.g. packaging, price, and physical attributes) and non-product-related factors (e.g. user imagery, sponsorships, ad style, country of origin, company image, CEO image). In the online domain, Park, Choi and Kim (2005) investigated how visual attributes of a Website could be used to create e-brand personalities for the online

services. Those authors showed that different e-brand personality types are formed by combining different levels of visual attributes like simplicity, cohesion, contrast, density, and regularity-correspond. Similarly, Poddar, Donthu and Wei (2009) believe that structure of a Website as well as its color, layout, and interface are among the factors that shape its personality.

Experiential values that customers perceive during their interactions with a Website could basically serve as important determinants of the site's personality in their minds. Chang and Chieng (2006) found that experiential value dimensions of Schmitt (1999) enhance brand personality of the coffee stores. In addition, Brakus, Schmitt and Zarantonello (2009) found that brand experience - conceptualized by four dimensions of sensory, affective, intellectual, and behavioral - positively affects brand personality. It could thus be concluded that the experiential values offered by an online retailer's site are among the most important clues that customers use to form perceptions about an e-retailer's Website personality. Therefore, it is suggested that:

H2a: Perceived CROI (Customer Return on Investment) positively impacts perceived e-retailer's Website personality.

H2b: Perceived service excellence positively impacts perceived e-retailer's Website personality.

H2c: Perceived aesthetics positively impacts perceived e-retailer's Website personality.

H2d: Perceived playfulness positively impacts perceived e-retailer's Website personality.

To further examine the outcomes of different experiential value types, the influence of each experiential value on the five Website personality dimensions could also be investigated. Ailawadi and Keller (2004) performed a comprehensive review of the literature on retail branding and suggested that an important topic for future research would be to identify which retailer's attributes influence which dimensions of the retailer's brand personality. Dardin and Babin (1994) showed that consumers' perceptions of a store's functional quality (e.g., price, store quality, assortment, etc.) are associated with their perceptions of the store's affective personality traits. In an exploratory study, Brengman and Willems (2009) investigated antecedents of a fashion store's personality. Those authors found that store design (both functional and aesthetic aspects), price, and assortment were the most important determinants of the fashion store's sophistication. Store design, style (fashion of the clothing), and social factors (representing both personnel and other customers) were found to enhance perceptions of the fashion store's enthusiasm. Genuineness of the fashion store was found to be mainly affected by price, service, and corporate social responsibility. Solidity dimension, on the other hand, was found to be highly dependent on the store design, assortment, and reputation. Finally, inappropriate store design, style, and social factors were shown to be among the most important determinants of the fashion store's unpleasantness.

In the online context, Poddar, Donthu and Wei (2009) believe that Websites could portray a genuine personality by incorporating elements such as secure marks or money-back guarantees in their interfaces. According to those authors, a solid personality, on the other hand, originates from the ease of purchasing on the Website or the depth of selection that it offers to the customers. Finally, Poddar, Donthu and Wei (2009) mention

that perceived pleasantness/unpleasantness of a Website depends on its theme, layout, and efficiency of the purchase process on it. In an empirical study, Poddar, Donthu and Wei (2009) found that a Website's customer orientation positively influences its personality dimensions of enthusiasm, genuineness, and sophistication while reduces its unpleasantness. Accordingly, the current research suggests the following relationships between dimensions of the e-retailer's Website personality and the experiential values:

H2-1 (a-d): Perceived a) Customer Return on Investment (CROI), b) service excellence, c) aesthetics, d) playfulness positively impacts enthusiasm dimension of e-retailer's Website personality.

H2-2 (a-d): Perceived a) Customer Return on Investment (CROI), b) service excellence, c) aesthetics, d) playfulness positively impacts genuineness dimension of e-retailer's Website personality.

H2-3 (a-d): Perceived a) Customer Return on Investment (CROI), b) service excellence, c) aesthetics, d) playfulness positively impacts solidity dimension of e-retailer's Website personality.

H2-4 (a-d): Perceived a) Customer Return on Investment (CROI), b) service excellence, c) aesthetics, d) playfulness positively impacts sophistication dimension of e-retailer's Website personality.

H2-5 (a-d): Perceived a) Customer Return on Investment (CROI), b) service excellence, c) aesthetics, d) playfulness positively impacts pleasantness dimension of e-retailer's Website personality.

## **3.2. Impacts of Experiential Values on Internal states**

### **3.2.1. Impacts of Experiential Values on Website Involvement**

The construct of Involvement has received lots of attention in traditional and Web-based advertising (e.g., Petty and Cacioppo 1981, 1986; Raman and Leckenby 1998). Mitchell (1979) defined involvement as “an internal state variable that indicates the amount of arousal, interest or drive evoked by a particular stimulus or situation”. According to Antil (1984), involvement refers to the extent of personal importance/interest that a stimulus causes in an individual within a specific situation such as a certain time or location. Similarly, Andrews, Durvasula and Akhter (1990, p. 28) defined involvement as “an individual, internal state of arousal with intensity, direction and persistence properties”. In this definition, direction points to the stimulus that is the source of arousal and persistence refers to the duration of such arousal. Andrews, Durvasula and Akhter (1990) categorized antecedents of the involvement into two main groups including 1) personal needs, goals and characteristics, and 2) situational and decision factors.

In the context of online shopping, involvement points to the degree of personal relevance and the level to which consumers believe that shopping activity helps them achieve their goals (Eroglu, Machleit and Davis 2001). Singh, Dalal and Spears (2005, p. 289) refer to Web page involvement as “the extent to which the information/content (of a Web page) can hold visitors’ interest”. Website involvement thus points to a behavioral response and not a personality trait (Richard and Chandra 2005). In other words, Website involvement is a state that results from the interaction between the user and the content of a Website (Demangeot and Broderick 2007).

A few studies addressed the impacts of hedonic and utilitarian features of a Website on customers' Website involvement. Richard (2005) divided atmospheric cues of a Website into two categories: high task-relevant (structure, organization, informativeness, effectiveness and navigational characteristics) and low task-relevant (entertainment). This categorization was inspired by the typology of Eroglu, Machleit and Davis (2001) for site atmospherics. Richard (2005) found that the former cue types influence site involvement and exploratory behavior, while the latter cue types mainly impact site involvement and site attitudes. In another study, Santosa, Wei and Chan (2005) studied how involvement with an information seeking activity on a Website is affected by intrinsic and situational motivators. Intrinsic motivators are created by Website design factors that promote enjoyment and learning. Situational motivators, on the other hand, are created by elements such as download speed, navigation structure, interactivity, friendliness, presentation style, multimedia capability, content, and visual appearance of the Website. Santosa, Wei and Chan (2005) found that both intrinsic and situational motivators positively influence user involvement in the information seeking activity. In a later study, Demangeot and Broderick (2007) found that as the exploratory potential of an e-retailer's Website increases, customers' involvement in the content of the site increases as well. Sense making potential of the Website, on the other hand, was found by those authors to indirectly impact involvement through affecting Website's exploratory potential.

Basically, enhancing customer involvement is an important goal in experiential marketing. Effective experience management requires that companies design clues to evoke joy and interest in customers (Haeckel, Carbone and Berry 2003). According to

Caru and Cova (2006, p. 10), consumption experience consists of “a succession of ... intense moments of immersion, frequently interrupted by moments of much lesser intensity”. Previous research has not tested the impacts of experiential values on customer involvement. However, due to the above described similarities between experiential values and antecedents of the involvement, this study hypothesizes that:

H3a: Perceived CROI (Customer Return on Investment) positively impacts involvement in e-retailer’s Website.

H3b: Perceived service excellence positively impacts involvement in e-retailer’s Website.

H3c: Perceived aesthetics positively impacts involvement in e-retailer’s Website.

H3d: Perceived playfulness positively impacts involvement in e-retailer’s Website.

### **3.3. Impacts of Perceptions on Customer Outcomes**

#### **3.3.1. Impacts of Perceptions on Attitude**

Brand attitude is an overall brand evaluation and serves as the basis for consumer behavior (Keller 1993). Farquhar (1989) defined attitude as the overall evaluation associated to a brand/object in the consumer’s mind. Eagly and Chaiken (1993, p. 1) referred to attitude as “a psychological tendency that is expressed by evaluating a particular entity with some degree of favor or disfavor”. Basically, attitude serves as a

component of brand equity and shapes customers' behaviors and purchase decisions (Farquhar 1989; Keller 1993).

In the online domain, Chen and Wells (1999) introduced the concept of attitude toward the Website and developed a six-item scale to measure it. Chen and Wells (1999) as well as Chen, Wells and Clifford (2002) found that attitude toward a Website could be influenced by three factors including entertainment, informativeness, and organization of the site. In another study, Wang, Beatty and Mothersbaugh (2009) showed that attitude toward a retailer's Website is affected by two major sources including Website characteristics (information quality, privacy and security, and navigation) and any former attitude that might have been shaped through prior exposure to the retailer's physical store.

Due to newness of the assistive intent construct, there is no prior research that has investigated its impact on brand attitude. Robertson and Rossiter (1974), however, found that children believe in and like commercials better if they assume those have assistive rather than persuasive intents. Furthermore, e-retailer's assistive intent has been shown by Gupta, Yadav and Varadarajan (2009) to be an antecedent of customers' perceptions of the e-retailer's trustworthiness. It is probable that such perceptions of trustworthiness lead to a better customer evaluation of the site. In addition, the concept of assistive intent has similarities with the concept of Website's customer orientation introduced by Poddar, Donthu and Wei (2009). Those authors refer to Website customer orientation as the degree to which it cares about helping customers to satisfy their needs, rather than adopting a mere selling approach. Poddar, Donthu and Wei (2009) found that online seller's Website customer orientation has a positive influence on the perceived overall

quality of the site. It is thus probable that the assistive intent of an e-retailer's Website enhances attitude toward the site through improving perceptions of the site's quality. This notion is also in line with past research that found a link between perceived benefits of a product/service and attitudes toward it (e.g., Fishbein and Ajzen 1975). The following hypothesis is thus developed:

H4: Perceived e-retailer's assistive intent positively impacts attitude toward e-retailer's Website.

E-retailer's Website personality is another potential influencer of attitude toward the e-retailer's Website. The impact of brand personality on attitude toward the brand has been investigated in several past studies. Wysong, James and Kleiser (2002) found evidence for the impact of the ruggedness dimension of brand personality on attitude toward the brand. Freling and Forbes (2005) revealed that customers show higher brand attitude and purchase intentions when they are exposed to brand personality in addition to information about the product's physical attributes. Positive brand personality was also found by Freling and Forbes (2005) to lead to more favorable, congruent, strong, and unique brand associations. In another study, Mengxia (2007) showed that perceived personalities of two mega-brands (Nike and Sony) in Chinese market have strong influences on brand Preference, brand Attitude, brand Loyally, and buying Intent (PALI) of the consumers. Similarly, Chan-Olmsted and Cha (2008) found that the brand personality of a news television network and in particular its dimension of competence could impact attitude, usage, and loyalty of the audience.

In the online context, Poddar, Donthu and Wei (2009) showed that some dimensions of Website personality including enthusiasm and sophistication relate positively to the customers' perceptions of the site quality. Literature also suggests that the personality of an interactive online game impacts the user's satisfaction (e.g., Lin 2009). Although those studies did not exactly investigate the impact of Website personality on attitude, it is possible that the above described positive outcomes eventually enhance customers' overall evaluation of the e-retailer's Website. Therefore, the following hypothesis is developed:

H5: Perceived e-retailer's Website personality positively impacts attitude toward e-retailer's Website.

### **3.3.2. Impacts of Perceptions on Patronage Intentions**

Mathwick, Malhotra and Rigdon (2001, p. 48-49) refer to patronage intention as "the customer's willingness to consider, recommend, or purchase from a retailer in the future". Early conceptualizations of behavioral intentions toward a store/brand were mainly focused on willingness to buy (e.g., Dodds, Monroe and Grewal 1991). Later studies, however, viewed patronage intention as a multi-dimensional construct. Zeithaml, Berry and Parasuraman (1996) categorized customers' behavioral intentions caused by the service quality into favorable vs. unfavorable types. Baker et al. (2002) mentioned three elements including willingness to recommend, willingness to buy, and shopping likelihood as dimensions of the store patronage intentions.

The current research suggests that perceived e-retailer's assistive intent could lead to improved behavioral intentions of customers. This notion is based on the study of Baker et al. (2002), who found that customers show higher patronage intentions toward a store if they associate less psychic cost to shopping at it. Psychic cost refers to the "consumers' mental stress or emotional labor during the shopping experience" (Baker et al. 2002, p. 122). If customers realize that an online retailer has assistive intent and tries to help them in their purchase decisions, they encounter less mental stress and show higher patronage intentions toward it. Furthermore, a series of past studies confirmed the positive influence of the seller's customer orientation on customer satisfaction (e.g., Stock and Hoyer 2005; Goff et al. 1997), customer loyalty (e.g, Jones, Busch and Dacin 2003), and buyer-seller relationship as well as salesperson's performance (e.g., Saxe and Weitz 1982; Deshpandé, Farley and Webster 1993; Boles et al. 2001; Knight, Kim and Crutsinger 2007; Wachner, Plouffe and Gregoire 2009). In the online context, it was found by Poddar, Donthu and Wei (2002) that an online seller's Website customer orientation has a positive influence on the purchase intentions of customers. Due to the similarity between the concepts of customer orientation and assistive intent, the following hypothesis is developed:

H6: Perceived e-retailer's assistive intent positively impacts patronage intentions toward e-retailer.

