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**Hedonism, Utilitarianism,  
and Consumer Behavior**  
Exploring the  
Consequences of  
Customer Orientation

**Daniele Scarpi**

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# Hedonism, Utilitarianism, and Consumer Behavior

“Hedonic and utilitarian orientations are fundamental aspects of consumer behavior, but they have not been investigated as elegantly or as comprehensively as in this book. This book’s contributions are multi-faceted: a very informative literature review; an interesting conceptual model that integrates theories; and empirical tests of hypotheses in this model that provide valuable insights on several variables of managerial interest.”

—Siva K. Balasubramanian, *Illinois Institute of Technology, USA*

“In this useful and enjoyable book, Professor Scarpi first enhances our understanding of shopping as a market phenomenon, and then proceeds to throw an impressive data set at a variety of questions important to marketing academics and both traditional and digital retailers. Anyone interested in the complex interplay among consumers, products and distribution should immediately go shopping for this book!”

—Charles Hofacker, *Florida State University, USA*

“Hedonism and utilitarianism hold a truly important role for marketers. Retailers, in particular, will want to know the takeaways, but the book really holds value for scholars working in the domain. The structural modelling, the review and logical thinking around the central constructs provide a template for young scholars and a solid basis to build further research.”

—Roger Marshall, *AUT University, New Zealand*; Editor-in-Chief,  
*Australasian Marketing Journal*

“Do we go shopping for fun (hedonism) or for rational reasons (utilitarianism)? Our answer to this question changes over time, as our reasons to go shopping are not always the same. This book provides a detailed and comprehensive perspective on the consequences of consumer orientation on their subsequent shopping behavior. A must-read for any researchers and practitioners in consumer behavior and retailing!”

—Eleonora Pantano, *University of Bristol, UK*

Daniele Scarpi

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of Customer Orientation

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# Preface

This book investigates both theoretically and empirically two facets of consumers' shopping orientation, namely hedonism and utilitarianism. Hedonism refers to the pleasure, fun, and fantasizing related to shopping. Utilitarianism refers to a rational, planned, and goal-oriented shopping behavior. The two main streams in the literature are the approach that sees hedonism and utilitarianism as characteristics of products (or of certain individuals), and a more "dynamic" approach that, instead, envisions hedonism and utilitarianism as the result of an interaction between multiple elements, such as products, consumers, and the specific shopping context, with a perspective related to the shopping experience as a whole. As a result, the consumers' response may be different from time to time for each shopping trip, even in relation to the same product category or the same store environment, and the unit of analysis becomes the shopping expedition rather than the product category or the store atmosphere or some trait of the consumers' personality.

The main objective of this book is twofold. On the one hand, it intends to examine in depth the role and effects that hedonism and utilitarianism play in consumer behavior; on the other hand, it intends to compare different retailing contexts. The ultimate objective is to produce significant contributions both in terms of the advancement of knowledge for marketing scholars and in terms of managerial implications for retailers.

The first two chapters of the book present and explore in depth the concepts of hedonism and utilitarianism, referring to an extensive literature. Chapter 2 provides a summary of the main contributions to the study of hedonism, draws a historical picture, and then examines in detail the evolution of thought both from a theoretical point of view and with regard to methodological developments from the origins till today. On the basis of a critical reading of the articles related to the topic, areas of research that are still open are outlined. In particular, the book acknowledges that the role of offline distribution channels has mostly been ignored in the study of shopping orientation, and runs the analysis on data from different retailing contexts. The review of the literature in Chap. 2 also reveals the dearth of analyses exploring the impact, consequences, and effects of hedonism on consumer shopping orientation, rather than its antecedents and drivers. The book then proceeds with some considerations on aspects necessary for a correct theoretical and methodological approach, addressing also some controversial or contradictory aspects that have influenced (and often hindered) the study of hedonism. Among these, particular emphasis is given to the concept of mood, value, and shopping atmosphere.

Then, Chaps. 3 and 4 deal with the development of a conceptual model, examining the main issues related to an analysis of hedonism and utilitarianism on the basis of the concepts previously illustrated in the review of the literature. On the basis of the review of the literature, specific hypotheses are advanced on the impact of hedonism and utilitarianism both at a single distribution channel level and at a more general level. The method to investigate the effects of hedonism and utilitarianism on consumer behavior is introduced; in particular, dependent variables are identified: amount purchased, perceived value, store loyalty, purchase frequency, price consciousness, age, gender. Next, a model of structural equations is developed building on these variables. The chapter also introduces the distribution channels that will be considered in the analysis: intensive distribution and selective distribution. This choice derives from a series of considerations regarding the managerial relevance of the two channels, as well as the strategic implications for the creation and development of a distribution network. The methodology that will be

followed in the empirical part of the analysis is illustrated in detail, dwelling extensively on sampling, data collection techniques, and measurement of variables. Close attention is paid to problems related to the measurement of the identified variables, not only as far as the numerical indicators and statistical techniques that will be used are concerned, but also with regard to the validity and reliability of the measurements in general.

Then, the empirical part of the book follows, which consists of Chaps. 5, 6, 7, and 8. Chapter 5 tests the research hypotheses on the data collected in intensive distribution, while Chap. 6 tests them in selective distribution. Each of the chapters dedicated to empirical analysis draws the conclusions related to the single distribution channel under examination, while Chap. 7 compares the results related to the different retailing contexts. The managerial implications that emerge from the empirical part are then discussed in Chap. 8. In particular, it is discussed whether there are substantial differences in the impact of hedonism and utilitarianism, which shopping orientation prevails, and which should be stimulated. This provides the opportunity to test empirically some theoretical positions long debated in the literature, and to reach conclusions on the role played by hedonism that are also useful from a managerial point of view. The limits of the analysis and developments for future research are then introduced, identifying the main questions that remain unanswered, and indicating future directions for the study of hedonic and utilitarian shopping orientation, in particular virtual reality.

Finally, the appendixes provide the questionnaire used for the analysis described in this book, details about the numerical analysis of the questionnaire, the specific analyses to investigate the factorial structure of the constructs, the verification of the (lack of) multi-normality of data distribution, and about the software syntax used for estimating the model.

In summary, the book reviews a wide number of hypotheses and propositions, which allow for practical implications for the retailers involved. Overall this book brings the following theoretical, methodological, and managerial contributions to the study of hedonic and utilitarian shopping orientation.

**Theoretical Contribution** This book offers a theoretical framework of reference that includes a large number of scientific papers over a wide time span, building the basis of the analysis, but also lending itself as a reference for subsequent future investigations on the topic of hedonic and utilitarian shopping orientation. More in detail, this book examines the various descriptions and definitions attributed to the concepts of hedonism and utilitarianism, clarifying the subject and suggesting the presence of different perspectives underlying the modeling of the concepts of hedonism and utilitarianism. The analysis proposes and implements a model of structural equations rich in interesting relations from the theoretical point of view of the causal relations hypothesized. The model estimation provides empirical support to some of the recent suggestions formulated on the concepts of hedonism and utilitarianism, comparing intensive and specialized distribution channels, using a wide dataset collected among retailers in the fast-fashion industry.

**Methodological Contribution** This book presents, develops, implements, and validates a questionnaire and a structural equation model defined on a sound theoretical basis. It offers a new empirical implementation of the concepts of hedonism and utilitarianism, modeling them as causal constructs, thus investigating their direct impact on other constructs. In particular, an analytical procedure has been followed to determine their impact on store loyalty, on the amount spent at the point of sale, and on perceived value from the shopping expedition. The operationalization of the concepts of hedonism and utilitarianism was done so as to allow the analysis of further dimensions related to consumer behavior, such as price consciousness and purchase frequency. The methodological considerations could be useful for young researchers who consider developing a quantitative research based on data from questionnaires.

**Managerial Contribution** This book provides a multitude of specific guidelines for retailers in intensive and selective distribution. It also provides practical guidance that retailers could use as a strategic



decision-making support tool when determining which distribution channel to use for the growth or implementation of their network. Lastly, the concepts of hedonism and utilitarianism are linked to specific effects on turnover and customer loyalty, and the results of the analysis are clearly translated into directly operationalizable terms.

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**Daniele Scarpi** is associate professor of marketing in the Department of Management at the University of Bologna, Italy. His current research interests are in consumer behavior and decision making, in particular applied to retailing and branding. His papers have been published in the *Journal of Retailing*, *Tourism Management*, *Marketing Letters*, *Journal of Advertising Research*, *Industrial Marketing Management*, *Journal of Interactive Marketing*, *Journal of Business Research*, *Journal of Sport Management*, *Economic Psychology*, *Computers in Human Behavior*, and several others.

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# 1

## Introduction

**Abstract** This chapter introduces the volume, highlighting the topic and the main concepts. It addresses shopping orientation focusing on hedonic and utilitarian orientation, briefly introducing what they mean in the academic literature and for practitioners. Next, the chapter details the theoretical, methodological, and managerial implications expected from this volume. Finally, the chapter details the structure of the volume, chapter by chapter, briefly summarizing the content of each part of the volume.

**Keywords** Preface • Introduction • Volume structure • Contribution

Different consumers could approach the same shopping environment in a different way, developing a different shopping experience. For instance, some consumers are goal-oriented. This implies that considerations about cognitive-oriented benefits, rational necessity, and needs are often used as the basis of making a purchase. On the other hand, the thrills and fun of shopping experience are the primary reasons why other people purchase

goods. In other words, rather than efficiency, they purchase to achieve sensory gratification and excitement (Babin et al. 1994; Wang et al. 2011). Usually, the two shopping orientations are categorized as utilitarianism and hedonism. Therefore, while trying to establish a retail environment, retailers should consider the shopping orientation that the consumers might exhibit. This research investigates which orientation is more valuable for offline retailers. It also seeks to find the impact of a utilitarian orientation and hedonic orientation on a set of managerially relevant outcomes.

The present book is set in the context of fast-fashion retailers in selective distribution and intensive distribution. Rather than mere shopping or store browsing, it will also consider purchasing behavior, since shopping does not necessarily end in a purchase. While the book does not seek to know the reasons behind consumers' purchase or what makes them develop a hedonic or utilitarian orientation, it investigates the consequences of people having a utilitarian or hedonic orientation in the store. Consequently, it seeks to analyze the influence of the two orientations on four factors that are relevant to theory and management. The four variables include price consciousness, purchased amount, perceived value, and intention to repurchase from the same store (store loyalty in the future). Purchase frequency is also accounted for, as well as consumers' age and gender.