The current research also hypothesizes that an e-retailer's Website personality impacts patronage intentions of the customers. In fact, this relationship is addressed in a number of past studies. For instance, Freling and Forbes (2005) found that a strong and

favorable brand personality - for both products and services - leads to emotional fulfillment and a desire to continue using the brand, pay a price premium for it, and try its new extensions. In another study on both consumable and durable product categories (toothpastes and cars), Kumar, Luthra and Datta (2006) found that a consistent brand personality contributes to the brand and category loyalty. In a recent study of several brands from different industries, Brakus, Schmitt and Zarantonello (2009) also found that brand personality could positively impact brand loyalty both directly and indirectly through satisfaction. Similarly, Wang, Yang and Liu (2009) found that customers who perceive a brand's personality as more favorable show a higher intention to purchase it. Past research also confirms the influence of brand personality on purchase intentions, brand/company preference, and brand Loyalty (Freling and Forbes, 2005; Mengxia, 2007; Chan-Olmsted and Cha, 2008; Grohmann, 2009). Therefore, and in line with those studies that found Website image has a positive impact on purchase intentions (e.g. van der Heijden and Verhagen 2004; Chen and Lee 2005; Boshoff, Schlechter and Ward 2009) and loyalty (e.g. Da Silva and Syed Alwi 2008; Kwon and Lennon 2009), the following hypothesis is suggested:

H7: Perceived e-retailer's Website personality positively impacts patronage intentions toward e-retailer.

### **3.4. Impacts of Internal States on Customer Outcomes**

#### **3.4.1. Impacts of Involvement on Attitude**

Literature shows that an individual's involvement in an environment affects his/her attitude toward it. Norris and Colman (1993) showed that the involvement of viewers in a TV program has a positive correlation with their attitude toward the accompanying advertisements and the brands advertised. In another study, Burgoon et al. (1999) found that computer interfaces that enhance interaction and involvement of users in group communication are evaluated by users as more credible and utile.

Involvement impacts brand attitude through affecting how customers process brand information. MacInnins and Jaworski (1989) mentioned that three factors affect processing and evaluation of information by individuals: motivation, ability, and opportunity. MacInnins and Jaworski (1989) mentioned that involvement is related to the motivation to process the information. Individuals highly involved in an ad pay higher attention to it and elaborate more on the information included in it (e.g., Celsi and Olson 1988; Petty, Cacioppo, and Schumann 1983; Laczniak and Muehling 1993). Such higher elaboration leads to attitudes that are stronger and more accessible (e.g., Petty, Haugtvedt and Smith 1995; Kokkinaki and Lunt 1999). In another study, Roser (1990) looked at two components of the involvement including relevance and attention. Roser (1990) found that attention to a message facilitates its recall while perception of the message relevance improves attitude toward it. In the context of e-shopping, highly involved visitors of a Website show more interaction with the site (Yoo and Stout 2001) and thus become more familiar with it. Customers that are involved in an e-retailer's Website would possibly find information relevant to their needs more easily on it and therefore form stronger and

more positive attitudes toward that site. In line with this notion, Richard and Chandra (2005) showed that site involvement positively influences attitude toward the site and exploratory behavior of the site visitors. Based on the above review, the following is suggested:

H8: Involvement in e-retailer's Website positively impacts attitude toward the site.

### **3.4.2. Impacts of Involvement on Patronage Intentions**

A few past studies revealed that customers who are highly involved in a shopping task are likely to show more patronage intentions toward the seller. For instance, Wakefield and Baker (1998) found evidence for a positive relationship between involvement with shopping and repatronage intentions toward the shopping mall as well as the desire to stay at it. In the online context, Wu (2002) found that several elements of the online consumer behavior such as rate and frequency of the purchase vary with the degree of Internet marketing involvement.

The involvement construct addressed in the current research points to the involvement in an e-retailer's Website. Singh, Dalal and Spears (2005) refer to involvement as an important dimension of Web page perceptions. Those authors found that Web page involvement positively influences intentions of the viewers to return to the page and explore it. Furthermore, Richard (2005) found that site involvement has a positive impact on purchase intentions of the customers. It could be concluded from those studies that customers show more patronage intentions toward an online seller if they find

that their interactions with the site are interesting and involving. Therefore, the following hypothesis is developed:

H9: Involvement in e-retailer's Website positively impacts patronage intentions toward e-retailer.

### **3.5. Impact of Attitude on Patronage Intentions**

Past research showed that attitude toward a brand/company affects customer loyalty to it (e.g., Andreassen and Lindestad 1998; Suh and Yi 2006). Similarly, Grimm (2005) showed that brand attitude has a positive influence on brand preference. The impact of attitude on patronage intentions has also been shown in the experiential marketing literature. In a study on coffee shops, Chang and Chieng (2006) found that improved brand attitudes resulting from offering experiential values positively impact consumer-brand relationships. Zhang (2008) also found that most dimensions of experiential values positively influence customer loyalty both directly and indirectly through affecting attitudes toward the brand.

In the online context, Cho (1999) found a positive relationship between attitude toward a Website and the probability of clicking on its ads. In advertising domain, it was found that attitude toward the website has positive associations with purchase intentions of the clients (e.g., Bruner II and Kumar 2000; Stevenson et al. 2000). It was also found that attitude toward a Website positively influences the time spent by viewers browsing it (e.g., Balabanis and Reynolds 2001) as well as the behavioral intentions of its visitors (e.g., Singh, Dalal and Spears 2005). Eroglu, Machleit and Davis (2003) also showed that

attitude mediates the impact of site atmospherics on approach/avoidance behavior and satisfaction of the customers. In line with those studies, the following hypothesis is suggested:

H10: Attitude toward e-retailer's Website positively impacts patronage intentions toward e-retailer.

### **3.6. The Moderating Role of Culture**

Culture is an important element in regulation of attitudes, values, and behaviors in general and in specific situations (Tse et al. 1988). It has been referred to as "More than any other factor ... the prime determinant of consumers' attitudes, behaviors and lifestyles" (Cleveland and Laroche 2007, p. 251)." Understanding consumption differences among cultures is considered "an imperative strategic tool for ensuring long-term viability" (Laroche et al. 2000, p. 113). Hofstede (1980, p. 260) defined culture as "the collective programming of the mind which distinguishes the members of one human group from another". He introduced five dimensions including individualism/collectivism, long-term/short-term orientation, uncertainty avoidance, power distance, and masculinity/femininity to explain the differences between national cultures.

The consumption behavior of an individual is to a great extent affected by his/her culture. Yau (1994, p. 49) refers to the culture as "the sum of learned beliefs, values and customs that create behavioral norms of a given society". Due to differences in those factors, the importance and priority of the desired benefits might be different for

customers in various cultures. According to Roth (1995), cultural differences lead to variation in the needs that consumers aim to satisfy through using goods and services. As Overby, Woodruff and Fisher Gardial (2005) mention, culture is similar to a lens that affects the relative importance of attributes, consequences, or desired end-states for a customer. Investigating validities of the models and theories cross-culturally is thus an essential task in marketing.

A series of studies have addressed cultural differences in the online domain. Luna, Peracchio and de Juan (2002) call for attention to the importance of cultural congruity of the Website or the “congruity of a website with a visitor’s culture and manifestations of that culture” (p. 399). Such congruity could be manifested in the text, graphics, and structural elements of the site such as menus and links. Luna, Peracchio and de Juan (2002) showed that cultural congruity improves customers’ attitudes toward the site and increases the likelihood of flow experience for them. In another stream of research, Singh, Xhao and Hu (2003) studied cultural adaptations of the Websites and found that domestic (US) Websites of the Fortune 500 firms, compared with the Chinese versions of those sites, show higher numbers of features related to masculine orientation (e.g., product effectiveness, realism theme) and low-context orientation (e.g., explicit comparisons, use of superlatives). Chinese versions of the Fortune 500 sites, on the other hand, were found to have more collectivist features (e.g., clubs and chat rooms, newsletters, family themes), more uncertainty avoidance features (e.g., traditional themes, local store locations), and more power distance features (e.g., pride of ownership appeal) compared with their US counterparts. Singh, Xhao and Hu (2003) conclude that Web is not a culturally-neutral medium and marketers should take the cultural differences

into consideration during the Website design. In a similar study, Singh and Matsuo (2004) looked at the US and Japanese Websites of the Forbes 500 list and found that in line with the cultural differences between the two countries, Japanese Websites show higher levels of collectivism, power distance, masculinity, and high-context communication compared with the US sites.

Cultural differences could reflect in the experiential consumption of the individuals as well. Hirschman and Holbrook (1982) point to the existence of individual and cultural differences in hedonic consumption. According to those authors, culture affects the amount of customers' hedonic desires as well as how customers appreciate and react to the hedonic offerings. In other words, members of different subcultures vary in their emotional responses to the products, their amount of fantasy preferred, and their perceptions of the appropriate products for hedonic consumption (Hirschman 1982). Holbrook and Hirschman (1982) also point to the existence of differences in experiential consumption among nationalities in terms of "entertainment preferred, hedonic motives for engaging in leisure activities, and resulting levels of enthusiasm expressed" (p. 136).

The present study focuses on how the impacts of experiential values proposed by Mathwick, Malhotra and Rigdon (2001) could be different for English Canadians and Asians in the context of online retailing. This investigation is important since Chinese ethnicity is estimated to be the largest visible minority in Canada in 2017, with a population of between 1.6 and 2.2 millions (Statistics Canada 2005). This research suggests that experiential values offered by an e-retailer lead to higher involvement in the e-retailer's Website for English-Canadians than for Asians. This notion is based on the fact that the desire for experiential values and self-expression is becoming a common

consumer trend in American culture (Zhang 2008). In fact, experiential desires are more prevalent in the affluent and post-materialist societies (Lorentzen 2009), in which individuals have a post-modern individualized lifestyle (Gelter 2006) and continuously seek novelty and adventure (Gabriel and Lang 1995) as well as aesthetics and intellectual interests (Occhionero 2000). Members of those post-modern societies continuously try to reach self-actualization level on top of the Maslow's (1968; 1971) hierarchy of needs model (e.g., Occhionero 2000; Gelter 2006; Yu and Fang 2009; Sundho 2009). Those individuals generally value experiences more than materialism (Norton and Pine 2009) since experiences help them to reduce the problem of boredom (Sundho 2009), and give meaning to their lives (Norton and Pine 2009). According to Abraham (1986), popularity of the experiences for American individuals has roots in cultural characteristics of the American society such as individualism, fear of boredom, and constant need to move forward. Abrahams (1986) concludes that "as a nation of individualists, Americans have placed ever greater importance on experience, relating it to our notions of person in constant development (p. 59). Similarly, Caru and Cova (2003) believe that fear of boredom in the highly contemporary societies is the main motivation behind the desire of individuals for extraordinary and strongly emotional experiences.

People in more pragmatic societies such as China, in contrast, mainly focus on fulfilling utilitarian and functional needs, try to maximize economic benefits, highly emphasize rational and tangible aspects of the life, and show less tendency to express emotions and feelings compared with the individuals in postmodern cultures (e.g., Triandis 1989; Inglehart and Baker 2000; Occhionero 2000). The Confucian ideas of hard working, spending only for necessary, perseverance, maintenance of "face" and

confrontation avoidance are highly reflected in Asian cultures (Hofstede and Bond 1988). In this line, Broyles et al. (2009) hypothesized that Chinese might pay higher attention to the functional dimensions of brand equity while Westerners such as Americans might care more for the experiential aspects of it.

In line with the above notions, Hirschman (1982) found that functional and hedonic aspects of consumption are more important in Chinese and Western cultures respectively. In another study, Roth (1995) found that the effect of sensory brand image (novelty, variety, and sensory gratifications) on the market share is greater in highly individualist cultures while the effect of social brand image (group membership and symbolic) on the market share is bigger in cultures with less individualism. A number of past studies also showed that hedonic balance is a stronger predictor of life satisfaction in individualistic cultures than in collectivistic cultures (e.g., Suh et al. 1998; Schimmack et al. 2002). Similarly, Mattila (1999) found that Western business travelers put more importance on the values of fun, excitement, pleasure, and joy provided by the hotels than Chinese travelers do. Li et al. (2004) also found that while American shoppers might visit a mall for diverse motivations, Chinese consumers mainly have utilitarian purposes for their visits. In another study, Steenkamp and Geyskens (2006) showed that the impact of pleasure experience on the perceived value that consumers derive from visiting a Website is stronger in individualistic cultures than in collectivist ones.

As described before, the desire for experiential consumption is in direct relationship with the individualism of post-modern societies. The level to which a culture is individualist vs. collectivist depends on the extent to which members of that culture focus on their personal interests vs. group interests respectively (Hofstede 1991).