Consumers tend to have a general disposition toward the act of shopping, which is referred to as shopping orientation. Such a disposition is often reflected through information searches, alternative evaluations, and product selections, and is personalized by a series of opinion statements, interests, and attitudes that concern shopping (Brown et al. 2003). Consumer shopping behavior can be driven by emotions, excitement, and pleasure, and the influence of these elements is commonly considered as crucial, so that shopping orientation is usually discussed in terms of "experiential" and "goal-oriented" (e.g. Wolfenbarger and Gilly 2001) or "hedonic" and "utilitarian" (e.g. Griffin et al. 2000; Scarpi 2012). Rather than achieving a need or completing a task, hedonism is related to playful, joyful, and festive shopping. Therefore, it manifests the experiential part of shopping, which consists of curiosity, escapism, pleasure, and fun. On the contrary, any shopping that is rational and task-oriented

denotes utilitarianism, which translates into making rational and efficient shopping. Moreover, it has more to do with needs rather than pleasure, and it is often described in terms of performance such as achievement and success (Chaudhuri et al. 2010; Scarpi et al. 2014).

For utilitarian consumers, who consider shopping as a necessary action to perform quickly, convenience is the major expected benefit. On the other hand, consumers who relish shopping tend to gain added value from exploring huge stores, enjoying in-store music or videos and large assortments. Consumers who shop for pleasure or as a leisure activity, otherwise known as “recreational shoppers,” show a more positive behavior toward shopping compared to those who neither like nor dislike the experience of shopping, also known as “economic shoppers.” Thus, there exists a positive relationship between the hedonic value of consumers’ shopping experiences and the experience of “flow” (Lee and Tan 2003; Chaudhuri et al. 2010). Nevertheless, there is a coexistence of the two shopping orientations in shopping environments, be they physical stores (Scarpi et al. 2014), websites (Sénécal et al. 2002), or virtual-reality settings (Pizzi et al. 2019).

A better understanding of the impact of specific orientation to shopping could be of advantage to retailers. Such an understanding could also assist managers in planning a better sales strategy, as well as designing and implementing of environments that foster positive interaction experience among customers. More so, it will help businesses in segmenting their buyers based on their shopping orientation.

Accordingly, this book aims at contributing to the advancement of the knowledge about consumer behavior in retailing, and more specifically about consumers’ hedonic and utilitarian shopping orientation. This research stems from the desire to develop content in the extant literature, and from the author’s personal belief that today’s research on hedonic and utilitarian shopping orientation does not fully reflect the role of the distribution channels and the effects of shopping orientation.

Thus, the main purpose of this book is to develop a broad theoretical framework that incorporates the different perspectives and activities associated with the management of distribution channels, to provide useful, empirically founded suggestions to retailers. In particular, this book

focuses on the fast-fashion industry and is aimed at offline retailers in intensive distribution and specialty distribution.

Based on a broad overview of extant literature, the book proposes a summary of the various perspectives and the different models proposed over time. Following the development of studies on the topic of hedonic and utilitarian shopping orientation, and considering the results of recent studies, this book proposes a model of structural equations to measure the impact of hedonism and utilitarianism in the different distribution channels considered.

## 1.1 Book Structure

This book consists of eight chapters:

Chapter 1 introduces the topic and structure of the book.

Chapter 2 provides a broad critical summary of the literature on hedonic and utilitarian shopping orientation, in which the theoretical background on which the book is based is analyzed in great detail. In addition it presents previous studies and more recent developments, reviewing the most relevant contributions, the methods used, and the different approaches. It also introduces ideas for the development of future research. Finally, it concludes by addressing some questions and issues that still remain open, such as contradictions, considerations, and insights, reviewing the concepts of mood, value, and shopping atmosphere.

Chapter 3 presents the development and design of the research. Thus, it addresses the constructs considered in the analysis, briefly reviews the main constructs excluded from the analysis, and introduces the distribution channels and the considered industry (fast fashion), leading to—based on the considerations presented in Chaps. 1 and 2—the advancement of specific hypotheses.

Chapter 4 lays out the research design, focusing on measuring the considered variables, describing the sampling process and the tools used for data collection. It then focuses on the concepts of reliability and validity of the measures, the tools for estimating statistical relationships between variables, and the criteria that will be followed for analyzing the data and testing the hypotheses.

Chapter 5 is dedicated to the analysis of the data, and to the verification of the hypotheses advanced for the considered distribution channels. In particular, it implements, estimates, and evaluates the model in the context of intensive distribution, verifying the hypotheses specifically formulated for this distribution channel. Finally, it presents the conclusions and main findings for intensive distribution.

Chapter 6 is dedicated to the analysis of the data, and to the verification of the hypotheses advanced for the considered distribution channels. In particular, it implements, estimates and evaluates the model in the context of selective distribution, verifying the hypotheses specifically formulated for this distribution channel. Finally, it presents the conclusions and main findings for selective distribution.

Chapter 7 compares and juxtaposes the results obtained in the two distribution channels, summarizing the main results, and finally presenting the conclusions of such comparison.

Chapter 8 develops the managerial implications, as well as the suggestions, contributions, and insights both to academic research and to retailing practice. Furthermore, the chapter advances considerations about possible future developments and future frontiers for the study of hedonic and utilitarian shopping orientation that future research could consider investigating.

Appendixes: the appendixes present and discuss details about the techniques used for data collection and analysis, for estimating the model and for assessing its goodness of fit, as well as for the comparison of the distribution channels. These are technical appendixes, designed for the reader who is more familiar with or curious about the tools of data analysis. There are three appendixes:

Appendix A presents the questionnaire used for data collection in intensive distribution and in selective distribution.

Appendix B presents the analyses pertaining to the assessment of the validity and reliability of the measurements employed in the analysis, to the dimensional structure, and to the distribution of the data.

Appendix C lists the commands given to the statistical software (LISREL) used to estimate the structural equation model. It presents details of the model estimation used in the book, summarizing the content in tables for an easier overview.

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# 2

## A Literature Review of Hedonic and Utilitarian Shopping Orientation

**Abstract** This chapter provides a literature review of hedonic and utilitarian shopping orientation. It addresses their conceptualization and their dimensionality, as some studies envision them as opposite poles of one single dimension, while others as two separate dimensions. Then, this chapter shows how scholars are transitioning from a “static” to an experiential approach. In a static approach, hedonism and utilitarianism are envisioned as consequences of consumers’ personality and/or product and store characteristics, so that the same personality or characteristics invariably lead to the same orientation. Instead, an experiential approach conceptualizes hedonism and utilitarianism as the outcome of an interplay between consumer, product, and context that is unique to each shopping experience. Next, the chapter addresses possible sources of ambiguity in the study of shopping orientation, such as mood and store atmosphere. Finally, the chapter highlights the managerial relevance of studying hedonism and utilitarianism in shopping behavior.

**Keywords** Hedonism • Utilitarianism • Consumers • Product categorization • Shopping atmosphere • Mood



## 2.1 Introduction

Consumers' orientation toward shopping in general, and the specific distribution channel where they shop, might have a significant influence on their behavior (e.g. Helander and Khalid 2000; Baker and Wakefield 2012; Chang and Cheng 2015; Cheng et al. 2020). Specifically, the utility and value that consumers expect to gather from the shopping experience could be related to their propensity to indulge in hedonic rather than utilitarian orientations (Lee and Tan 2003; Büttner et al. 2015). The consumer orientation toward purchasing has long been studied in the literature as a possible driver of consumers' likelihood to patronage a store and to explain the difference in consumers' interindividual behavior (Goldsmith and Bridges 2000; Brown et al. 2003; Hidalgo-Baz et al. 2017). Furthermore, the orientation toward purchasing could discriminate between users and nonusers of the different distribution channels (Eastlick and Lotz 1999; Scarpi et al. 2014; Ferraro et al. 2016). In this vein, the consumer behavior literature typically discusses shopping orientation in terms of "economic" and "recreational" (Bellenger and Korgaonkar 1980), or "hedonic" and "utilitarian" (Hirschman and Holbrook 1982) consumers. Fenech and O'Cass (2001) and Scarpi et al. (2014) find that "recreational" consumers, that is, those who enjoy shopping, could have a more positive attitude toward certain distribution channels, while consumers who are more goal-oriented could be more indifferent to the distribution channel. However, these two archetypes of shopping orientation could be present at the same time (Babin et al. 1994; Griffin et al. 2000), and some distribution channels—such as intensive distribution—could instead help "economic" consumers (Khajehzadeh et al. 2014; Kesari and Atulkar 2016).

The consumer behavior literature does not provide a compelling definition of hedonism, yet hedonic shopping can be explained in terms of the pleasure and enjoyment, fun and fantasizing experienced while shopping (Babin et al. 1994). Thus, Leclerc and others (1994) state that certain attributes of products, called hedonic, are judged in terms of the pleasure they bring, while others, called utilitarian, are judged for how well they work. Moreover, extant literature (Dhar and Wertenbroch

2000; Reid et al. 2015) distinguishes two types of benefits: on the one hand, utilitarian benefits, of a functional, instrumental, rational type, which are appreciated by the consumer to the extent that they allow a goal to be reached; on the other hand, hedonic benefits, of an emotional, affective nature, which are appreciated in themselves, with no links to a predefined goal. Hedonism and utilitarianism correspond, in a very broad sense, to archetypal constructs of heart and reason (Shiv, Fedorikhin 1999) and reflect two different but not mutually exclusive ways to envision consumers: the information-processing vision, which theorizes an efficiency-maximizing, goal-driven, and rational consumer, and the experiential vision, in which consumer behavior is driven by intangible, symbolic, and emotional forces.