According to Hofstede (1991), Asian countries score high on collectivism while Western cultures including US and Canada are high on individualism. Many differences in the perceptions and behaviors of consumers are attributed to the dissimilar individualism/collectivism levels of their cultures (Hofstede 1980). Generally, variety seeking and individual pleasure are more prevalent in individualistic cultures than in collectivist ones (Hofstede 1991). In contrast, pleasure seeking is inferior to following social duties in collectivist cultures (Triandis 1995). While individualist cultures encourage uncovering and expression of emotions, collectivist cultures advocate restraining emotions to keep harmony of the group (Oyserman et al. 2002). Markus and Kitayama (1991) introduce the concept of independent and interdependent views of the self as other labels for individualism and collectivism respectively. The former view is common among members of the Western cultures while the latter is a characteristic of the Asian cultures. Independent view emphasizes separateness of distinct individuals and encourages a person to express his unique characteristics through referring to his own internal thoughts and feelings. As Markus and Kitayama (1991) mention, independent view of the self leads to a strong desire for self-actualization and development of one's potentials. Interdependent view of the self, on the other hand, deals with interpersonal relationships and consideration of the thoughts and feelings of other individuals about one's self. In this view, it is mainly connectedness to the others and not differentiation from them that is encouraged.

It could be concluded from the above review that emotions in general play a more significant role in shaping judgments and decisions in individualistic cultures than in collectivistic ones. The higher popularity of experiential aspects of consumption for

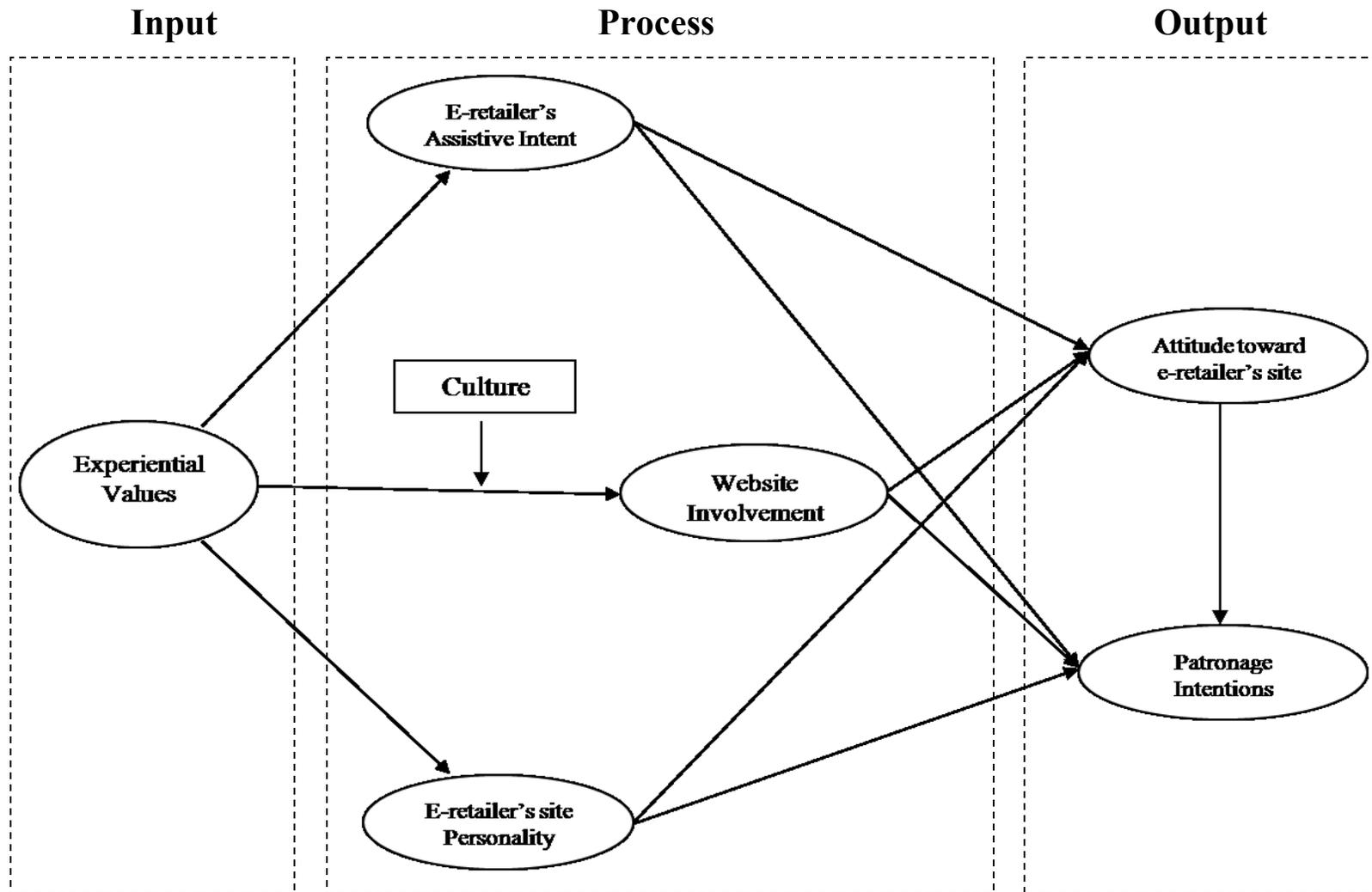
individualists compared with collectivists might thus be related to the fact that experiences satisfy desires of the former group for emotional expression. In fact, existence of high levels of emotional intensity is an important component of an experience (e.g., Arnold and Price 1993; Shaw and Ivens 2002; Gentile, Spiller and Noci 2007). In other words, experiential marketing deals with satisfying emotional desires of the consumers in addition to their rational needs (Schmitt 1999) and creating extraordinary and highly emotional experiences for them (Caru and Cova 2003).

The higher desire for experiential consumption among individualists might also relate to the “personal” nature of experiences. Experiences are “personal” since they exist “only in the mind of an individual who has been engaged” in them (Pine and Gilmore 1998, p.99). A situation that is considered an experience by one individual might not be seen as memorable and extraordinary enough by another person. As described before, the main force behind attitudes and behaviors is the individual’s preference in individualistic cultures and the society’s preference in collectivist ones (Triandis 1989). Therefore, experiential features of an e-retailer’s site might be less effective in enhancing Website involvement for collectivists than for individualists. It is thus suggested that:

H11 (a-d): The positive impact of a) Customer Return on Investment (CROI), b) Service Excellence, c) Aesthetics, and d) Playfulness on involvement in e-retailer’s Website is stronger for English Canadians than for Asians.

The hypothesized relationships between the above mentioned constructs are shown in Figure 3-1:

**FIGURE 3-1**  
**The Proposed Model of the Outcomes of Experiential Values in E-retailing**



## **CHAPTER 4 METHODOLOGY**

This chapter describes methodology of the study. First, an overview of the data collection approach and a description of the sample are provided. This is followed by the list of measures and an explanation of their appropriateness for the current research.

### **4.1. Sample & Data Collection**

Data collection took place in a survey with mostly undergraduate and graduate student subjects participating on a voluntary basis. Participants were instructed to think about the e-retailer from which they had most recently purchased and answer the questions with that e-store in mind. According to Churchill (1995), survey is an appropriate research method when the study deals with many variables. The current research looks at several variables that could be affected by experiential values and therefore, survey is a method highly relevant to this study. Although some previous researches have used experimental design to study experiential values in the online domain (e.g., Soltani and Gharbi 2008; Jeong et al. 2009), this study believes that using a survey is superior because it allows to look at the actual online shopping experiences of the participants. In fact, using surveys to investigate the impacts of experiential values in the context of online shopping has been taken place in several past studies (e.g., Mathwick, Malhotra and Rigdon 2001; Lee and Overby 2004). Furthermore, Kotler, Armstrong and Cunningham (2007) note that survey is best suited for collecting descriptive information such as attitudes, preferences, and buying behaviors of

customers. The current study includes several similar elements and thus survey is a good option for data collection in this research.

Self-administered questionnaires were distributed during the class time in several classes at a large university in an East Canadian metropolitan city. Self-administered questionnaires allow collection of anonymous data from a large number of respondents at a relatively low cost (Strand and Weiss 2005). Student sample is an appropriate choice for research on e-retailing since students are among the most active Internet users and online shoppers (Yoo and Donthu 2001; Lester et al. 2005). In addition, homogeneity of the student sample helps in controlling error for the study's purpose of theory testing (Goldsmith 2002; Malhorta and King 2003). The sampling method could therefore be described as both convenient and purposive (Kerlinger and Lee 2000).

Scholars have mentioned various numbers for a good sample size. Generally, a minimum of 200 respondents is considered the rule of thumb for the sample size in studies with SEM analysis (Shah and Goldstein 2006). Hair et al. (1998) recommend a minimum of ten respondents per parameter as an appropriate sample size for SEM analysis. The questionnaire of this study included 63 main items and thus a sample size of 600-700 would be suitable for this research.

Pretesting of the questionnaire was conducted among a small group of five respondents to ensure clarity of the questions and to make necessary refinements to wording of the items. Ethical approval for the study was first obtained from the University Human Research Ethics Committee. Initially, 985 sets of questionnaires were distributed. Along with the questionnaire, each individual was given two copies of the

consent form. Individuals were instructed to read the consent form before filling the questionnaire and if they wish to participate, sign one copy of the consent form and return it with the filled questionnaire. The other copy of the consent form was for individuals to keep, and included contact information of the researchers and the university's Research Ethics and Compliance Advisor. Estimated time to fill each questionnaire was 15-20 minutes. In exchange for their participation, respondents were entered into a draw for one of the ten \$20 gift cards.

The questionnaire consisted of three parts: the first part asked participants to think about the online retailer from which they had most recently purchased, and asked a few questions about that e-store in order to help participants recall their shopping experiences. Participants were asked to write the name of the site and the approximate date of purchase. The second part of the questionnaire measured variables of the research model and the third part dealt with demographic questions. All questionnaires, whether filled or not, were collected back. Questionnaires that were not filled belonged to individuals who were not willing to participate or those who stated that they had never made any online purchase. Eliminating those as well as incomplete questionnaires resulted in 893 usable responses. The remaining participants were 52% male and the median age group of them was 20 to 24 years. The numbers of self-identified English-Canadians and Asians in the sample were 207 and 144 respectively. Respondents referred to online purchases from Websites that offered the followings: 1) books/publications (17%), 2) computers and electronics (11%), 3) music, movies and games (4%), 4) apparels (18%), 5) auctions/mega-store products (23%), 6) travel (11%), and 7) others (16%).

## 4.2. Measures

Scales that were used in this study were all adopted from the existing literature. All variables were measured from the customer's perspective. Items for all the constructs except e-retailer's Website personality and Website involvement were measured by seven-point Likert-type scales with anchors of 1 for "strongly disagree" and 7 for "strongly agree". Items for e-retailer's Website personality were measured by 7-point bipolar scales with anchors of "not at all descriptive of this Website" and "completely descriptive of this Website". Items representing involvement in e-retailer's Website were measured by bipolar adjectives with anchors of 1 and 7.

The four types of experiential values - i.e. Customer Return on Investment, service excellence, aesthetics, and playfulness - were measured by the Experiential Value Scale (EVS) of Mathwick, Malhotra and Rigdon (2001). Customer's perception of the online retailer's Assistive Intent was measured by the scale developed by Gupta, Yadav and Varadarajan (2009). Personality of the e-retailer's site was measured by the Website personality scale of Poddar, Donthu and Wei (2009). As described before, this scale is based on the store personality scale of D'Astous and Levesque (2003) and includes the positive dimensions of enthusiasm, sophistication, genuineness, solidity as well as the negative dimension of unpleasantness. The original study of D'Astous and Levesque (2003) included 34 items for measurement. In order to reduce burden on the respondents, however, D'Astous and Levesque (2003) developed a shorter 20 item version of it by including the four items that had the largest factor loadings on each personality dimension. In developing Website personality scale, Poddar, Donthu and Wei (2009) started with most of the 34 items of D'Astous and Levesque (2003) and ended up with 11

items. The current research combined the 20 items from the shorter scale of D'Astous and Levesque (2003) with the 11 items of Poddar, Donthu and Wei (2009) to measure the Website personality of online retailers. For the purpose of this study, the negative dimension of unpleasantness was re-coded to represent pleasantness. Customer's involvement in the online retailer's Website was measured by adapting the scale of Muehling, Stoltman and Grossbart (1990). Although this scale was primarily developed to measure involvement in an ad's message, a few past studies in the context of online retailing have used this scale to measure Website involvement as well (e.g., Richard and Chandra 2005; Richard 2005). This study chose 7 of those items that were more relevant to the context of the research. The scale developed by Eighmey (1997) was modified for assessing customer's attitude toward the e-retailer's Website. Finally, Patronage intentions were measured by combining the store patronage intention scale of Baker et al. (2002) and the future patronage intent scale used by Mathwick, Malhotra and Rigdon (2001).

## **CHAPTER 5**

### **ANALYSIS & RESULTS**

This chapter reviews results of the statistical analyses performed on the collected data. Findings of the measurement and structural models are presented, and are followed by results of the hypotheses testing.