This chapter discusses the main contributions of the literature that led to the development of the study on hedonism and utilitarianism. The aim of this chapter is to provide a rich picture of the current status of literature on hedonic and utilitarian shopping orientation, to present an account of how they evolved to become the constructs they are today, and to identify fertile currents of thought and directions for future research. In particular, this chapter draws a picture of the main steps that have characterized the study of hedonic and utilitarian shopping orientation, from the first timid considerations to the most recent developments and possible future developments. As the academic and managerial interest in the theme of hedonism increased, research moved in very heterogeneous areas that would be impossible to order by following a chronological criterion. This chapter, therefore, is not articulated in a strictly temporal order. Instead, an attempt is made to trace an evolutionary profile of the theoretical framework and the related measurement aspects, interpreting diachronically its main advancements and propositions. In particular, this chapter adopts the perspective of envisioning the previous studies on hedonic and utilitarian shopping orientation as transitioning from a static approach to an experiential modeling. Specifically, static approach this chapter refers to an approach in which hedonism is seen as a constant, never-changing property of some products, some consumers (like a personality trait), or store environment. Instead, by dynamic approach, this chapter refers to an approach in which hedonism is seen as the result of an interaction between products, stores, and consumers, and where the

same product, store, and consumer could originate a different shopping experience. While more complicated, this latter approach has the potential to overcome various empirical and theoretical limits that are discussed, allowing a deeper understanding of hedonic and utilitarian shopping orientations.

Based on the considerations exposed in this chapter, specific hypotheses will be developed for the study of hedonic and utilitarian shopping orientation in the next chapter (Chap. 3).

### 2.1.1 Sources, Premises, and Ideas

The theoretical background on which the study on hedonism is nested can be traced back both to motivational research and to product symbolism, therefore sinking its roots back to Maslow (1968), who affirmed that the choice of products can be guided by criteria of two types: emotional and utilitarian. However, the management on hedonism was largely left to practitioners, while academics—although not denying that emotions exist and play a role—rather focused on the more rational dimension because of its relatively easier measurability, more or less until the 1990s. Since the beginning, the study on hedonism has been so connected to the concepts of flow and involvement that it has sometimes got interwoven and confused with them. While it would go beyond the aims of this chapter to provide a review of the literature on involvement, it might be worthwhile to mention the early distinction between situations of high and low involvement, followed by the theory of self-perception of Tybout and Yalch (1980), and the studies of high involvement (e.g. Laaksonen 1994; Bruwer and Campusano 2018). Despite the terminological confusion that in part remains to this day (cf. the attempts to standardize the language undertaken by Frijda 1993 and Bagozzi et al. 1999) the literature on flow and the literature on involvement provide a formidable amount of ideas and suggestions yet to be harvested and tested. For instance, Scarpi et al. (2014) combined the considerations of flow by Hoffman and Novak (1996) with online shopping experiences to investigate hedonism online. Similarly, considerations related to variety seeking (Van Trijp et al. 1996; Baltas et al. 2017), impulsive purchasing (Nwankwo

et al. 2014; Mehta and Dixit 2016), value (Griffin et al. 2000), or physical contact with the product (Citrin et al. 2003; Bruschi and Rappel 2020) would provide useful insights into the understanding of shopping orientation. For instance, if translated in terms of immersiveness, this would involve new domains such as augmented and virtual reality (Pizzi et al. 2019), as Chap. 8 will put forward.

### 2.1.2 Preliminary Thoughts

The seminal article by Hirschman and Holbrook (1982) provided significant stimuli to the study of hedonic shopping orientation in marketing. In fact, it developed some fundamental considerations that are relevant even nowadays. The authors address emotional arousal and acknowledge the presence of symbolic, intangible, and emotional aspects in products, distinguishing those products intended to satisfy utilitarian functions from those intended to satisfy emotional desires. While the two authors specifically consider goods defined as “aesthetic” (such as theatrical and opera performances), they do affirm that any product could be experienced both in a hedonic and utilitarian way, although some products may be more likely to be experienced in either way alone.

However, Hirschman and Holbrook (1982) leave the question unanswered as to whether hedonism depends on who uses the product, or on the product being used, or whether it depends instead on the context in which it is used. In this regard, it is only hinted that there may be a greater/minor personal tendency to stimulation along one or the other dimension, but not where it comes from, nor whether it is stable or subject to change. It is, however, possible to achieve a tripartition of the sources of hedonism from the literature between the 1980s and the 1990s. Specifically, the three sources one can identify to systematize those initial studies can be mainly reconducted to (1) the situations, in which emotional desires dominate utilitarian motivations in the purchase or choice of products; (2) the products, which consumers load with a subjective value that integrates the concrete features; and (3) the personal tendency of the consumer to hedonism, which the literature sometimes refers to in terms of optimal stimulation level.

The trigger of hedonic perceptions might therefore also be in factors unrelated to the product, such as consumers and situations. This exhortation of not attributing hedonism to a single source seems, however, to have been largely ignored until the mid-1990s (and sometimes, even by contemporary studies). In fact, it is possible to distinguish three different schools of thought in the literature: contributions more tied to psychological tradition envision hedonism and utilitarianism entirely in relation to the consumer, seeing them as characters or predispositions of the individual, although even within this consumer-centered perspective it is not clear whether hedonism and utilitarianism should be considered as permanent traits or changeable features. Instead, studies close to Sujan's theory of categorization and to Lu et al. (2016) consider hedonism and utilitarianism as characteristics embedded in the products. Finally, the research stream that recovers analysis schemes and models from the retailing literature reads hedonism and utilitarianism in relation to the store, envisioning them as embedded in features of the store atmosphere. Not taking into account the complementarity between the three possible sources that Hirschman and Holbrook (1982) suggested has obvious implications on the unit of analysis for the investigation. In the first case, consumers are interviewed, though without any reference to a specific shopping expedition. In the second case, product categories are listed and ascribed to either hedonism or utilitarianism. In the latter case, retail formats and individual features of store atmosphere (types of music, styles of store furniture, etc.) are investigated to be categorized as either triggering hedonism or utilitarianism.

### 2.1.3 The Empirical Perspective

The methodological aspects are developed starting from those numerous contributions to the literature that flourished starting from the early 1980s (e.g. Andreasen and Belk 1980; Hirschman and Holbrook 1982; Holbrook et al. 1984), so heterogeneous as to invalidate any attempt to subdivide chronologically or by macro-area of reference. Like a primordial soup, they lay the foundations for future developments and scales of

measure, leaving a legacy of valuable suggestions and valid insights still not fully exploited to the present day.

Initially, the interest of most scholars investigating hedonism and utilitarianism was to establish the outlines of the theme, to understand the theoretical background to which one could refer, to compose in a unitary framework the considerations originating from different strands of research, and often also from different disciplines, such as anthropology and industrial economics. Various initial contributions do not therefore deal with the measurement of hedonism, but rather highlight the limits of focusing only on goal orientation and efficiency when studying shopping orientation. As a consequence, the concept of hedonism in the early days appears sometimes vague, or quite different from scholar to scholar, and the development of its investigation proceeds without linearity. The ambiguity as to what hedonism means reflects also linguistically, signaling a conceptual confusion that has often watered down the construct of hedonism, blurring its lines with other constructs such as affect or mood (see Sect. 2.4. later in this chapter). This lack of clarity in definitions has inevitably reflected in a lack of reliability in the measurements until at least the mid-1990s (see Sect. 2.2. later in this chapter).

Overall, the study of hedonism has always been characterized by a huge heterogeneity in perspectives and methods that persists still today. Accordingly, it is not surprising to witness very different methods of analysis: alongside qualitative research and ethnographic studies (Ritson and Elliot 1999; Goldsmith and Bridges 2000; Anninou and Foxall 2017), the literature also provides several examples of exquisitely quantitative studies (Griffin et al. 2000; Montoya-Weiss et al. 2003; Richard and Habibi 2016).

### 2.1.4 The Scales

The distribution of methods over time in the study of hedonism is not random: since the early 1990s most of the contributions examine the problem with a quantitative epistemological approach, with questionnaires using multi-item scales and the use of structural equation models being the typically way used for the study of hedonism and utilitarianism

in marketing today. This empirical transformation reflects theoretical developments, which have allowed a sufficiently reliable measurement of hedonism and utilitarianism.

By far, the most common method for the collection of quantitative data in the studies of hedonic and utilitarian shopping orientation is multi-item scales. As a consequence, nearly 50 years of studies have left an unimaginable legacy of dozens of scales and hundreds of items coming from a large number of very heterogeneous fields of research related to emotions, mood, self-perception, impulsiveness, and sensation-seeking, to mention a few. These have usually flown and merged into the measurement of hedonism, yet the resulting measurement often suffers from such heterogeneity that reflects in vagueness about what is actually being measured and low reliability. This has resulted in a number of papers often adopting (or developing) each a different scale, with hundreds of different items altogether (Holbrook and Batra 1987; Aaker et al. 1988). Such divergence in the items makes it hardly possible to compare results across studies, as they appear to measure hedonism in completely different ways, and to have different ideas about whether and how hedonism is different from affect, emotion, or impulsiveness.

As the study of hedonic and utilitarian shopping orientation progressed, many of these scales were abandoned, while others were gradually shortened by skimming those items that no longer appeared relevant and contributed to lowering consistency of the scale, or that appeared redundant (Batra and Holbrook 1990). The result of this process was the separation of the explanatory variables from the “noise”, thus eliminating nomologically inconsistent items. Because of these complex processes of transformation, the multi-item scales testify to the passage from “monolithic” items, each relating to an isolated aspect (see Holbrook and Batra 1987), to items relating to the co-evolution of several aspects, and to their synergic relationship (Griffin et al. 2000), where items were selected according to rigorous analysis of validity and reliability (Babin et al. 1994). The focus of the measurement scales has also gradually shifted, moving away from the evaluation of tangible product characteristics by external judges (Bloch et al. 1986) to asking consumers what their emotions were while shopping. Furthermore, the focus of the interviews shifted from shopping in general to a specific shopping experience

(shopping trip) and to specific purchases (Babin et al. 1994; Scarpi 2012; Pizzi et al. 2019). These shifts in focus reflect the transition from the static perspective that saw hedonism and utilitarianism as an unchangeable attribute of products, consumer personality, or store atmosphere to a dynamic perspective in which hedonism is conceptualized as the result of the interaction between a specific context, product, and consumer (Sénécal et al. 2002; Scarpi 2012; Yeo et al. 2017).