#### **5.1. Initial Analysis & Measurement Model**

Given the high number of variables used in this study, first an Exploratory Factor Analysis (EFA) was run. Results of the EFA demonstrated that all items except six – including one for Aesthetics, one for Solidity, one for Website Involvement, and three for CROI - had high primary loadings (higher than .60) and low cross loadings (lower than .35). In addition, a reliability analysis was performed by looking at how eliminating each item changed the Cronbach's alpha of its corresponding construct. Results showed that deleting one item of CROI - which also had loading problems - led to improvement in the C-alpha of CROI from 0.687 to 0.843. In addition, results showed that deleting one item of Aesthetics and one item of Website Involvement - that were exactly the same as those with loading problems - led to marginal improvement in the C-alphas of Aesthetics and Website involvement from .88 to .89 and from .906 to .909 respectively. Based on those results, six items including one item of Aesthetics, one item of Website Involvement, one item of Solidity, and three items of CROI were eliminated.

A second-order Confirmatory Factor Analysis (CFA) was then run by specifying the factor model including all 9 variables used in this study. This was performed by using

the EQS 6.1 software of Bentler (1992). The e-retailer's Website personality was specified as a second order variable. CFA results pointed out that one dimension of the e-retailer's Website personality - i.e. pleasantness - had poor second order factor loading (0.351). One item of the solidity was also found to have poor factor loading of .490. The pleasantness dimension was first eliminated from the measurement model and a second CFA was performed. Factor loading of the problematic solidity item was again found to be .490. Therefore, this item was next eliminated and another CFA was run. This time, results showed that all remaining items had acceptable factor loadings (see Table 5-1). Results of the CFA demonstrated an overall goodness of fit for the measurement model as indicated by chi-square=3608 (df=1234), NNFI=.965, CFI=.967, and RMSEA=.048. Given the number of analyzed items and factors, the model fit parameters were in the acceptable range (Baumgartner and Homburg 1996). Table 5-1 shows the factor loadings and Cronbach's alphas for all the remaining items and constructs. As shown in Table 5-1, the Cronbach's alphas for all the constructs were higher than the cut-off of 0.6 proposed by Churchill (1979), and 0.5 suggested by Bearden, Netemeyer and Teel (1989).

To test the convergent validity, the average variance explained (AVE) by each factor was calculated (second column in Table 5-2). All factors had AVEs higher than .50, demonstrating that all constructs shared more variances with their own indicators than with error variances (Fornell and Larker 1981). To test the discriminant validity, correlations between factors were compared with the square roots of the AVEs (Table 5-2). The square root of AVE for each factor was greater than correlations between that factor and other factors, confirming the discriminant validity (Fornell and Larker 1981).

**TABLE 5-1**  
**Results of the CFA & Reliability Tests**

Latent Factors	Factor Loadings	Cronbach's $\alpha$
<b>Experiential Values:</b>		
<b>Aesthetics:</b>		<b>.89</b>
The way XYZ displays its products is attractive.	.785	
XYZ's Internet site is aesthetically appealing.	.897	
I like the way XYZ's Internet site looks.	.886	
I think XYZ's Internet site is very entertaining.	.663	
The enthusiasm of XYZ's Internet site is catching, it picks me up.	.684	
<b>Playfulness:</b>		<b>.84</b>
Shopping from XYZ's Internet site "gets me away from it all".	.747	
Shopping from XYZ makes me feel like I am in another world.	.662	
I get so involved when I shop from XYZ that I forget everything.	.761	
I enjoy shopping from XYZ's Internet site for its own sake, not just for the items I may have purchased.	.718	
I shop from XYZ's Internet site for the pure enjoyment of it.	.712	
<b>Customers Return on Investment (CROI):</b>		<b>.83</b>
Shopping from XYZ is an efficient way to manage my time.	.722	
Shopping from XYZ's Internet site makes my life easier.	.892	
Shopping from XYZ's Internet site fits with my schedule.	.727	
<b>Service Excellence:</b>		<b>.77</b>
When I think of XYZ, I think of excellence.	.827	
I think of XYZ as an expert in the merchandise it offers.	.766	
<b>Assistive Intent:</b>		<b>.88</b>
This e-retailer really wants to help me choose the right product/service.	.780	
The intention of this e-retailer is to assist me as much as possible.	.880	
This e-retailer is doing what it can to help me make a good product/service choice.	.852	
<b>Website Involvement:</b>		<b>.91</b>
Important to me/Unimportant to me	.575	
Worth Remembering/Not worth Remembering	.802	
Relevant to my needs/Not relevant to my needs	.868	
Worth Paying attention to/Not worth paying attention to	.873	
For me/Not for me	.810	
Interesting to me/Not interesting to me	.819	
<b>Attitude toward Website:</b>		<b>.94</b>
This site is bad/This site is good	.894	
I dislike this site/I like this site	.940	
I react unfavorably toward this site/I react favorably toward this site	.939	
I have negative feelings toward this site/I have positive feelings toward this site	.920	
This site is unattractive/This site is attractive	.695	

**TABLE 5-1 (Cont.)  
Results of the CFA & Reliability Tests**

Latent Factors	Factor Loadings	Cronbach's $\alpha$
<b>Patronage Intentions:</b>		<b>.92</b>
I have willingness to recommend the Website.	.842	
I have willingness to buy products from the Website.	.965	
I have willingness to shop from the Website.	.954	
Considering the Website as one of the first places to look when in need of certain merchandise.	.717	

Latent Factors	Second Order Loadings	Factor Loadings	Cronbach's $\alpha$
<b>Website Personality:</b>			
<b>Enthusiasm:</b>	<b>.808</b>		<b>.89</b>
Welcoming		.730	
Enthusiastic		.836	
Lively		.869	
Dynamic		.796	
Congenial		.716	
<b>Genuineness:</b>	<b>.597</b>		<b>.89</b>
Honest		.825	
Sincere		.783	
Reliable		.731	
True		.780	
Trustful		.798	
Genuine		.705	
<b>Solidity:</b>	<b>.614</b>		<b>.74</b>
Hardy		.786	
Solid		.827	
Thriving		.527	
<b>Sophistication:</b>	<b>.606</b>		<b>.91</b>
Chic		.830	
High Class		.900	
Elegant		.917	
Stylish		.808	
With a snobbish feel		.598	

**TABLE 5-2**  
**Tests for Convergent & Discriminant Validity**

	<i>AVE</i>	Aesthetics	Playfulness	CROI	Service Excellence	Assistive Intent	Enthusiasm	Genuineness	Solidity	Sophistication	Site Involvement	Site Attitude	Patronage Intentions
Aesthetics	<b>.62</b>	<b>.79</b>											
Playfulness	<b>.52</b>	.31	<b>.72</b>										
CROI	<b>.62</b>	.12	.13	<b>.79</b>									
Service Excellence	<b>.64</b>	.50	.31	.35	<b>.80</b>								
Assistive Intent	<b>.70</b>	.36	.19	.38	.52	<b>.84</b>							
Enthusiasm	<b>.63</b>	.62	.35	.16	.55	.41	<b>.79</b>						
Genuineness	<b>.60</b>	.46	.26	.12	.41	.30	.48	<b>.77</b>					
Solidity	<b>.53</b>	.47	.26	.12	.42	.31	.50	.37	<b>.73</b>				
Sophistication	<b>.67</b>	.47	.26	.12	.41	.31	.49	.36	.37	<b>.82</b>			
Site Involvement	<b>.64</b>	.28	.18	.16	.29	.20	.31	.23	.24	.24	<b>.80</b>		
Site Attitude	<b>.78</b>	.42	.21	.19	.35	.28	.42	.31	.32	.32	.55	<b>.88</b>	
Patronage Intentions	<b>.77</b>	.30	.12	.24	.35	.33	.37	.27	.28	.28	.41	.46	<b>.88</b>

**Note:** Square roots of the AVEs are on diagonal (bold) and correlations among factors are off-diagonal.

## 5.2. Testing Hypotheses

EQS 6.1 was used to test the full latent model (see Figure 5-1). The goodness of fit indicators for the structural model were: chi-square=3655 (df=1245), NNFI=.964, CFI=.967, RMSEA=.048. The cutoff values for an adequate fit are: standardized  $\chi^2$  ( $\chi^2 / df$ ) values smaller than 5 (Taylor and Todd 1995), CFI and NNFI greater than 0.9 (Bentler 1992), and RMSEA smaller than .06 (Browne and Cudeck 1989). Therefore, the goodness of fit indicators were all in the acceptable range. Results provided strong support for the overall conceptual model (Figure 5-1) and supported the majority of the hypotheses (see Table 5-3).

Results showed that CROI, service excellence, and aesthetic positively influenced e-retailer's assistive intent, supporting H1a, H1b, and H1c. Contrary to our hypothesis (H1d), the impact of playfulness on assistive intent, however, was not significant.

Service excellence, aesthetic, and playfulness were found to influence e-retailer's Website personality, supporting H2b, H2c, and H2d. Results suggested that the impact of CROI on e-retailer's Website personality was not significant, failing to support H2a.

Moreover, results revealed that two dimensions of experiential values including service excellence and aesthetic influenced customer's involvement in the e-retailer's Website, supporting H3b and H3c. The impacts of CROI and playfulness on customer's involvement were not found to be significant, failing to support H3a and H3d.

Contradictory to our hypothesis (H4), the impact of assistive intent on customer's attitude toward the site was not significant. However, the influence of assistive intent on patronage intentions was significant, supporting H6.

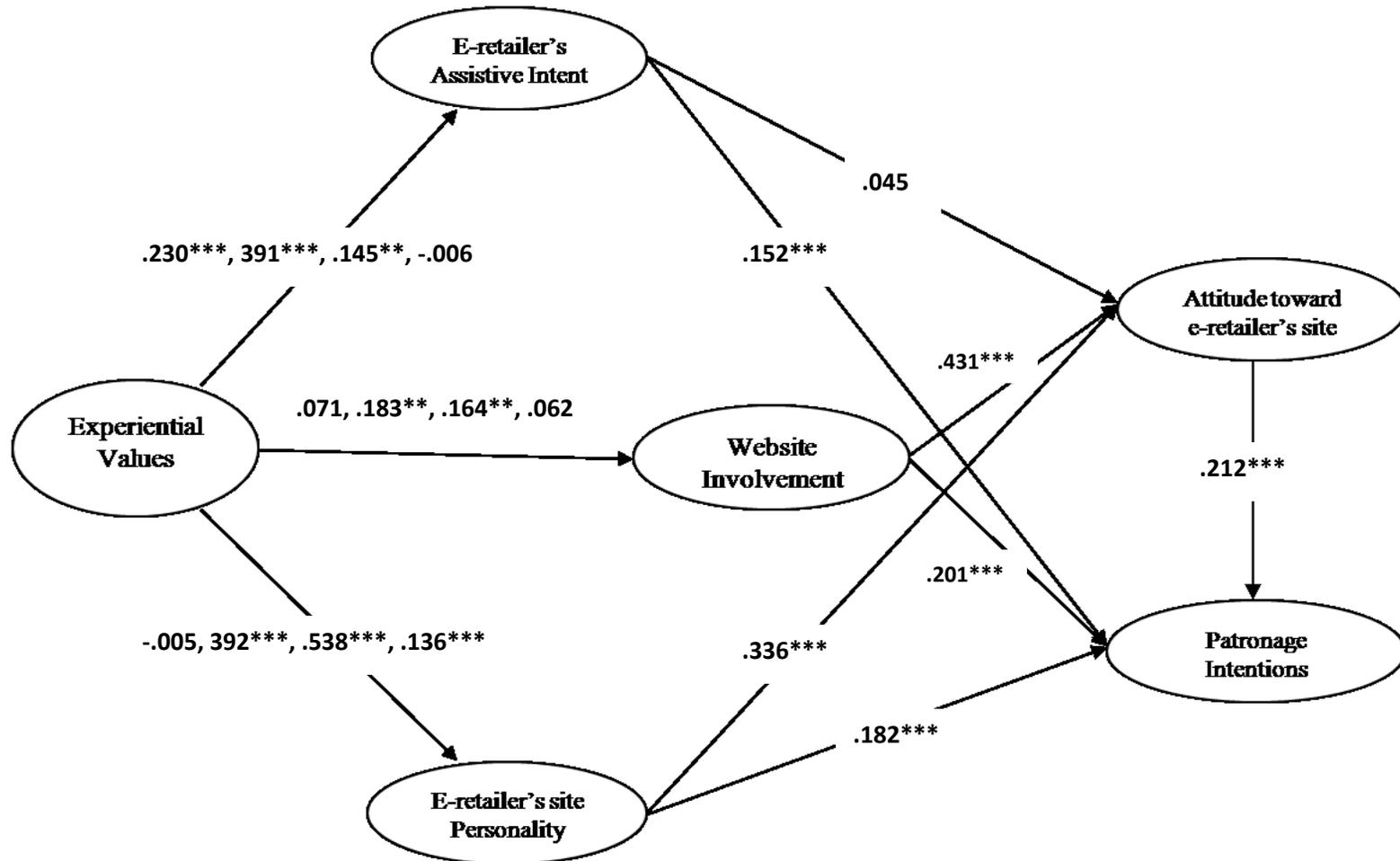
Finally, results showed that the impacts of e-retailer’s Website personality on customer’s attitude and patronage intentions toward the site were significant, supporting H5 and H7. Results also suggested that customer’s involvement in the e-retailer’s Website significantly influenced customer’s attitude and patronages intentions toward it, supporting H8 and H9. The influence of customer’s attitude toward the e-retailer’s Website on patronage intentions was also found to be significant, supporting H10.

**TABLE 5-3**  
**Structural Paths: Experiential Values & Customer Outcomes**

<b>Hypothesis</b>	<b>Hypothetical Path</b>	<b>Beta Coefficient</b>
H1a	CROI <sup>a</sup> → Assistive Intent	.230***
H1b	Service Excellence → Assistive Intent	.391***
H1c	Aesthetics → Assistive Intent	.145**
H1d	Playfulness → Assistive Intent	-.006n.s.
H2a	CROI → Website Personality	-.005n.s.
H2b	Service Excellence → Website Personality	.392***
H2c	Aesthetics → Website Personality	.538***
H2d	Playfulness → Website Personality	.136***
H3a	CROI → Website Involvement	.071n.s.
H3b	Service Excellence → Website Involvement	.183**
H3c	Aesthetics → Website Involvement	.164**
H3d	Playfulness → Website Involvement	.062n.s.
H4	Assistive Intent → Attitude toward Website	.045n.s.
H5	Website Personality → Attitude toward Website	.336***
H6	Assistive Intent → Patronage Intentions	.152***
H7	Website Personality → Patronage Intentions	.182***
H8	Website Involvement → Attitude toward Website	.431***
H9	Website Involvement → Patronage Intentions	.201***
H10	Attitude toward Website → Patronage Intentions	.212***

**Note:** 1) a: Customer Return on Investment  
2) \*\*\* significant at  $p < .001$ , \*\* significant at  $p < .01$ , \* significant at  $p < .05$

**FIGURE 5-1**  
**Results of the Structural Model: Experiential Values & Customer Outcomes**



**Note:** 1) Values associated with each path are standardized regression coefficients.  
 2) The four coefficients mentioned on each path between experiential values and other constructs correspond to CROI, Service Excellence, Aesthetics, and Playfulness respectively.  
 3) Significance levels are coded as: \* for  $p < .05$ ; \*\* for  $p < .01$ ; \*\*\* for  $p < .001$

### **5.3. Moderating Role of Culture: Multi-Group Analysis**

The primary goal of this section is to investigate whether the strengths of relationships between experiential values and Website involvement vary across the two groups of English-Canadian (N=207) and Asian (N=144) online shoppers. To test for such moderating role of culture (H11), multiple-group analysis in EQS was performed. In order to be able to conduct meaningful comparisons across English-Canadians and Asians, our factor structure should be identical in those two samples. This would show that both English-Canadians and Asians perceived the indicators in the same way. Therefore, as the first step and before testing for any path invariance, factor loading invariance across the two cultural groups should be examined (Bollen 1989). According to Bentler (1985), factor loading invariance is the prerequisite for arguing that factors are identical across different groups. Similarly Steenkamp and Baumgartner (1998) believe that one should first establish metric invariance before comparing strengths of the path coefficients across groups, so that the conclusions drawn from the scales could be trusted. Accordingly, this research introduced measurement level constraints before testing for the causal path invariances (Byrne 1994). Once the measurement invariance is established, we could proceed with imposing structural level constraints.

Results of the above described analysis are summarized in Table 5-4. The first row shows parameters for the base model, which is the least restricted one and has no constraints (Model 1). Fit parameters demonstrated a good fit for this model. Next rows relate to Models 2 to 4, which are nested in Model 1 and include additional constraints. First, all the loadings were constrained (Model 2). Chi-square difference tests are helpful to identify the model that best reflects common measurement properties for our two

cultural groups. The differences in the Chi-square and degree of freedom between Model 2 and the baseline model were 95 and 43 respectively ( $p$  value of .000), showing that Model 1 (baseline) fits the data better than Model 2 does. The multivariate  $LM\chi^2$  (Lagrange test) statistics and the related  $p$ -values revealed four non-invariant factor loadings: one item of playfulness, one item of enthusiasm, one item of CROI, and one item of patronage intentions. Releasing those four constraints (Model 3) produced a satisfactory measurement model that was invariant across the two groups. The Chi-square difference between Model 3 and the baseline model was 50 with 39 degrees of freedom ( $p > .10$ ). Therefore, partial metric invariance was supported.

In order to test the hypotheses on moderation of the culture (H11a, H11b, H11c, and H11d), multi-group analysis was performed. To check for the equality of structural paths, the paths relating to the hypothesized moderating role of the culture were constrained to be invariant across the two groups (Model 4 in Table 5-3). The Chi-square difference between Model 4 and the baseline model was 10 with 4 degrees of freedom ( $p$  value of .040). Therefore, it could be seen that the baseline model fits data better and the paths are non-invariant across the two groups. Having established measurement invariance earlier, Lagrange test was used at this point to find the path differences across groups (Bentler 2004). The multivariate test examines simultaneous effects of several restrictions (corresponding to various hypotheses) in the model. The null hypothesis for each constraint is that the constraint is true in the population involved. Therefore, low probability value of the Lagrange test statistic indicates that the constraint is unreasonable. Results of the multivariate Lagrange test are presented in Table 5-5. All hypotheses are directional.

**TABLE 5-4**  
**Test of Measurement Invariance across Cultures**

	Model	$\chi^2$	df	$\chi^2/df$	$\Delta \chi^2$ from Model 1	$\Delta df$ from Model 1	<i>p</i> - value	NNFI	CFI	RMSEA
1	Base Model: No constraint	3923	2502	1.57	0	0	1	.952	.955	.059
2	Factor Loading Invariance	4018	2545	1.58	95	43	.000	.952	.954	.059
3	Partially Factor Loading Invariance	3973	2541	1.56	50	39	.112	.953	.955	.059
4	Structural Path Invariance	3933	2506	1.57	10	4	.040	.952	.955	.059

**TABLE 5-5**  
**Invariance of Paths between English-Canadians & Asians**

Cultural Comparison	Hypothetical Path	Beta Coefficient		Path Difference: $\chi^2(p\text{-value})$
		English Canadian	Asian	
H11a	CROI <sup>a</sup> → Website Involvement	.038n.s.	-.056n.s.	1.178 (.278)
H11b	Service Excellence → Website Involvement	.267**	.115n.s.	2.282 (.131)
H11c	Aesthetics → Website Involvement	.226**	.271**	.289 (.591)
H11d	Playfulness → Website Involvement	.193*	-.092n.s.	<b>3.719 (.054)</b>

**Note:** 1) a: Customer Return on Investment  
2) \*\*\* significant at  $p < .001$ , \*\* significant at  $p < .01$ , \* significant at  $p < .05$

Results of the multiple-group analysis showed that the majority of paths (3/4) were significant in at least one cultural group; however, strengths of the paths were not all invariant across the groups. For English Canadians, all experiential values except CROI positively affected customer's involvement in the e-retailer's Website. For Asians, however, it was only playfulness that had positive impact on Website involvement. According to Table 5-5, the impact of playfulness statistically varied between English Canadians and Asians ( $\chi^2 = 3.719$ ,  $p < .1$ ). While playfulness positively impacted Website

involvement for English Canadians, it had a non-significant impact for Asians. Therefore, H11d that predicts the impact of playfulness on Website involvement is stronger for English Canadians than for Asians was supported. Impacts of the other three experiential values – i.e. CROI, service excellence, and aesthetics – on Website involvement were not significantly different across the two cultural groups ( $p > 0.1$ ), failing to support H11a, H11b, and H11c.

#### **5.4. Experiential Values & Site Personality: A Detailed Analysis**

To further examine the influence of each experiential value on the five Website personality dimensions, a separate analysis was performed by using the pool of items corresponding to those two constructs.

Similar to analysis of the full model in previous sections, first an Exploratory Factor Analysis (EFA) was run to assess the reliability. Results of the EFA demonstrated that five items – including one item of Aesthetics, one item of Solidity, and three items of CROI - had either low primary loading (less than .60) or high cross-loading (more than .35). Furthermore, eliminating that problematic item of Aesthetics and one of those problematic items of CROI led to improvements in the C-alfas of Aesthetics and CROI from 0.88 to 0.89 and from 0.687 to 0.843 respectively. Those five items were thus eliminated.

Using EQS 6.1, a Confirmatory Factor Analysis (CFA) was then run by specifying the factor model including all 9 variables. Results showed that the factor loading of one Solidity item was .442. Therefore, this item was next eliminated and

another CFA was run. This time, all the remaining items had acceptable factor loadings. Results of the CFA demonstrated goodness of fit for the measurement model: Chi-square, NNFI, CFI, and RMSEA had values of 2285 (df=666), .950, .955, and .054 respectively. Table 5-6 shows factor loadings of all the remaining items and Cronbach's alphas of the constructs. Given the number of analyzed items and factors, the model fit parameters were in acceptable range (Baumgartner and Homburg 1996). Table 5-6 also demonstrates that the Cronbach's alphas of all the constructs were higher than the cut-off of 0.6 proposed by Churchill (1979), and 0.5 by Bearden, Netemeyer and Teel (1989).

**TABLE 5-6**  
**Results of the CFA & Reliability Tests**  
**(Experiential Values & Website Personality: A Detailed Analysis)**

Latent Factors	Factor Loadings	Cronbach's $\alpha$
<b>Experiential Values:</b>		
<b>Aesthetics:</b>		<b>.89</b>
The way XYZ displays its products is attractive.	.787	
XYZ's Internet site is aesthetically appealing.	.894	
I like the way XYZ's Internet site looks.	.885	
I think XYZ's Internet site is very entertaining.	.666	
The enthusiasm of XYZ's Internet site is catching, it picks me up.	.694	
<b>Playfulness:</b>		<b>.84</b>
Shopping from XYZ's Internet site "gets me away from it all".	.746	
Shopping from XYZ makes me feel like I am in another world.	.663	
I get so involved when I shop from XYZ that I forget everything.	.760	
I enjoy shopping from XYZ's Internet site for its own sake, not just for the items I may have purchased.	.722	
I shop from XYZ's Internet site for the pure enjoyment of it.	.717	
<b>Customers Return on Investment (CROI):</b>		<b>.83</b>
Shopping from XYZ is an efficient way to manage my time.	.724	
Shopping from XYZ's Internet site makes my life easier.	.894	
Shopping from XYZ's Internet site fits with my schedule.	.734	
<b>Service Excellence:</b>		<b>.77</b>
When I think of XYZ, I think of excellence.	.860	
I think of XYZ as an expert in the merchandise it offers.	.738	

**TABLE 5-6 (Cont.)**  
**Results of the CFA & Reliability Tests**  
**(Experiential Values & Website Personality: A Detailed Analysis)**

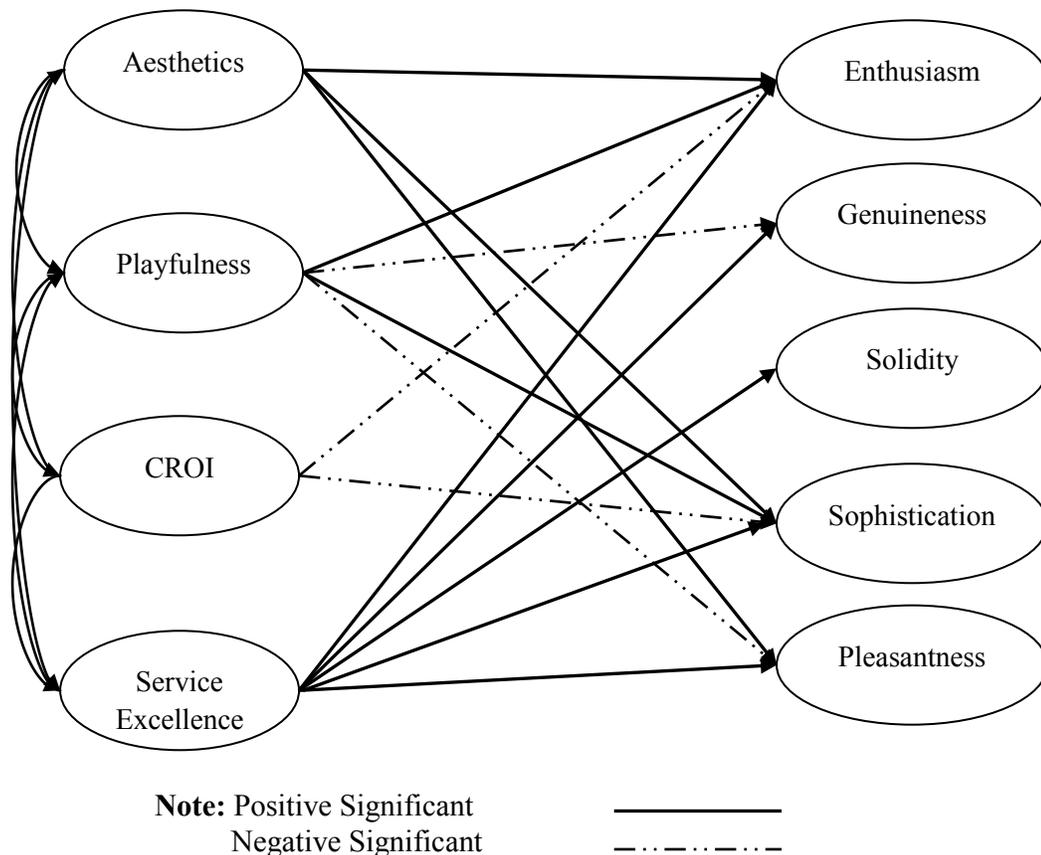
Latent Factors	Factor Loadings	Cronbach's $\alpha$
<b>Website Personality:</b>		
<b>Enthusiasm:</b>		<b>.89</b>
Welcoming	.722	
Enthusiastic	.832	
Lively	.871	
Dynamic	.797	
Congenial	.711	
<b>Genuineness:</b>		<b>.89</b>
Honest	.813	
Sincere	.768	
Reliable	.730	
True	.791	
Trustful	.801	
Genuine	.712	
<b>Solidity:</b>		<b>.74</b>
Hardy	.787	
Solid	.836	
Thriving	.513	
<b>Sophistication:</b>		<b>.91</b>
Chic	.826	
High Class	.896	
Elegant	.914	
Stylish	.810	
With a snobbish feel	.604	
<b>Pleasantness:</b>		<b>.84</b>
Not Annoying	.899	
Not Irritating	.940	
Not Loud	.605	
Not Superficial	.526	

To test the convergent validity, the average variance explained (AVE) by each factor was calculated (second column in Table 5-7). All factors had AVEs higher than .50, demonstrating that each construct shared more variance with its indicators than with the error variances (Fornell and Larker 1981). To test the discriminant validity,

correlations between the factors and the square roots of the AVEs were compared (Table 5-7). It was found that the square root of AVE for each factor was greater than the correlations between that factor and all other factors, confirming discriminant validity (Fornell and Larker 1981).