### 2.1.5 The Dimensional Structure of Hedonism and Utilitarianism

The items used to measure hedonism and utilitarianism has greatly changed in time, reflecting the presence of several different opinions about their underlying dimensionality. Nonetheless, these different opinions can be summarized into two main approaches or schools of thought: on the one hand, there are studies that envision hedonism and utilitarianism as separate dimensions, that is to say, as two distinct factors (e.g. Hirschman and Holbrook 1982; Scarpi 2012). Thus, a consumer could be at the same time highly hedonic and highly utilitarian, or low on both dimensions. On the other hand, other studies envision hedonism and utilitarianism as the extremes of a continuum (Darley and Smith 1993; Leclerc et al. 1994), that is to say, opposite poles. Thus, a highly hedonic consumer could not be simultaneously highly utilitarian.

The debate on these two different positions regarding the dimensionality of the phenomenon has been quite controversial in the literature. For instance, Leclerc and others (1994) oscillate between considering hedonism and utilitarianism as two different dimensions and the extremes of a continuum, finally considering them points 1 and 7 of a Likert scale, whose center is an unspecified “hybrid point”. Shim and Gehrt (1996), instead, consider hedonism and utilitarianism as different dimensions, and what in Leclerc and others (1994) was the “hybrid” point here becomes, for lack of better specification, a third dimension. As one can easily imagine, the main consequences of the discussion on the dimensional structure of hedonism and utilitarianism are seen at an empirical level. In fact, adopting one or the other vision has obvious consequences



regarding which items to select and consider in the measurement scales. For instance, considering hedonism and utilitarianism as the extremes of a continuum involves the use of a single scale to measure them both. Instead, considering them as separate (yet probably somewhat correlated) dimensions implies developing two separate scales and reasoning with a bidimensional map.

Nowadays, most literature agrees that hedonism and utilitarianism are two different but intertwined aspects, so much so that both should be taken into account to allow a more complete understanding of the consumers' shopping orientation (Scarpi et al. 2014; Amatulli et al. 2019). Hedonism and utilitarianism can in fact be present at the same time. Yet, they display a certain degree of (negative) correlation that makes them two distinct but not orthogonal dimensions (Babin et al. 1994; Michon and Chebat 2004; Scarpi et al. 2014).

## 2.2 The Transition to an Experiential Approach

To underline the complementarity and not the mutual exclusivity of hedonism and utilitarianism, Babin et al. (1994) start from the consideration that value could not only stem from “task-related product acquisition” but a “hedonic value” could also exist that originates from “responses evoked during the [shopping] experience” (Page 645). Thus, value is proposed as a two-sided construct, at the confluence of both hedonism and utilitarianism.

It is worth noticing that in this way Babin et al. (1994) envision hedonism and utilitarianism as two separate dimensions, not as opposite poles. In that, they adhere and re-elaborate the distinction by Triandis (1977) between doing something to have something else and doing something for the pleasure of doing it, and the analogous distinction by Sherry (1990) between “homo oeconomicus” and “homo ludicus”. In doing so, they lead the foundation for the distinction by Hoffman and Novak (1996) and Scarpi (2012) between task-related (“work”) and experiential (“fun”) behavior. Yet, the greatest legacy by Babin et al. (1994) is

probably to have provided for the first time very reliable measurement scales for both hedonic and utilitarian shopping orientations (Cronbach's alphas are 0.93 and 0.80), which have opened the door to the quantitative investigation of shopping orientation. Furthermore, scrolling through the items and the table of constructs placed alongside, a vision emerges where the self is put in relationship to a specific shopping environment and experience. Since then, the scale has been used, trimmed, and translated in several other studies, and also adapted to the study of hedonism and utilitarianism in an online setting (e.g. Scarpi 2012) and even in virtual reality environments (Pizzi et al. 2019). The article by Babin et al. (1994) is seminal in that it also contains several aspects and intuitions that later research will investigate and consolidate, such as the “experiential” component of hedonism (understood as curiosity and exploration), shopping not only for need but also for the pleasure of doing so, the sense of “joy” in shopping, a sense of fantasizing.

However, in Babin et al. (1994), and a few years later in Griffin et al. (2000), the scale is related to a set of latent constructs by looking at correlations, yet without addressing the causal positioning of hedonism and utilitarianism with those constructs. Furthermore, only a limited set of possible other constructs are considered, such as value and price consciousness. Such evidence is emblematic in pointing out that much more research is still needed on the effects exerted by hedonism and utilitarianism.

### 2.2.1 Shopping Context, Consumers, and Products

Rather than addressing how hedonism and utilitarianism work, or what effects they might exert on value, loyalty, and other marketing constructs, a rich body of research has addressed where they originate from. In this vein, studies by Beatty and Ferrel (1998), Arnold and Reynolds (2003), and more recently Evanschitzky et al. (2014) consolidate the literature that addresses consumers' motives, emotions, and impulse buying. In doing so, these and similar studies usually recall various explanatory models that have as their common focus the interpersonal psychological differences among individuals and their motives. In the light of the

theoretical framework on hedonism, those interpersonal differences are translated into features that enhance or diminish the perceived pleasure in the act of buying and into greater/lower emotional involvement with the shopping environment. The value of these contributions is to enrich the theoretical framework on hedonism by taking up past studies. In doing so, they advance interpersonal differences as possible moderators of the hedonic and utilitarian shopping experience, which have not always been addressed or investigated by later research, leaving room for new studies.

At the same time, these studies provide typical examples of the debate about the sources of hedonism, its antecedents, as reflected by the unit of analysis. Specifically, sometimes it is the shopping environment (or the advertising message) that is envisioned as the driver of hedonism, so that the same environment (or ad) can elicit the same reaction from all respondents, and the research focuses on identifying different environments (Eroglu et al. 2003; Fortin et al. 2011; Borges et al. 2013) and advertising messages (Amatulli et al. 2019). Other times, instead, it is the difference in the motives of individuals that is envisioned as the driver of hedonism (Arnold and Reynolds 2003; Horvath and Adigüzel 2018), regardless of the characteristics of the environment in which the shopping experience takes place.

In addition to these studies, a different approach is embodied by studies such as those by Hofstede et al. (1999), Klein and Melnyk (2016), and Lu et al. (2016) that focus their conceptual model around envisioning the products as the drivers of hedonism. Such studies usually start with the consideration that products are more than a mere sum of objective or functional attributes, and address also the symbolic and emotional meaning given to them by consumers. While this perspective allows significant enrichment, it usually neglects the role of the shopping environment and of interindividual differences, as such a perspective assumes that the hedonic and utilitarian orientation are consequences of the kind of products being purchased.

This product-centered stream of studies often adapts the means–end chain of Newell and Simon (1972) within the theoretical framework of hedonism. The means–end theory envisions the relationship between product and consumer as a hierarchy between attributes, benefits, and

values: in fact, if the attributes lead to benefits, they derive value and importance from the fact that the consumer believes that these attributes have the ability to satisfy their personal values, which transcend the specific object. In this vein, studies relating hedonism to the type of product tend to envision hedonism as a more abstract reaction than utilitarianism. The former—according to Hofstede et al. (1999)—more closely relates to the ends, and the latter to the means. In a similar manner, hedonism as understood and measured by Chandon et al. (2000) possesses two components: the experiential component and the fun component, such as the curiosity and the search for variety combined with what is called “aesthetic value” in line with Hirschman and Holbrook’s (1982) terminology. Based on this perspective, it is assumed that for a utilitarian consumer it is unpleasant to change plans, and that purchasing is only a means, not a goal in itself. In particular, it is considered to be a means to achieve a purpose linked to the technical characteristics of the product purchased, not to personal values that transcend the object itself.

These and similar contributions constitute a logical bridge, a transition from static models to a more modern modeling of hedonism. The common point of all these contributions is that they see hedonism and utilitarianism as something that depends on multiple interacting sources (the type of products being purchased, the context of sale, the individual who is buying). Accordingly, they attempt to measure them with this perspective, yet it becomes increasingly difficult to separate the level at which the measurements should be performed, and to understand which data should be collected. The distinction at the level of units of analysis gets increasingly confused between context, product, and consumer, as much as the idea of process, path dependency, and coevolution in perceptions/responses gains ground.

## 2.3 Modern Models and Approaches

Although the past has not lacked analyses that theoretically do not consider products, consumers, and situations to be mutually exclusive sources of hedonism (see e.g. Wakefield and Barnes 1996; Ettis 2017), those analyses often measure data on only one of these drivers when it comes to

empirical investigation. For instance, those studies often do not measure consumers' personality, although they often pose it as a potentially relevant moderating variable (e.g. Loureiro and de Araújo 2014). Other studies, more often, ignore the distribution channel where the shopping expedition takes place, leaving out a series of aspects that could be relevant for retailers. However, these studies usually share the idea that hedonism could be a relatively stable personal characteristic, not as easily shifting as mood, or as stable and permanent as a personality trait. The theory of the level of stimulation has undoubtedly influenced this perspective, and the balance between the level of hedonism and utilitarianism experienced during a shopping expedition is usually related to consumers' search for the optimal level of stimulation. Such a perspective gives importance to the consumer but allows also for products and contexts to play a role, in that the product category and the distribution channel provide cues that might make hedonism prevail over utilitarianism, or vice versa, for the same individual.

The cognitive-affective model posits that when the choice involves two products, one superior on the first dimension and the other on the second, everything depends on the presence/absence of constraints to the information elaboration process: if there are no constraints, the cognitive dimension prevails, otherwise the affective one does. Instead, modern models and approaches to hedonic shopping orientation have a less mechanistic perspective, recovering the role of consumers' personal tendency, their interindividual differences, and integrating them into a situational perspective, where the hedonic or utilitarian orientation stems from the interplay of consumers' personality, the symbolic or functional nature of the products, and the characteristics of the distribution channel where the shopping experience is taking place.

### **2.3.1 The Role of the Consumer**

The consumer plays a central role in the development of the study of hedonic and utilitarian shopping orientation. In fact, in the transition to an approach that takes into account the shopping experience rather than the products, retail formats, or personality traits, the literature

investigates the interaction between consumers and products (e.g. Leclerc et al. 1994) or the interaction between consumers and shopping occasions (e.g. Fenech and O’Cass 2001). In modern studies, consumers are the unit of analysis on which data are collected (usually through the submission of questionnaires), as it is consumers who “live” (feel) in a hedonic or utilitarian way the shopping experience and interact with products and situations (e.g. Pizzi et al. 2019).