To test the proposed model, EQS 6.1 was again employed. The goodness of fit indicators of the model were all in the acceptable range: Chi-square, NNFI, CFI, and RMSA had values of 2281 (df =639), .948, .953 and .055 respectively. Results provided strong support for the overall model (Figure 5-2) and confirmed the majority of the structural paths (Table 5-8).

**FIGURE 5-2**  
**Results of the Structural Model: Experiential Values & Website Personality Dimensions**



**TABLE 5-7**  
**Tests for Convergent & Discriminant Validity**  
**(Experiential Values & Website Personality: A Detailed Analysis)**

	<i>AVE</i>	Aesthetics	Playfulness	CROI	Service Excellence	Enthusiasm	Genuineness	Solidity	Sophistication	Pleasantness
Aesthetics	<b>.63</b>	<b>.79</b>								
Playfulness	<b>.52</b>	.32	<b>.72</b>							
CROI	<b>.62</b>	.12	.14	<b>.79</b>						
Service Excellence	<b>.64</b>	.49	.31	.35	<b>.80</b>					
Enthusiasm	<b>.62</b>	.69	.40	.10	.45	<b>.79</b>				
Genuineness	<b>.59</b>	.34	.08	.27	.60	.41	<b>.77</b>			
Solidity	<b>.53</b>	.37	.21	.19	.42	.48	.63	<b>.73</b>		
Sophistication	<b>.67</b>	.50	.34	.05	.47	.52	.29	.35	<b>.82</b>	
Pleasantness	<b>.58</b>	.27	-.04	.06	.25	.16	.38	.14	.02	<b>.76</b>

**Note:** .Square roots of the AVEs are on diagonal (bold) and correlations among factors are off-diagonal.

**TABLE 5-8**  
**Structural Paths: Experiential Values & Website Personality Dimensions**

Hypothesis	Hypothetical Path	Beta Coefficient
H2-1a	CROI <sup>a</sup> → Enthusiasm	-.114**
H2-1b	Service Excellence → Enthusiasm	.315***
H2-1c	Aesthetics → Enthusiasm	.478***
H2-1d	Playfulness → Enthusiasm	.154***
H2-2a	CROI → Genuineness	-.050n.s.
H2-2b	Service Excellence → Genuineness	.875***
H2-2c	Aesthetics → Genuineness	-.091n.s.
H2-2d	Playfulness → Genuineness	-.206***
H2-3a	CROI → Solidity	-.090n.s.
H2-3b	Service Excellence → Solidity	.690***
H2-3c	Aesthetics → Solidity	-.007n.s.
H2-3d	Playfulness → Solidity	-.026n.s.
H2-4a	CROI → Sophistication	-.153***
H2-4b	Service Excellence → Sophistication	.362***
H2-4c	Aesthetics → Sophistication	.267***
H2-4d	Playfulness → Sophistication	.157***
H2-5a	CROI → Pleasantness	-.051n.s.
H2-5b	Service Excellence → Pleasantness	.317***
H2-5c	Aesthetics → Pleasantness	.152**
H2-5d	Playfulness → Pleasantness	-.214***

**Note:** 1) a: Customer Return on Investment  
2) \*\*\* significant at  $p < .001$ , \*\* significant at  $p < .01$ , \* significant at  $p < .05$

Results showed that service excellence was the only experiential value that positively impacted all the five dimensions of e-retailer’s Website personality. Aesthetics positively influenced enthusiasm, sophistication, and pleasantness. The influences of aesthetics on genuineness and solidity, however, were not significant. Playfulness was found to have positive impacts on enthusiasm and sophistication, non-significant impact on solidity, and negative impacts on genuineness and pleasantness of the e-retailer’s Website personality. Finally, CROI negatively affected enthusiasm and sophistication of the Website personality; while its impacts on genuineness, solidity, and pleasantness

were not significant. The supported hypotheses were thus H2-1b, H2-1c, H2-1d, H2-2b, H2-3b, H2-4b, H2-4c, H2-4d, H2-5b, and H2-5c. Overall results of testing all hypotheses are shown in Table 5-9.

**TABLE 5-9**  
**Overall Results of the Hypotheses Testing**

	<b>Hypothesized Relationship</b>	<b>Hypothesis Description</b>	<b>Status</b>
H1	↑ Experiential Values → Assistive Intent	<p>H1a: Perceived CROI (Customer Return on Investment) positively impacts perceived e-retailer’s assistive intent.</p> <p>H1b: Perceived service excellence positively impacts perceived e-retailer’s assistive intent.</p> <p>H1c: Perceived aesthetics positively impacts perceived e-retailer’s assistive intent.</p> <p>H1d: Perceived playfulness positively impacts perceived e-retailer’s assistive intent.</p>	<p>Supported</p> <p>Supported</p> <p>Supported</p> <p>Not supported</p>
H2	↑ Experiential Values → Website Personality	<p>H2a: Perceived CROI (Customer Return on Investment) positively impacts perceived e-retailer’s Website personality.</p> <p>H2b: Perceived service excellence positively impacts perceived e-retailer’s Website personality.</p> <p>H2c: Perceived aesthetics positively impacts perceived e-retailer’s Website personality.</p> <p>H2d: Perceived playfulness positively impacts perceived e-retailer’s Website personality.</p>	<p>Not supported</p> <p>Supported</p> <p>Supported</p> <p>Supported</p>

H2-1	Experiential Values → Enthusiasm	<p>H2-1a: Perceived CROI (Customer Return on Investment) positively impacts enthusiasm dimension of e-retailer's Website personality.</p> <p>H2-1b: Perceived service excellence positively impacts enthusiasm dimension of e-retailer's Website personality.</p> <p>H2-1c: Perceived aesthetics positively impacts enthusiasm dimension of e-retailer's Website personality.</p> <p>H2-1d: Perceived playfulness positively impacts enthusiasm dimension of e-retailer's Website personality.</p>	<p>Not supported</p> <p>Supported</p> <p>Supported</p> <p>Supported</p>
H2-2	Experiential Values → Genuineness	<p>H2-2a: Perceived CROI (Customer Return on Investment) positively impacts genuineness dimension of e-retailer's Website personality.</p> <p>H2-2b: Perceived service excellence positively impacts genuineness dimension of e-retailer's Website personality.</p> <p>H2-2c: Perceived aesthetics positively impacts genuineness dimension of e-retailer's Website personality.</p> <p>H2-2d: Perceived playfulness positively impacts genuineness dimension of e-retailer's Website personality.</p>	<p>Not supported</p> <p>Supported</p> <p>Not supported</p> <p>Not supported</p>
H2-3	Experiential Values → Solidity	<p>H2-3a: Perceived CROI (Customer Return on Investment) positively impacts solidity dimension of e-retailer's Website personality.</p> <p>H2-3b: Perceived service excellence positively impacts solidity dimension of e-retailer's Website personality.</p> <p>H2-3c: Perceived aesthetics positively impacts solidity dimension of e-retailer's Website personality.</p> <p>H2-3d: Perceived playfulness positively impacts solidity dimension of e-retailer's Website personality.</p>	<p>Not supported</p> <p>Supported</p> <p>Not supported</p> <p>Not supported</p>

H2-4	Experiential Values → Sophistication	<p>H2-4a: Perceived CROI (Customer Return on Investment) positively impacts sophistication dimension of e-retailer's Website personality.</p> <p>H2-4b: Perceived service excellence positively impacts sophistication dimension of e-retailer's Website personality.</p> <p>H2-4c: Perceived aesthetics positively impacts sophistication dimension of e-retailer's Website personality.</p> <p>H2-4d: Perceived playfulness positively impacts sophistication dimension of e-retailer's Website personality.</p>	<p>Not supported</p> <p>Supported</p> <p>Supported</p> <p>Supported</p>
H2-5	Experiential Values → Pleasantness	<p>H2-5a: Perceived CROI (Customer Return on Investment) positively impacts pleasantness dimension of e-retailer's Website personality.</p> <p>H2-5b: Perceived service excellence positively impacts pleasantness dimension of e-retailer's Website personality.</p> <p>H2-5c: Perceived aesthetics positively impacts pleasantness dimension of e-retailer's Website personality.</p> <p>H2-5d: Perceived playfulness positively impacts pleasantness dimension of e-retailer's Website personality.</p>	<p>Not supported</p> <p>Supported</p> <p>Supported</p> <p>Not supported</p>
H3	Experiential Values → Website Involvement	<p>H3a: Perceived CROI (Customer Return on Investment) positively impacts involvement in e-retailer's Website.</p> <p>H3b: Perceived service excellence positively impacts involvement in e-retailer's Website.</p> <p>H3c: Perceived aesthetics positively impacts involvement in e-retailer's Website.</p> <p>H3d: Perceived playfulness positively impacts involvement in e-retailer's Website.</p>	<p>Not supported</p> <p>Supported</p> <p>Supported</p> <p>Not supported</p>
H4	Assistive Intent → Website Attitude	<p>Perceived e-retailer's assistive intent positively impacts attitude toward e-retailer's Website.</p>	<p>Not supported</p>

H5	Website Personality → Website Attitude	Perceived e-retailer's Website personality positively impacts attitude toward e-retailer's Website.	Supported
H6	Assistive Intent → Patronage Intentions	Perceived e-retailer's assistive intent positively impacts patronage intentions toward e-retailer.	Supported
H7	Website Personality → Patronage Intentions	Perceived e-retailer's Website personality positively impacts patronage intentions toward e-retailer.	Supported
H8	Website Involvement → Website Attitude	Involvement in e-retailer's Website positively impacts attitude toward the site.	Supported
H9	Website Involvement → Patronage Intentions	Involvement in e-retailer's Website positively impacts patronage intentions toward e-retailer.	Supported
H10	Website Attitude → Patronage Intentions	Attitude toward e-retailer's Website positively impacts patronage intentions toward e-retailer.	Supported
H11	Moderating Role of Culture	<p>H11a: The positive impact of CROI (Customer Return on Investment) on involvement in e-retailer's Website is stronger for English-Canadians than for Asians.</p> <p>H11b: The positive impact of service excellence on involvement in e-retailer's Website is stronger for English-Canadians than for Asians.</p> <p>H11c: The positive impact of aesthetics on involvement in e-retailer's Website is stronger for English-Canadians than for Asians.</p> <p>H11d: The positive impact of playfulness on involvement in e-retailer's Website is stronger for English-Canadians than for Asians.</p>	<p>Not supported</p> <p>Not supported</p> <p>Not supported</p> <p>Supported</p>

## **CHAPTER 6**

### **GENERAL DISCUSSION**

Past research has shown that offering experiential values by online retailers leads to improved behavioral intentions of the customers. The current study tried to investigate the unexplored process of such impact. It suggested that offering experiential values by e-retailers improves attitudes and behavioral intentions of the customers through affecting two main factors including customers' perceptions of the online store (perceptions of e-retailer's Website personality and e-retailer's assistive intent) and internal states of the customers (Website involvement). This study is one of the first efforts in the context of online retailing to develop and test a model, in which experiential values are linked to those two aspects simultaneously. The relationships among those variables were examined through running a survey about the most recent online shopping experiences of the participants. Empirical data strongly supported the proposed model of the study and the majority of its hypothesized relationships. The following sections discuss findings of the study.

#### **6.1. Impacts of Experiential Values on Customer Perceptions & Internal states**

As expected, all constructs of e-retailer's Website personality, e-retailer's assistive intent, and involvement in e-retailer's Website were positively affected by each of the two experiential values of service excellence and aesthetics. Results would therefore show the high importance of providing those two values by online retailers. It is interesting to note that those two values belong to the reactive category of experiential

values and reflect the degree to which consumers comprehend, appreciate, or respond to the consumption experience (Holbrook 1994).

Impacts of the other two experiential values (CROI and playfulness), on the other hand, were found to be more limited. Results indicated that CROI improved customers' perceptions of the e-retailer's assistive intent. As mentioned before, taking buyer's interests into consideration and helping them to fulfill their shopping tasks on the Website would enhance their perceptions of the e-retailer's assistive intent (Gupta, Yadav and Varadarajan 2009). Websites that help customers save on their resources and provide them with efficient shopping procedures meet those criteria and clearly rank high on the assistive intent dimension. This notion is in line with the findings of Sigala (2009), who showed that the most important type of value that customers perceive from using Yahoo! Trip Planner system was CROI, including time saving and convenience. Past research also showed that CROI positively impacts e-retail preference of the customers (e.g., Mathwick, Malhotra and Rigdon 2001; Soltani and Gharbi 2008). Findings of the current study suggest that improved perception of the e-retailer's assistive intent could count as one factor that explains such preference. The impact of CROI on perceptions of the e-retailer's Website personality, on the other hand, was not found to be significant. Although not consistent with our hypotheses, this finding makes sense since competing on providing efficiency and affordable offers has become very common among the e-retailers. As Pine and Gilmore (1999) predicted, e-retailing is resulting in the commoditization of products and services and a competition mainly based on the price cut. Therefore, CROI is perhaps not perceived by customers as a real indicator of a Website's specific personality traits. In other words, the industry's common focus on

efficiency and affordability makes CROI fall too short on being a distinguished element of an e-retailer's Website personality. Due to its vast provision by many e-retailers, CROI might not be stimulating enough to lead to the involvement of customers in an e-retailer's Website either. In other words, perhaps e-retailers that emphasize efficiency were not perceived by the respondents as creators of extras such as joy and interest. In fact, holding interests of the Website's visitors requires evoking some degrees of joy, which might not be present when the stimulus is perceived as ordinary and common. This notion is in line with the findings of Keng and Ting (2009), who showed that CROI - in contrast to the other three experiential values of Mathwick, Malhotra and Rigdon (2001) - was not positively correlated to the user's attitude toward visiting a blog. Furthermore, Richard and Chandra (2005) showed that when consumers surf the Web, the challenge that they experience is positively related to their site involvement. As stated previously, maximizing CROI refers to receiving maximum benefits from investing minimum amounts of various resources such as time and energy. High CROI, therefore, might be an indicator of the low level of challenge encountered by individuals during their Web surfing sessions and thus might not contribute to increasing their site involvement.

Playfulness was found to have a positive impact on the e-retailer's Website personality. This shows that consumers attribute desirable personalities to the Websites that create escapism and enjoyment. The hypothesized positive impact of playfulness on customers' perceptions of the e-retailer's assistive intent, however, was not confirmed by our empirical data. Perhaps playfulness of an e-retailer's site is viewed by some customers as an unnecessary distraction to fulfilling specific shopping tasks on the site. In addition, maybe playfulness is taken for granted in the modern societies and thus it might

not necessarily serve as a distinguishing factor that shows positive intentions of a Website. This notion is similar to the results of past studies that failed to find a positive relationship between interactivity of the Website and customer attitude (e.g. Lee, Fiore and Kim 2006) or customer satisfaction (e.g., Lin 2009). Surprisingly, playfulness was not found to significantly impact involvement in the e-retailer's Website either. This result is in contrast to a number of past studies, which showed that a user's involvement in online activities is positively affected by the interactivity of the Website (e.g., Jiang et al. 2010) and the enjoyment caused by the site (e.g., Santosa, Wei and Chan 2005). The observed non-significant impact of playfulness on the site involvement also contradicts those studies that found an individual's involvement is higher in leisure contexts compared with non-leisure contexts (e.g., Havitz and Mannell 2005), and in flow-like situations as opposed to anxiety or boredom conditions (e.g., Decloe, Kaczynski and Havitz 2009). One possible explanation for this finding is that most participants were mainly focused on making quick online purchases, lending them to have little opportunity to fully appreciate the playfulness aspects of the Websites. Furthermore, maybe participants referred to those Websites from which they had bought several times in the past. Accordingly, playfulness of those sites might have become ordinary and repetitive for participants and thus might not be able to hold their attention and interest any more. In fact, many of the Websites named by participants in the survey offer products that our sample buys frequently (e.g., books), or are well-known e-retailers that are highly visited (e.g., ebay.com, aircanada.com). Due to visiting those sites frequently, consumers might find playfulness aspects less and less attractive over time. This notion is in line with the findings of Overby and Lee (2006), who showed that as consumers gain more shopping

experience, they become more task-oriented and the impact of experiential and visual features of the Website on them decreases. It is probable that the positive impact of playfulness on Website involvement is confirmed in an experiment setting, in which participants are asked to purchase from a site with which they have little interaction history.

## **6.2. Impacts of Customer Perceptions & Internal states on Customer Outcomes**

As expected, customers' perceptions and their internal states both positively affected customers' attitudes and patronage intentions; with the only exception of assistive intent having no impact on attitude toward the e-retailer's Website. This finding might result from the fact that student sample is accustomed to using the Web on a daily basis and looking at a variety of sites before making an online purchase. As a result of such high levels of experience, students might feel less need for assistance during their online purchase activities and thus the Website's assistive intent might not be a major criterion in shaping their evaluations of an e-retailer's Website. Failure of this study to find any positive association between assistive intent and attitude toward the e-retailer's site might also be due to the possible low level of customer's interaction with the sites that have high assistive intent. As mentioned before, sites with high assistive intent extensively use task-facilitative tools that simplify management and comprehension of information (Gupta, Yadav and Varadarajan 2009). Since customers avoid a lot of interaction and exploration by using those tools, they might not have a chance to sufficiently experience the Website, reflect on its content, and form attitudes toward it. This notion is in line with some past studies that found no positive relationship between

attitude toward the Website and effectiveness of the navigational cues on it (e.g., Richard and Chandra 2005; Richard 2005).

### **6.2.1. Experiential Values & Website Personality: A Detailed Analysis**

A further analysis investigated the impacts of experiential values on each dimension of the e-retailer's Website personality. Findings again showed the importance of offering service excellence by e-retailers since this value type was found to positively impact all of the five Website personality dimensions. Furthermore, results showed that some dimensions of the e-retailer's Website personality including solidity and genuineness could be enhanced *only* through service excellence. Aesthetics was found to be another important factor in terms of enhancing the personality of an e-retailer's Website. Three dimensions of the Website personality including enthusiasm, sophistication, and playfulness were found to be positively impacted by aesthetics. Results, however, showed the non-significant impact of aesthetics on genuineness and solidity dimensions. In contrast to some past studies (e.g., Harris and Goode 2008), the current research found that visual appeal and entertainment offered by an e-retailer's Website are not related to the level to which a Website looks trustworthy, honest, and reliable. Our results, however, are in line with the findings of Brengman and Willems (2009), who showed that a fashion store's design and ambient factors have minimal or non-existing contributions to the formation of perceptions about the store's genuineness. Similarly, Zhou, Lu and Wang (2009) did not find any evidence for the effect of Website design quality on consumers' trust in the site. Both those studies confirm that customers do not form perceptions of genuineness about a store/an e-store based on the immediate

pleasure they receive from its aesthetic appeals. This is understandable since trust development generally needs time and could not happen overnight. Another explanation is that the impacts of visual appeal and entertainment on perceptions of the Website's genuineness diminish as customers accumulate shopping experience and become familiar with the site. In this regard, Jin and Park (2006) found that the impact of Website design on trust was higher for low-experience visitors than for the high-experience ones.

In contrast to the other three experiential values, playfulness was found to have a mixed (both positive and negative) impact on different dimensions of the e-retailer's Website personality. Results showed that playfulness had positive impacts on enthusiasm and sophistication, negative influences on genuineness and pleasantness, and non-significant impact on solidity. Perhaps high playfulness interferes with the ease and efficiency of purchasing on the Website and creates a feeling that the site is neither solid nor serious and trustful enough to be considered a reliable purchase environment. Furthermore, maybe the participants' main motivation was to perform their online purchases as efficiently as possible and thus they cared little about the escapism/enjoyment aspects of the site. Extensive use of playfulness elements - especially when those are not appreciated by the clients - could give the Website an annoying, superficial and unpleasant image. This notion is in line with the findings of Oh, Fiore and Jeoung (2007), who did not see any significant impact of escapism on the perceived overall quality of Bed and Breakfasts.

Finally, CROI was found to have non-significant impacts on genuineness, solidity, and pleasantness, as well as negative effects on enthusiasm and sophistication. In other words, CROI was not found to enhance any of the e-retailer's Website personality

dimensions. In fact, many Websites that offer efficiency and affordable quality could be described as basic and standard. Those Websites, therefore, might not be necessarily perceived by customers as dynamic, lively, or thriving. In other words, those e-retailers might have sacrificed creating a unique and distinct Website personality for the sake of providing customers with efficiency, simplicity, and ease of use benefits.

In sum, this study revealed that each dimension of the e-retailer's Website personality could be enhanced through offering certain experiential values:

Genuineness deals with the issues of reliability and trust. This study showed that service excellence had a major role in the formation of this personality trait. This is similar to the results of some past studies, which showed that trust in an e-store is generated by features such as service quality (Harris and Goode 2004), order fulfillment and absence of errors (Bart et al. 2005), and performance on the core offering (Cho 2006). Solidity points to whether a Website has the capability of conducting its business professionally (Poddar, Donthu and Wei 2009). Service excellence was found in the current study to positively contribute to this dimension as well. This makes sense since service excellence mainly comprises the issues of expertise and excellence, which have clear performance connotations. Enthusiasm and sophistication dimensions of the Website personality were found in this study to be positively influenced by aesthetics, playfulness, and service excellence. This confirms the notion of Poddar, Donthu and Wei (2009), who believe that color, scheme, layout, and structure help in creation of enthusiastic and sophisticated personality traits for the Websites. Finally, this research showed that e-retailers could reduce unpleasantness of their sites through offering experiential values of aesthetics and service excellence. This result is understandable

since both those factors are reactive experiential values, which point to the degree to which consumers appreciate an offer (Mathwick, Malhotra and Rigdon 2001). Consistent with our findings, Poddar, Donthu and Wei (2009) mentioned that unpleasantness of a Website could be attributed to ineffective design of its layout or purchasing process.

### **6.3. The Moderating Role of Culture**

This study further investigated how the impacts of experiential values are different for English Canadian vs. Asian online shoppers. Among the four experiential values proposed by Mathwick, Malhotra and Rigdon (2001), playfulness was found to have a stronger impact on Website involvement for English Canadians than for Asians. According to the categorizations of Holbrook (1994) and Mathwick, Malhotra and Rigdon (2001), playfulness is an intrinsic and active type of value. Therefore, this study confirms the higher importance of hedonism and participation for the English Canadians than for the Asians.

The impact of service excellence on customer's involvement in the e-retailer's Website was found to be significant for English Canadians and non-significant for Asians. The difference, however, was not statistically big enough to suggest the moderating role of culture on the relationship between service excellence and site involvement. This might be related to the small sizes of English Canadian and Asian subsamples. A greater inter-group difference might be found if bigger sample sizes are used.

The impact of aesthetics on Website involvement was found to be significant for both cultural groups. The need for aesthetics is thus an issue of paramount importance. In

fact, aesthetics provide additional information about the products/services offered on the Website and therefore assist customers in choosing the right offer (Jeong et al. 2009). In contrast to the study's expectations, aesthetics (including visual appeal and entertainment) were not found to be less important for Asians than for English Canadians. This finding, however, is in line with some past studies. For instance, Davis, Wang and Lindridge (2008) found that the presence of low-task relevant cues on the Website positively impacts arousal of Chinese e-shoppers but has no effect on arousal of Americans. Davis, Wang and Lindridge (2008) associate this result to the fact that collectivist cultures are context-sensitive and thus individuals from those cultures show high attention to the low-task cues of a Website - i.e., those cues that create a context for the shopping experience during an online shopping session (Eroglu, Machleit and Davis 2001). The importance of aesthetics for Asians could be also related to the long-term orientation of those cultures. In the study of Hofstede (1991), China scored the highest in long-term orientation while Canada scored among the lowest. Tsikriktsis (2002) found that customers have higher expectations for visual as well as emotional appeals of a Website in cultures with higher degrees of long-term orientation. Accordingly, Tsikriktsis (2002) called for paying extra attention to the creation of unique, creative, and entertaining Web pages with visually appealing colors, graphics, and texts in highly long-term oriented cultures.

In general, the low level of observed cross-cultural differences in the importance of experiential values in this study could be attributed to a few factors. The first potential factor is the difference of English Canadians and Asians in uncertainty avoidance, which refers to "the extent to which the members of a culture feel threatened by uncertain or

unknown situations” (Hofstede 1991, p.113). According to Hofstede (1991), Canadians are higher than Chinese in uncertainty avoidance. Cultures with high levels of uncertainty avoidance try to minimize unstructured situations or situations that are novel, unexpected, surprising, and abnormal (Hofstede and Bond 1988). In line with this notion, Roth (1995) hypothesized - although did not find empirical support for it - that the impact of functional brand image on market share is greater in cultures with higher uncertainty avoidance since such image addresses the desires of consumers for risk aversion and problem prevention. Roth (1995) further noted that sensory brand image, on the other hand, works better in cultures with lower uncertainty avoidance since consumers in such cultures highly appreciate novelty and variety.