In fact, today it seems hardly possible to measure hedonism in general, as a sort of predisposition of some individuals, granitic and unchanging over time like a Homeric hero, detached from any specific shopping occasion or context. Therefore, referring to a specific shopping trip seems to impose itself today as a necessary condition for developing an analysis on hedonic and utilitarian shopping orientation.

While this perspective was already addressed by Babin et al. (1994) and Beatty and Ferrel (1998), it is traced more precisely by Chandon and others (2000), Griffin and others (2000), Brow and others (2003), and later matures in light of Hoffman and Novak (1996) being translated to online settings by Scarpi (2012), to the comparison of online and offline settings by Scarpi et al. (2014), and more recently to virtual reality by Pizzi et al. (2019). The items used in all these studies consider an interactive process between consumer and purchasing situation, and refer to a specific shopping (or browsing) experience. Reference is made to “these promotions”, “this shopping trip”, “this VR experience”, not to promotions, shopping, or VR in general. It is not a marginal linguistic detail, but a key point which witnesses the change in perspective from the static to the dynamic modeling of hedonism and utilitarianism.

### 2.3.2 Conclusions on the Modern Studies on Hedonism

The idea that emerges from the examination of the literature reviewed in this chapter is that hedonism and utilitarianism should be envisioned as the result of a unique interaction of product, store atmosphere, and consumer. That is to say, hedonism and utilitarianism are not immutable personality traits; nor are they embedded in certain product categories or

retail formats. Rather, it is the combination of these three elements that creates the shopping experience. The shopping experience is therefore the object of investigation, and consumers are the unit of analysis to be addressed, with reference to a specific shopping expedition.

Furthermore, there is still plenty of room for investigations on the role of hedonic and utilitarian shopping orientation. This conclusion appears especially fitting when looking at the empirical assessment of the role played by the different distribution channels and retailing contexts, as new and previously unimaginable ways of shopping are nowadays emerging, from new in-store technologies such as smart mirrors and beacons to whole new potential distribution channels in a possible future, such as virtual reality. There are also elements that would need to be explored. For instance, the concept of “making a deal” can be utilitarian (e.g. a lower-than-expected price) as well as hedonic (e.g. driving the price down or bargain hunting for the mere fun of doing so). In this vein, the value of a shopping experience is experienced also by feeling “smart”.

Such buyers (Bagozzi et al. 1999; Daunt and Harris 2017) resemble the construct of “mavenism” by Ailawadi et al. (2001). Finally, even today, some studies adopt a monodimensional vision of hedonism and utilitarianism as opposite poles of one same dimension, or focus only on utilitarian-related features (e.g. technologies’ ease of use, Wu and Chen 2017), calling for investigations instead of adopting a bidimensional perspective (see e.g. Kool and Agrawal 2016).

## 2.4 Sources of Ambiguity in the Study of Hedonism and Utilitarianism

### 2.4.1 The Consumer

From the review of the literature on hedonism and utilitarianism provided earlier, it becomes apparent that the approach to the consumer differs across scholars. Yet, without a human component it is not possible to talk about hedonism, as according to the prevailing approach,

hedonism is the result of how the consumers interact with the store and the products.

Yet, some possible sources of ambiguity are present that question whether scholars should consider the shopping orientation, desires, and emotions of each individual consumer to be relatively unchangeable through time or subject to rapid change, for instance from one shopping expedition to the next. Furthermore, other scholars debate on whether one should look at each individual independently in their own right or whether researchers should consider the individual in relation to others.

Furthermore, because of an undisputable human component in the study of hedonism, it is worth noticing how the stream of studies dedicated to product categorization into “hedonic” and “utilitarian” (Bloch et al. 1986; Klein and Melnyk 2016; Lu et al. 2016; Zemack-Rugar et al. 2016) paradoxically gave rise to considerations for a study of hedonism using an approach that takes into account the consumers self-perception. For example, some “hedonic” goods are status symbols that give the consumer the feeling of having access to a world with which they would like to identify with. In this vein, psychology suggests that imitation is a strong behavioral driver (fashion is a typical example) and is often linked to the need to find a social fit (Ritson and Elliot 1999). Observing the symbolic value consumers attach to products opened another perspective in the study of hedonic shopping orientation that is fruitful even today in focusing on how consumers give a meaning of self-growth and self-determination to the products they buy and the orientation they shop with (e.g. Bodur et al. 2014; Kwon et al. 2016; Candi et al. 2017).

### 2.4.2 Mood

The investigation of the effects of mood on memory and on decision-making processes is not new (Schwarz and Clore 2003). On the contrary, in the short span of a few years, many theories on the relationship between emotions and mood have arisen. Already Forgas (1995) warned not to fall into the temptation of adopting explanatory models that link either only to mood or only to emotions, but to recognize the complementarities between the two concepts (Ozer and Gultekin 2015).



Hirschman and Holbrook (1982) already acknowledged that “emotion” and “affect” have a potentially enormous range of meanings when used to define mood. As already discussed in the previous paragraphs, it is commonly seen that mood has become a sort of residual construct. Nonetheless, it has often added confusion to the definition of hedonism and utilitarianism. Thus, considering an individual’s mood alongside hedonism and utilitarianism is now not uncommon in ruling out possible confounds. Part of the ambiguity related to mood might be traced back to Rook’s statement (1987) that mood makes the product insignificant compared to the act of purchase, a consideration that some scholars have sometimes used to define hedonic shopping orientation, where the product is ancillary to the act of purchase. In this vein, Pham (1998) observed that mood is relevant only when the consumer moves along the hedonic dimension, and Stolarski and Matthews (2016) considered hedonism a “mood dimension” among others. Similarly, mood and emotions are intertwined in Beatty and Ferrel (1998), where the two terms might appear to be semantically close, as they are in Berkowitz (1993), who defined mood as an “instantaneous emotional response”, flanked by a subsequent response—which is also emotional—but the result of greater elaboration and consciousness. Instead, mood and emotions emerge as two distinctly different concepts in other studies with reference to hedonism and utilitarianism (e.g. Bagozzi et al. 1999), in line with literature in psychology that separates between mood, emotion, and hedonism (e.g. Salerno et al. 2014).

To avoid ambiguity between mood and emotions, this book follows the definitions provided by Bagozzi et al. (1999). Specifically, emotions are responses that arise from a judgment and interpretation that are formulated on something relevant to one’s well-being, while mood is a context variable (or contextual cue) that influences the quality, integration, and processing of information. Therefore, mood does not constitute a third dimension parallel to hedonism and utilitarianism (Vakratsas and Ambler 1999; Baltas et al. 2017; Godinho and Garrido 2019).

Moreover, mood is often intertwined with “affect” in the literature on hedonic shopping orientation (see Raghunathan and Irwin 2001). Shiv and Fedorikhin (1999) differentiate between emotional responses induced by the act of a purchase and the emotional responses induced by

one's environment, with the latter also comprising mood. Unfortunately, the terminological confusion between mood, orientations, and emotions cyclically reemerges in time. For instance, Shiv and Fedorikhin (1999) initially propose to study the direct emotional responses, but they later discuss how consumer decisions are also influenced by spontaneous responses, which correspond to the definition of mood one can find in the same year in Bagozzi et al. (1999). Nonetheless, many studies from different times and perspectives agree that consumers' decision-making process moves along the two dimensions of utilitarianism-cognition and hedonism-emotion. In this vein, scholars like Schwarz and Clore (2003) examined the role of mood on information processing and found that positive mood reduces the motivation to receive and process further information, which enhances the likelihood of a hedonic response (Shiv and Fedorikhin 1999; Bhullar et al. 2013).

Consistently, Wegener and others (1995) elaborated the theory of hedonic contingency, according to which, positive mood increases the hedonic reaction of an individual. However, in their perspective, positive mood involves a greater rather than smaller allocation of mental resources. Specifically, they posit that positive mood reduces cognitive and rational sensitivity but increases emotional sensitivity (Rahimi et al. 2019), so that the nature of information elaboration changes (Lee and Sternthal 1999). Thus, mood influences not only the amount of resources used in the processing of a stimulus (Wegener et al. 1995), but also the way in which stimuli are processed, by favoring heuristic processes at the expenses of a more cognitive information analysis (Bagozzi et al. 1999). As a consequence, mood alters the boundaries between categories of products, making them more fluid (Lee and Sternthal 1999), allowing for a greater associative capacity between elements (bits) of information different in nature and origin, as well as a greater capacity for creativity and learning. This conclusion, among other things, questions product categorization studies, raising the suspicion that many of the contradictions that emerged in that stream of literature might be attributable to having neglected mood. Indeed, in Adaval (2001) mood is defined as an "affect" which is independent from the product. Specifically, different moods make consumers recall different subsets of knowledge about products when making a decision, acting as a sort of filter. Whether it should favor

a more utilitarian or a more hedonic outcome, however, still remains debated. What is agreed upon is that information which is consistent with mood receives more weight (Adaval 2001; Pham 1998), in line with the theory of affect confirmation (Schwarz and Clore 2003; Huber et al. 2018).

### 2.4.3 The Shopping Atmosphere

The use of the term “atmosphere” in the sense of shopping atmosphere is generally traced back to Kotler (1973). Kotler may be the first to define and consider the control consumers exert over the purchase environment, though previous studies have addressed specific elements of the shopping environment (e.g. Holmqvist and Lunardo 2015; Roschk et al. 2017).

Overall, papers on shopping atmosphere articles gave rise to a plethora of literature that relates closely to hedonism. They have investigated the role that the environment plays on the purchasing behavior of the consumer. The basic idea common to all these different contributions is that different combinations of different elements present when the purchase takes place can influence the consumer in terms of both what they purchase, how much they purchase, and the way they purchase. Within this discourse, the strand of literature related to the shopping atmosphere is inserted when exploring shopping behavior in different distribution channels. These distribution channels present very different shopping atmospheres from each other (Babin and Attaway 2000), despite differences between chains or countries.