Another factor that might have lessened cross-cultural differences in this study is the acculturation of Asians, which points to their “learning the traits of the mainstream culture” of Canada (Laroche et al. 2007, p. 114). Acculturation process includes adoption of the traits and values of the new or dominant culture, which could be in some cases different from the culture in which one has grown up (Laroche et al. 1997; Cleveland and Laroche 2007). Several cultural traits have been reported to be the same for people with Asian ethnicity regardless of their place of residence. For instance, price sensitivity is prevalent among both Chinese living in Mainland China (Frankenstein 1986) and Chinese living in wealthy overseas countries (e.g., Seagrave 1995). However, there are evidences for the change in the ethnic identity of the second generation Chinese in Australia and US, as reflected in their lower levels of involvement in culturally expected behaviors (Rosenthal and Feldman 1992). There are also evidences for the acculturation of Chinese in Canada (e.g., Kim, Laroche and Tomiuk 2004; Laroche et al. 2007). As

Cleveland and Laroche (2007) mention, “The transmission of culture does not occur genetically; therefore, any human being that is in the right place at the right time can technically acquire culture” (p.250). Therefore, more significant differences would be probably found if the sample of Asian students studying in Canada is replaced with a sample of individuals who live in East Asian countries.

Finally, as students, Asians and English Canadians are similar: they both belong to a certain age group and thus have similar needs, expectations, and lifestyles. It is possible that both English Canadians and Asians in this study had the same reasons to visit the e-retailers. Both groups probably visited Websites that offer good prices, and wanted to make an efficient purchase for some standard products/services such as plane tickets, books, etc. Due to such high levels of likeness, the relationships between experiential values and Website involvement could have similar strengths in the two groups.

In sum, except for the playfulness, the current research did not find significant cross-cultural differences in the impacts of perceived experiential values on Website involvement. Tsikriktsis (2002) found that the role of culture in shaping users’ quality expectations is less significant in the case of Websites than in the case of traditional services. Tsikriktsis (2002) related this finding to the notion of Lovelock and Yip (1996), who stated that the influences of cultural elements take place mainly in situations that involve high levels of human interaction between the customer and the provider. Furthermore, Cole and O’Keefe (2000) as well as O’Keefe et al. (2000) point to successful online stores such as amazon.com, which have standardized transaction-oriented interfaces in the global markets. Those authors conclude that the invariance of

Website for different national cultures is acceptable when customers are confident about what they would like to purchase, but is not the ideal option if customers are in earlier stages of the decision making process. The former situation is exactly the case of this study since a lot of respondents visited Websites such as [expedia.com](http://expedia.com), [amazon.com](http://amazon.com), [aircanada.com](http://aircanada.com), etc. after having a clear idea of what they wanted to buy.

## **CHAPTER 7 CONCLUSION**

The importance of creating memorable and unique customer experiences through offering certain experiential values is being recognized by more and more businesses today. As a digital context, online retailing has a high potential for staging memorable experiences (Pine and Gilmore 1999). This study investigated how e-retailers could benefit from offering experiential values to the customers. To do so, the current research examined the relationships between perceived experiential values, customers' perceptions of the e-retailer, customers' internal states, and customers' behavioral intentions toward the e-retailer. A conceptual model was proposed and tested through the Structural Equation Modeling technique. Empirical data from a survey strongly supported the proposed model of the study and the majority of our hypotheses. Implications of this research and directions for future studies are discussed in the following.

### **7.1. Theoretical Implications**

This study contributes to the literatures of both experiential marketing and online retailing in a number of ways. First, past research has mostly investigated the positive outcomes of experiential values in the primary experience sector or industries whose main aims are to produce experiences (Sundho 2009). Very few studies have looked at similar outcomes in the context of secondary experience sector or businesses that use experiences as add-ons to their traditional offerings (Sundho 2009). This work thus added to the theory of experiential marketing by investigating the impacts of experiential values

on the behavioral intentions of customers in a secondary experience sector, i.e. e-retailing. Next, this study went beyond most previous literature by investigating the crucial but largely neglected process through which experiential values enhance behavioral intentions toward the e-retailers. It was conceptualized that two factors including customers' perceptions of the e-retailer (i.e., perceptions of the e-retailer's assistive intent and Website personality) and customers' internal states (involvement in the e-retailer's Website) play important roles in explaining those effects. This study is one of the first efforts in the context of online retailing to develop and test a model, in which experiential values are linked to those two aspects simultaneously. To the best of our knowledge, most of the hypothesized relationships including the associations between different types of experiential values and the constructs of e-retailer's assistive intent, e-retailer's Website personality and involvement in the e-retailer's Website are investigated in this study for the first time in the literature. Additionally, the current research serves as a validity test for the two newly developed constructs of e-retailer's Website personality (Poddar, Donthu and Wei 2009) and e-retailer's assistive intent (Gupta, Yadav and Varadarajan 2009). Finally, this study also took the first step to investigate how the impacts of experiential values vary for different cultural groups.

Results of this research are in line with the findings of past studies that showed experiential values enhance customer loyalty both in offline shopping (e.g., Keng et al. 2007; Brakus, Schmitt and Zarantonello 2009) and online shopping (e.g., Soltani and Gharbi 2008; Jeong et al. 2009). Our results further showed that the impacts of different types of experiential values are not the same. Among the four experiential values of Mathwick, Malhotra and Rigdon (2001), the two reactive values of service excellence

and aesthetics were found to be more effective in terms of influencing customers' perceptions of the e-retailer and customers' internal states. In addition, a cross-cultural analysis revealed that playfulness was more helpful in enhancing Website involvement for the English Canadians than for the Asians. Although this study found cross-cultural differences for only one of the four experiential values of Mathwick, Malhotra and Rigdon (2001), it serves as a good initial step that hopefully encourages scholars to shed some light on the unexplored domain of cross-cultural experiential marketing.

## **7.2. Managerial Implications**

As Internet technology moves toward maturation, e-retailers need to add more features to differentiate their sites from the competition. Experiential marketing could play a crucial role for e-retailers to achieve competitive advantage and avoid the commodity trap (Pine and Gilmore 1999). Ailawadi and Keller (2004) believe that in a competitive environment where most retailers offer similar products, a retailer could enhance its brand equity through creating a strong personality and offering rich experiences. This work provides managers with a framework to understand how offering experiential values leads to improvement in behavioral intentions of the customers.

This study suggests that enhancing customers' behavioral intentions toward an e-retailer takes a series of steps, in which each step depends on the successful achievement of the previous one. The first step is to offer certain experiential values on the Website. E-retailing brand managers should primarily review their experiential profiles, plan for including experiential values in their interfaces accordingly, and make sure that

customers fully perceive those values during their interactions with the site. The second step is to create positive perceptions about the e-retailer brand in consumers' minds, and to strengthen involvement of the clients in the e-retailer's Website. Marketers should be prepared to deliver the appropriate combination of various experiential values in order to create the desired image (personality and assistive intent) for their e-retailer brands. They should also continuously monitor the effectiveness of those experiential values in creating customer involvement, specifically over time and in different cultural contexts. The final step includes translating the positive image of the e-retailer and the enhanced involvement of customers into improved attitudes and behavioral intentions of the customers toward the e-retailer. From a brand development point of view, managers of e-retailers should review changes in the customers' attitudes and intentions frequently and in case they find any detraction, look for the potential causes in the previous stages.

In order to highly enhance behavioral intentions of the customers, it is recommended that managers of e-retailing brands take all four experiential values (i.e., aesthetics, playfulness, customer return on investment, and service excellence) into consideration for designing the sites. In this study, service excellence and aesthetics were found to be the most influential values. However, each of the four experiential values had a remarkable role in the retention-formation process. Therefore, from a managerial standpoint none of those values should be ignored or underestimated. Managers of e-retailers, however, could use different combinations of those four values in order to develop specific desired images for their brands. In this regard, the current study revealed how each dimension of the Website personality could be developed through offering certain types of experiential values. Therefore, our findings serve as a positioning

guideline for managers as well. In sum, this study provides managers of e-retailers with a roadmap to enhance their competitive situation through practicing experiential marketing.

### **7.3. Limitations and Directions for Future Research**

This study has a number of limitations that should be taken into consideration before applying its results. Primarily, the student sample used in this study might not be representative of the general population. As mentioned before, students are usually familiar with the Internet technology and feel very comfortable with surfing the e-retailers' Websites. It is thus possible that the importance of some experiential values change when the sample is not limited to students. Future research could replicate this work using a more representative sample.

Another shortcoming of this study might be due to its settings. Since the study conducted a survey on the most recent online shopping experiences of the respondents, quality of the collected data is dependent on the amount and correctness of the information that participants could retrieve from the memory. Running an experiment instead of a survey might lead to more accurate data, especially for measuring constructs that deal with internal states of the customers such as their involvement in the e-retailer's Website. Furthermore, many of the Websites mentioned by respondents were well known e-retailers. Therefore, images of those Websites might have been created in consumers' minds mainly by non-product related factors (e.g. user imagery, country of origin, etc.) rather than by experiential values offered on the sites (Aaker 1997). Experimental setting

could be helpful in controlling this factor as well. In sum, using the experiment method would help us gain more confidence in the validities of the proposed causal relationships.

Furthermore, this study categorized all Asians as one group. According to Hall (1977), Asian cultures are similar in terms of being high-context and emphasizing harmony among the group members. Hofstede (1980, 2001) also sees Asian cultures alike in long-term orientation and collectivism. Ueltschy et al. (2008) summarized those similarities in the notion of “Asian connection”. Despite those similarities, various Asian cultures do not always show the same behavior in the market. In fact, a number of past studies found significant differences in consumers’ perceptions and behaviors among various East Asian cultures (e.g., Deshpandé, Farley and Bowman 2004; Ueltchy et al. 2008). Future research could thus investigate whether the proposed model of this study would vary depending on what ethnicity represents the Asian culture. In addition, Asians who participated in this study were all students in Canada. Greater inter-cultural differences might be found if groups of respondents directly selected from the Asian countries are used.

A potential area for future research would be to integrate the different frameworks that have been proposed in the literature for components of an experiential offer. A review of those conceptualizations was provided earlier in chapter 2. In a study of chain hotels, Zhang (2008) developed and tested a comprehensive eight dimensional Brand Experience Value Model by combining various frameworks in the literature. A similar investigation in the context of online retailing would be helpful. Furthermore, a close look at the conceptualization of Mathwick, Malhotra and Rigdon (2001) raises some serious doubts about the experiential natures of CROI and service excellence. In fact,

those two values mostly refer to the utilitarian and functional issues of economic value/efficiency (CROI), and quality/performance (service excellence). It is thus possible that reviewing experiential values leads to elimination of CROI and service excellence due to their dominant functional rather than experiential natures. In addition, the Experiential Value Scale of Mathwick, Malhotra and Rigdon (2001) only includes Holbrook's (1994) "self-oriented" dimensions of value. In addition to those values, Holbrook (1994) also introduced four "other-oriented" value dimensions including status, ethics, esteem, and spirituality. Future research could extend the current work by including those "other-oriented" values in the model to capture a full typology of experiential values.

Although the proposed framework of this research was based on the findings of many studies in the context of e-retailing, there could always be additional variables to be included in the model. Emotions, customer-brand relationship, and word of mouth are a few examples of those constructs. Future research could also investigate the potential antecedents of different experiential values. What attributes of the e-retailer's Website specifically lead to the perceptions of each experiential value? In this regard, Kim (2002) provided a list of factors that could form experiential values of Mathwick, Malhotra and Rigdon (2001) in the contexts of mall and Internet shopping. An empirical investigation of the associations between those attributes and experiential values, however, was not performed and could serve as a potential topic for future research.

Finally, another idea for further investigation is to look at the variables that could moderate the impacts of experiential values on customers' perceptions and internal states. Mathwick, Malhotra and Rigdon (2001) point that there are possibilities for the

moderation of variables such as characteristics of the target market or product/service involvement on the impacts of experiential values, especially in the case of “active” values or experiential values created by active participation of the customers. Another potential moderator is the primary reason of individuals for visiting a Website. In fact, Mathwick, Malhorta and Rigdon (2002) suggest that enhancing CROI (Customer Return on Investment) is a good strategy to target the goal-oriented shoppers while creating inherent enjoyment works better for the experiential shoppers. Furthermore, our survey asked respondents to think about their last online shopping experiences regardless of whether those were buying a routine item or were shopping for an expensive element. In fact, the necessity of offering experiential values in cases like discount stores or basic daily purchases (e.g., coffee, etc.) has been seriously questioned (e.g., Poulsson and Kale 2004). An extension of the current research would thus be to investigate whether the effectiveness of providing customers with experiential values varies for different products. In sum, we hope this research would inspire more investigation of the benefits of practicing experiential marketing by retailers and e-retailers.

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