According to several scholars, the atmosphere of the store is comparable to a psychological stimulus that causes the formulation of a judgment and the implementation of a certain behavior (e.g. Spangenberg et al. 1996; Helmfalk and Hultén 2017). The literature on the subject, which draws on psychology, also indicates that consumers respond in two different ways to the atmosphere of the shop: contact (approach) or avoidance. Contact behaviors are seen as a positive response, linked to the desire to stay longer at the store and hence explore behaviors. Avoidance behavior, on the other hand, is characterized by not wanting to stay at the store for

long, not wanting to waste time exploring it (see Huang 2011 and Phaf et al. 2014 for a meta-analysis).

Studies on shopping atmosphere have manipulated and dealt with a large number of different elements, such as the colors, the furnishings, the lights, the music, and the scents of the store. The impact of these elements on the customer varies depending on variables such as the time spent in the shop, the amount of money spent, and the overall satisfaction. Almost every aspect identifiable in the store has been taken into consideration by studies on store atmospherics, even if some elements have undoubtedly attracted more interest or provoked more debate than others. Rather than presenting a list of the various store features investigated in the literature until today, for which one can refer to Holmqvist and Lunardo (2015), Roshk and colleagues (2017), or Blut et al. (2018), it might be more functional to the aims of this chapter to observe that the various atmospheric stimuli can be broadly grouped into five logical macro categories (external, internal, layout, design, human element). Moreover, the physical characteristics of the store interact with the psychological characteristics of individuals in determining the behavioral response. This would explain, for example, the variance in behavior in relation to the same store. On the other hand, this consideration also explains why, historically, previous studies on hedonism that tried to analyze the role of different distribution channels did so by trying to identify homogeneous groups of consumers. This way, they could control one source of variance and allow disentangling effects due to different consumer personalities from effects due to different store atmospheres.

Overall, the elements that constitute the shopping atmosphere can be envisioned as stimuli that lead to a certain behavioral response on the part of the individual. However, literature on the subject is incredibly diverse, eclectic, and lacks homogeneity in the terminology. For instance, what scholars label as “human variables” in the store atmosphere contains different elements within itself. On the one hand, it mentions the uniforms of employees and other factors related to design and the interior, but on the other hand it makes explicit references to the personality of the consumer and their psychology (e.g. Berman and Evans 1995). Several studies on store atmospherics have also focused on crowding, both actual and perceived (e.g. Eroglu et al. 2005; Gogoi 2017). The

results of this stream of research partially align with those from the hedonic framework, arguing that purpose-oriented consumers perceive crowding more than purpose-independent consumers (e.g. Eroglu and Machleit 1990; Grossbart et al. 1990; Shirai 2017).

The distinction between task-oriented and non-task-oriented is similar to the basic distinction between utilitarian behavior and hedonic behavior that is highlighted in the literature going back to the mid-1990s (Babin et al. 1994). Those studies relating purpose-dependent and purpose-independent consumers to different perceptions of crowding could, however, also be read with a reverse causality, wondering whether consumers perceive crowding differently because they display a hedonic/utilitarian shopping orientation, or whether different levels of crowding induce consumers to behave in a more hedonic/utilitarian way.

Another issue in the analysis of shopping atmosphere is that, although several scholars have investigated the effect of the same variables, the results are not rarely different because those variables have been nearly inevitably operationalized in different ways across the studies (e.g. in the case of music, Yalch and Spangenberg 1990; Cheng et al. 2009). In this vein, it is worth noticing that many analyses considered in this section have examined one variable at a time, assuming all the others to be constant or not relevant. Thus, considering their interdependence and doing so in a specific relationship to a distribution channel could provide a meaningful advancement. Specifically, while the role of each single atmospheric variable might be ambiguous, there is general consensus that intensive distribution and selective distribution stores have a distinct store atmosphere (e.g. Saraswat et al. 2010; De Faultrier and Towers 2011). Thus, rather than focusing on one single element of the store atmosphere (e.g. on color) this book addresses the distribution channel as a whole. While less precise at pinpointing to specific single elements that build up the overall atmosphere, such an approach allows considering the combined impact of the atmospherics, and could provide clearer insight into retailers.

#### 2.4.4 Perceived Value

The construct of perceived value and the role played by hedonism and utilitarianism in this regard have been debated for a long time. Discussions have taken place between scholars who envision only utilitarianism as capable of generating value, those who attribute value entirely to hedonism, and those who see both as possible drivers of perceived value (Holbrook and Corfman 1985; Zeithaml 1988; Babin et al. 1994; Chebat 1999). Keeping this complex debate in mind, this chapter adheres to the view of perceived value as a construct with two sides. Specifically, value is defined as an experience of preference that characterizes the interaction of a subject with an object: “Perceived utilitarian shopping value might depend on whether the particular consumption need stimulating the shopping trip was accomplished. Often, this means a product is purchased in a deliberate and efficient manner. [...] Hedonic value is more subjective than its utilitarian counterpart and results more from fun and playfulness than from task completion” (Babin et al. 1994, p. 645). In summary, the hedonic value of a shopping experience mirrors the level of fun and emotional content gained, while the utilitarian value reflects how much consumers felt they were able to quickly find the products they wanted from the shopping trip (Scarpi 2012; Pizzi et al. 2019).

Studies comparing value for consumers shopping in a hedonic and in a utilitarian way have suggested that the overall level of perceived value is similar, despite the different approach to shopping, though empirical investigations are scarce in this regard. For example, it is known that price reductions positively affect both utilitarian and hedonic consumers (Wakefield and Barnes 1996; Chandon et al. 2000; Scarpi 2012), but to say that discounts have a positive effect on overall value perception remains unspecified. For instance, those shopping hedonically might be more influenced by the presence of the discount itself instead of the discounted amount, due to bargain hunting which is a component of hedonism (Babin et al. 1994; Gilboa and Mitchell 2020). Instead, customers shopping in a utilitarian way could derive value from a price reduction because it makes more efficient use of the monetary resources and allows

one to be even more efficient in reaching the goals of the shopping expedition.

In summary, even if a consumer shopping in a hedonic or a utilitarian way might perceive similar levels of overall value, it is likely that such value will stem from quite different considerations. Thus, it would be useful to investigate perceived value in relation with shopping orientation, and also identify which orientation contributes most to the retailer's revenues.

## 2.5 Managerial Relevance of the Study of Hedonism

The study on hedonism, after a rather hard-fought birth and the many difficulties and contradictions that this review has tried to highlight, is now an important component within the study of consumer behavior in general. It also offers very significant ideas from a managerial point of view, such as its relationship with consumers' search for variety, and its complex and ambiguous impact on store loyalty. If, on the one hand, hedonism is also curiosity and the search for the new (Chandon et al. 2000; Kau et al. 2003), sometimes related even to new ways of shopping and trying new technologies (Pizzi et al. 2019), it is not always easy to find environments full of hedonic stimuli so that consumers could have a higher tendency to come back in the future to enjoy the store (Van Trijp et al. 1996; Scarpi et al. 2014).

Furthermore, companies that deal with products/services in which the subjective component is strong, and where behavior deviates from the mere maximization of monetary utility, could be particularly interested in the empirical study of hedonism. These include not only retailers, but also opera houses, theatres, stadiums, and whole industries such as fashion and clothing, perfumes, leisure travels and probably videogames and several sports as well.

## 2.6 Conclusions

This chapter has tried to present a broad review of the literature on hedonism and utilitarianism, as well as considerations about the variety of studies and ideas to highlight the contradictions and ambiguities in this literature. It has also addressed the difficulties that scholars have dealt with to develop a consistent theoretical framework in time. The observations and criticisms contained in the chapter are therefore not intended to discredit the studies conducted so far on hedonism. On the contrary, they intend to value them, and to identify avenues for future research and unanswered questions.

Even if, on a methodological level, enormous progress has been made, and the theory has been strengthened and developed beyond the timid hopes expressed by Hirschman and Holbrook (1982) in their pioneering contribution nearly 40 years ago, there remain numerous problems, contradictions, and cognitive gaps in the study of hedonic and utilitarian shopping orientation. Overall, the considerations expressed in this chapter constitute the basis for the development of specific research hypotheses (Chap. 3), as well as for the choice of the unit of analysis, the context of data collection, and the methodology for data analysis (Chap. 4 and appendix) in this book.

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# 3

## Hypotheses and Conceptual Model Development for Hedonism, Utilitarianism, and Consumer Behavior

**Abstract** This chapter addresses the constructs considered in the volume that will be conceptually related and empirically analyzed in the following chapters: namely, hedonism, utilitarianism, age, gender, price consciousness, frequency of purchase, perceived value, store loyalty, and purchase amount. Further, it addresses the distribution channels considered in the present volume, and the rationale for their consideration: intensive distribution and selective distribution. Based on the literature review advanced in the previous chapter, and bearing in mind the meaning and characteristics of the variables and channels presented in this chapter, specific hypotheses are developed within each channel individually, and between the two channels. Finally, the chapter briefly discusses some constructs excluded from the volume, explaining the rationale for their exclusion: time pressure, compulsive behavior, and motivations for purchase.

**Keywords** Hedonism • Utilitarianism • Intensive distribution • Selective distribution • Hypotheses development

## 3.1 Introduction

Chapter 2 focused on several contributions in the extant literature, highlighting those considerations or shortcomings that might suggest fruitful avenues for further research. Based on the considerations set out in the first part, the following elements are taken into account for designing a new research:

1. The adoption of a multidimensional vision: hedonism and utilitarianism are considered two different dimensions, not as opposite poles on one single dimension.
2. Hedonism and utilitarianism are not ascribed only to one or the other of the three sources identified in the literature (products, consumers, contexts) but rather to their interplay and joint effect.
3. The impact of hedonism and utilitarianism is investigated with a focus on the role played by the offline distribution channel, comparing different offline settings, an aspect that has remained relatively underexplored in the literature.
4. A specific shopping trip is addressed as the unit of analysis, not shopping in general, and consumers are interviewed right after they have shopped.
5. The overall intention is to consider a set of variables that are relevant both on a managerial and a theoretical level, in order to address how hedonism and utilitarianism affect dependent variables whose consideration could be useful for retailers.

## 3.2 The Constructs Considered in the Book

The criterion for choosing the variables examined in this book is the literature review presented in Chap. 2, as well as the frequency with which constructs were taken into account by previous studies, both formally, that is, by inserting them into an actual model, and less formally, that is mentioning them alongside the analysis. One has to consider that—while recognizing the importance and attributing great interest to certain

constructs—contemporary measurements and conditions do not always allow an empirical investigation. A further criterion for selecting the dependent variables parallel to these was the intention to avoid a disconnection between scholars and practitioners. This selection process inevitably introduces arbitrary and subjective elements: albeit inspired by criteria of rigor and reasonableness, it is still, in the end, the result of a personal choice. This consideration aims to underline that investigating causal links between hedonism, utilitarianism, and some marketing constructs does not mean at all—implicitly or not—that there are no other constructs that could be relevant. It is also not intended to say that hedonism and utilitarianism are the only constructs having an impact on the others selected, but rather that they too might have an impact, and that the set of variables considered here makes it possible to draw potentially relevant considerations in terms of both theoretical and managerial implications.

In this sense, the aim of this book is to expand the reference framework, the fragility of which is particularly evident from a careful reading of the relevant literature (see, for instance, Babin et al. 1994; Citrin et al. 2003; Scarpi et al. 2014). In fact, alongside the constructs investigated by previous studies, various other constructs are listed, reporting correlations, but without establishing their causal relationships. Furthermore, hedonism and utilitarianism are in some way linked to other constructs, although it is not clear in what relationship. So, for instance, in Van Trijp and others (1996) and Lim (2017), consumers' search for variety is a cause of hedonism, while in Wakefield and Barnes (1996) and Baltas et al. (2017) it appears, rather, to be an effect. Literature mostly moves with greater caution, limiting itself to correlation, but in so doing, it implicitly denounces a gap that this book intends to help filling by developing a structural equation model.

Understanding the implications of hedonic and utilitarian shopping orientation means understanding the impact of these two constructs on a set of other variables. The first step is therefore represented by the selection of the most relevant constructs, both from a theoretical and a managerial point of view. Following is a list of the variables selected, the reasons that led to their choice, and the hypotheses that are advanced.

### 3.2.1 Age and Gender

As widely underlined in the first part of this book, there is almost unanimous agreement in the literature today about hedonism and utilitarianism being the result of an interaction between consumers, products, and distribution channels. However, previous studies since Lesser and Hughes (1986) have described a wide variety of consumer types, where demographic variables such as gender and age have often been used to identify segments of consumers with specific shopping orientations. It is not possible to ignore this whole line of studies which have played an important role in the history of the study of shopping orientation. For example, when it comes to online shopping, sociodemographic variables are always mentioned, even if the results are contradictory (for a review, see Dall’Olmo-Riley et al. 2005 and Scarpi 2012). It might be worthwhile addressing them, although in line with the predominant body of evidence from previous studies, it is likely that sociodemographic variables will not play a significant role. That is to say, this book advances that hedonism and utilitarianism are not a function of age and gender. Rather, they stem as the result of an interaction between products, shopping environments, and consumer inclinations, and can be found in any age and gender. Accordingly:

H1a. Gender is not a predictor of shopping orientation

H1b. Age is not a predictor of shopping orientation

### 3.2.2 Price Consciousness

From the past (Bellenger and Korgaonkar 1980) to the present day (Neunhoeffler and Teubner 2018) scholars have identified different types of consumers that might shop in different ways. One of the most commonly identified categories is consumers who primarily worry about buying at low prices. This segment is generally opposed to “recreational” consumers, who instead take pleasure in purchasing as an act by itself and act on the spur of the moment. Unfortunately, literature has focused more on precisely defining hedonism than utilitarianism (Scarpi 2012),

so it might be controversial whether price consciousness is an element more related to one orientation or the other. It was suggested that the price-conscious consumers are utilitarian, while the hedonic consumer has a lower price consciousness (e.g. Benoit et al. 2016; Lim 2017). However, in line with more recent literature (e.g. Griffin et al. 2000; Scarpi et al. 2014), one could also argue that a consumer could have fun shopping while looking for less expensive products, as looking for bargains can also be related to fun (Gaston-Breton and Duque 2015). Similarly, having fun during the expedition of purchase is not necessarily linked to not knowing the prices, or to impulsive behavior (Scarpi 2012; Lim 2017). In other words, consumers could exhibit price consciousness both when shopping hedonically and in a utilitarian way. In line with these considerations, the following hypothesis can be advanced:

H2. There are no significant differences due to price consciousness in consumers' shopping orientation

### 3.2.3 Frequency of Purchase

The frequency of purchase is a variable considered quite commonly in the context of analyses of purchasing behavior and is usually placed in relation to consumer orientation (McDonald 1993; Gehrt et al. 2015). However, to the best of the author's knowledge, there are not many indications that it has ever been specifically related to hedonism and utilitarianism. One might argue that the exploratory nature of hedonic shopping orientation results in the consumer tending to spend more time at the store than the consumer driven by utilitarian behavior (Babin et al. 1994). However, the exploratory nature of hedonic shopping orientation could also result in consumers purchasing more often: they explore, search, have fun, and may continue to shop even without a particular need for a specific product (Babin et al. 1994; Scarpi et al. 2014). Thus, consumers who behave hedonically might go shopping not only when they need something (as for utilitarianism), but also for mere fun or social interaction (White and Sutton 2001; Michon and Chebat 2004), and therefore more frequently. And while shopping does not always and

necessarily translate into purchasing, it more frequently offers more purchase occasions, and therefore a greater chance of purchasing. Bearing these considerations in mind, it could be advanced that the frequency of purchase might be related to the hedonic shopping orientation:

H3a. There are significant differences in the frequency of purchase against a different shopping orientation

H3b. There is a positive relationship between hedonic shopping orientation and frequency of purchase

### 3.2.4 Store Loyalty

Over time, the concept of loyalty has been separated into loyalty to the store, loyalty to the brand, and overall loyalty. In line with the predominant trend in the literature on shopping orientation, this book addresses store loyalty (see e.g. Brown et al. 2003 and Scarpi 2012 for a brief review). Store loyalty has been usually understood with regard to the future in this literature, that is to say intentional loyalty regarding the near future. Therefore, it tends to overlap with the concept of store repatronage intention. Accordingly, this book refers to the conceptualization of store loyalty as re-patronage intention in the near future, in line with McMullan and Gilmore (2003), Sirohi, McLaughlin, and Wittink (1998), and Scarpi, Pizzi, and Visentin (2014). In this vein, it is worth noticing that although the intention is not a perfect predictor of future behavior, it is, however, the first estimate of a complex process, and therefore a useful indicator; it is also simple to measure, and can be asked of the interviewees. Further, measuring the link between purchasing behavior in the present and the actual repurchase in the future would imply a time lag that could introduce significant distortions.

Hedonism and utilitarianism have seldom been empirically related to store loyalty, at least in offline retailing, so that two antithetical currents of thought can be sustained based on the extant literature. On the one hand, it could be argued that utilitarian behavior is associated with high store loyalty, because consumers tend to minimize the time spent shopping and therefore will return to the store that they know best, where

they can find what they are looking for more quickly. However, on the other hand, other literature has suggested that recreational consumers might tend to restrict the circle of targeted sellers. Thus, for instance, Van Trijp et al. (1996) highlighted the difficulty that a consumer might encounter in finding a store really capable of harmonizing with their desire for emotion, exploration, and fun. Thus, once such an environment is found, one could argue that the hedonic consumer could “exploit” it with repeated expeditions of purchase, thus displaying higher store loyalty.

Accordingly, the literature allows for advancing both of the following hypotheses:

H4a. Hedonic shopping orientation has a positive impact on store loyalty

But also:

H4b. Utilitarian shopping orientation has a positive impact on store loyalty

In other words, store loyalty could stem both from utilitarian and hedonic shopping orientation. In this regard, it could be advanced that such duality could be explained bearing in mind the fact that perceived value has a dual nature: hedonic and utilitarian (Babin et al. 1994). Therefore, store loyalty could be high when the perceived value is high, whether this originates from having quickly found what one was looking for (utilitarian component of value) or whether it derives from having fun and feeling joy while shopping (hedonic component of value). Accordingly, the following hypothesis can be advanced:

H4c. Store loyalty is mainly determined by perceived value

### 3.2.5 Perceived Value

The selection of the construct of perceived value has appeared almost obligatorily in this book: the connection between hedonism,



utilitarianism, and other constructs has so far been analyzed using the perceived value as a mediator variable. Recent literature agrees that perceived value has a potentially dual nature: hedonic and utilitarian. Utilitarian value could stem from the fact that one was able to find the product one was looking for, the search for which prompted the consumer to go to the store. In general, this is a value that stems from having purchased the product in an efficient way. On the other hand, hedonic value stems from the fact of having had fun during the expedition of purchase, of having had a positive time, a moment of pleasure and escape, rather than from the fact of having found a specific product (Babin et al. 1994; Casaló et al. 2017).

Both utilitarianism and hedonism can therefore be linked to the construct of perceived value, although the underlying dynamics have not been thoroughly investigated. Yet, the managerial implications are not insignificant, and the contribution that could derive for the development of a more solid and complete theoretical model accounting for how hedonism and utilitarianism impact perceived value could be meaningful. For instance, on the one hand, discounts positively influence the overall value perception of both utilitarian and hedonic consumers (Wakefield and Barnes 1996; Chandon et al. 2000), but on the other hand, there are reasons why perceived value increases are different for one and the other consumers (Scarpi et al. 2014). Thus, consumers shopping hedonically might be more influenced by the presence of the discount per se as a trigger to explore the store, rather than by the amount of the discount, unlike those shopping in a utilitarian way who might be driven by the savings related to the price cut. Even if the responses of a hedonic and a utilitarian consumer could be identical in terms of overall value perception, it cannot be excluded that they might be different in composition: it would therefore be appropriate to investigate the impact that hedonism and utilitarianism each have separately on the perceived value.

The construct of perceived value, due to its dual nature theorized in the literature (e.g. Babin et al. 1994; Holbrook and Corfman 1985), may not be able to discriminate between consumers' response. In order to investigate the impact of hedonism and utilitarianism on other constructs, it might therefore be useful not so much to resort to the mediation of perceived value but also to investigate their direct impact.

This chapter does not intend to formulate hypotheses about the relationship of perceived value on other constructs such as repurchase, satisfaction, the propensity to spend, word of mouth, and so on, since the extant literature has already documented to a great extent those relationships. What this chapter wants to do instead is to measure the direct impact of hedonic and utilitarian shopping orientation on other constructs, to compare the direct impact with the impact mediated by perceived value. Accordingly, the following hypotheses can be advanced:

H5a-b. Both hedonic (H5a) and utilitarian (H5b) shopping orientation have a positive impact on perceived value

H5c-d. The direct effect of hedonic shopping orientation on store loyalty (H5c) and on the amount purchased (H5d) is stronger than the effect mediated through perceived value

H5e-f. The direct effect of utilitarian shopping orientation on store loyalty (H5e) and on the amount purchased (H5f) is stronger than the effect mediated through perceived value

### 3.2.6 Purchase Amount

Among the constructs considered in the literature review presented in Chap. 2, of particular interest for the analysis that will be presented in this book is purchase amount. Although the managerial relevance is self-explanatory, yet the construct requires further specification. Limiting the purchase amount simply to the money spent in the store would in fact be too limited: it is not only the amount of money spent that is relevant, but also the number of items purchased, as evidenced by both the academic literature and numerous practitioners' reports (see e.g. Babin and Attaway 2000; Scarpi 2012; Haq and Abbasi 2016).

For the sake of completeness, the purchase amount construct should include a component that takes into account not only the total amount spent and the number of items purchased, but also the distribution of the expenditure itself. In other words, it is useful to observe whether the products purchased are the most expensive ones or not: this allows a grasp

of a further aspect that seems relevant to retailers and that allows a deeper understanding of the dynamics of consumer purchases.

The examination of the behavior of hedonic and utilitarian consumers has long identified systematic patterns of correlation between these types of consumers, time spent in a store, and the presence of exploratory behaviors (see Bellenger and Korgaonkar 1980). As a result, the literature has highlighted as characteristics of hedonic shopping orientation the search for new stimuli, less planning, and a greater tendency toward exploratory behavior (see e.g. Hoffman and Novak 2009; Kesari and Atulkar 2016). On the contrary, consumers who behave in a utilitarian way tend to rush their purchases, want to spend as little time as possible while shopping, and are more reluctant to make impulsive purchases and to explore the store once they have found what they are looking for. On the basis of these considerations, the following hypothesis can be formulated with regard to both distribution channels:

H6: Hedonic shopping orientation has a larger impact than utilitarian shopping orientation on purchase amount

The comparison of purchase amount for customers exhibiting different shopping orientations has to take place within the same product category, in order to avoid distortions due to price differences between different categories. However, it also has to take place within the same channel, since different distribution contexts may place a different emphasis on price due to their positioning and assortment strategies.

Finally, previous studies from both academics and practitioners have pointed out that the amount of money spent is not the only critical constituent of purchase amount; the number of items purchased has to be accounted for also. Besides that, this book also takes into account the cost of the purchased items compared to the cost of the other items that could have been purchased in the store (a sort of expensiveness index). Analyzing the relationship of hedonism and utilitarianism with each of the components of purchase amount individually could furthermore allow a deeper understanding of how shopping orientation relates to purchase amount. In fact, the competitive strategies will be different depending on whether the impact of shopping orientation is on the number of items purchased

(push and pull strategies), the price (activation of price cuts), or the expensiveness of the purchased products (higher/lower positioning). Breaking down the construct of amount spent into its components could therefore help retailers identify which strategy to pursue.

Referring to the literature examined in Chap. 2, one could claim that consumers who behave hedonically buy more items, because they are tempted by unplanned purchases. On the other hand, products typically considered in the analyses that deal with low involvement, impulsive, and/or unplanned purchases tend to be low-cost. Thus, one could also assume that consumers who behave in a utilitarian way are the ones who spend the most money. Accordingly, the following hypotheses are advanced:

- H7a. Hedonic shopping orientation has a stronger impact than utilitarian shopping orientation on the number of items that are purchased
- H7b. Utilitarian shopping orientation has a stronger impact than hedonic shopping orientation on the amount of money that is spent

### 3.3 The Distribution Channels

It is key to distinguish between the choice of an industry and the selection of specific distribution channels. In fact, while most of the empirical analyses on hedonic shopping orientation focus on a single channel, or compare (generic) offline channels with the Internet, this book aims to compare different offline distribution channels. The aim is to assess the role of the distribution channel in the perception of hedonism and utilitarianism, and—as a consequence—the channel's role in affecting store loyalty and purchase amount.

In particular, the analysis aims to compare intensive distribution and selective distribution. The interest in comparing these offline distribution channels stems from considerations regarding their importance in terms of sales, which still take place much more offline than online, with average selling figures of 80–85% against 15–20% (Williams 2019). Furthermore, the following considerations could be advanced that make

such comparison particularly meaningful when investigating consumers' shopping orientations:

1. Retailers both in intensive distribution and in selective distribution appear to have a specific influence on purchasing behavior, develop a different shopping atmosphere, and are usually managed in a substantially different way from each other (see e.g. Turley and Milliman 2000; Turley and Chebat 2002). The importance of intensive distribution has grown exponentially in recent years in nearly all industries, turning also to products that once would never have been thought consistent with intensive distribution (e.g. fast fashion, electronics). The expected growth of intensive distribution varies from country to country and for different product categories, but it always remains at average values that are decidedly relevant for commercial operators (MINTEL Report 2018).
2. The store image, the positioning of the products, the store size, and—overall—the key variables on which selective distribution focuses (Massara et al. 2018) are substantially different from those on which intensive distribution focuses, as discussed in Chap. 2.
3. There are a large number of intensive distribution stores in many European countries, but large-scale selective distribution is also developing rapidly; this is usually done in franchising, a form of distribution that in recent years has seen increasing attention from literature (see, for instance, Woodruffe-Burton et al. 2015; Sofijanov and Stoimilova 2016; Baresa et al. 2017).
4. Selective distribution and intensive distribution are traditionally considered to be the two most important options for the growth of the distribution network in both the domestic and foreign markets (see e.g. MINTEL Report 2018).
5. A comparison between these two channels can be useful for retailers that use (or plan using) more than one distribution format, for managers who have to decide what growth strategy to pursue, and for single-channel operators, who must be aware of its strengths and weaknesses.

It is therefore possible to derive hypotheses based on the characteristics typically associated with the different distribution channels considered, which reflect a different purchasing atmosphere (see Chap. 2), which can influence consumer behavior. Although this idea has been advanced by previous literature (e.g. Scarpi 2012), it has been rarely (if ever) verified empirically, at least with explicit reference to offline retail environments.

The selective distribution stores are generally oriented toward a narrower and better identified target of customers than the intensive distribution (Kumagai and Nagasawa 2017). They may therefore be more likely to induce homogeneous consumer behavior (Turley and Milliman 2000; Turley and Chebat 2002). Selective distribution, especially in the clothing industry, usually places the emphasis on quality of service and social image factors, rather than on cutting prices and speeding up purchases (Yeboah et al. 2013). For instance, the interior of the store is usually furnished by an architect, and the staff takes training courses, dresses elegantly, and greets customers (Chevalier and Mazzalovo 2008). Overall, these features could influence consumer behavior by increasing the likelihood of evoking a hedonic rather than a utilitarian shopping orientation. By a “hedonism” and “utilitarianism” mean, and by brevity, here and in the following hypotheses, the average score is recorded on the items that measure the construct. Consistently, the following hypothesis is advanced for selective distribution:

H8a: In the selected distribution channel hedonic shopping orientation prevails over utilitarian shopping orientation

On the other hand, intensive distribution focuses instead on lowering prices and is usually characterized by large surfaces organized rationally, a sober layout in which the products are clearly visible, and staff that rarely receives a specific training and almost never has a significant one-to-one interaction with the individual consumer. These characteristics appear to come closer to a utilitarian shopping orientation, as they tend to emphasize efficiency rather than escapism, fun, and fantasizing. In line with these considerations, the following hypothesis is advanced for intensive distribution:

H8b: In intensive distribution, utilitarian shopping orientation prevails over hedonic shopping orientation

Finally, one might wonder whether the distribution channel has an impact only on the prevalence of one or the other shopping orientation, or whether it has a deeper effect, relating to the consequences of hedonism and utilitarianism, that is to say, related to the impact on the purchase amount, store loyalty, and perceived value. With these considerations of the different nature of selective and intensive distribution, the distribution channel could have systematic effects on the strength with which hedonic and utilitarian shopping orientation impact on other constructs. In particular, it is possible to hypothesize that the role of hedonism could be accentuated by selective distribution, while the role of utilitarianism could be accentuated by intensive distribution. Accordingly, the following hypotheses are advanced:

H9a: The effects of hedonic shopping orientation are more pronounced in selective distribution than in intensive distribution

H9b: The effects of utilitarian shopping orientation are more pronounced in intensive distribution than in selective distribution

Given the exploratory nature of the analysis, this chapter will not proceed with the formulation of further hypotheses.

### 3.4 The Product Category

The criterion followed in this book was to identify a product category characterized by a significant market, both in terms of number of points of sale and in terms of turnover. The product had to be easily available both through intensive distribution and selective distribution. At the same time, this chapter also wants to identify a product category that was widely considered by the literature to have dealt with product categorization (e.g. Bloch et al. 1986; Drolet et al. 2007). The intersection of these criteria has led to the identification of fast fashion, in line, for instance,

with Scarpi et al. (2014), Gupta and Gentry (2016), and Razzaq et al. (2018) to name a few examples.

In particular, the literature stream on product categorization separates high-fashion clothes and fast-fashion clothes since Bloch et al. (1986): a comparison of retail channels that does acknowledge such differentiation within the clothing industry would not be feasible. This means that the data collection for the selective channel will not be set in luxury boutiques or high-fashion stores (Armani, Versace, etc.), but specialty stores whose product line is still focused on everyday clothes (for instance, Adidas, Benetton, Gap) and comprises brands that can also be found in intensive distribution, with a similar price range. This should on the one hand reflect the reality of the two distribution channels (intensive and selective distribution), while on the other hand allowing for a meaningful comparison. Similar considerations were advanced, for instance, by Scarpi et al. (2014) when comparing online and offline retailers. Furthermore, fast fashion is usually identified as a product category that can lead to both hedonic and utilitarian shopping orientation, as fast-fashion clothes could be bought both on the spur of the moment and for enjoyment, and because one needs new clothes (e.g. due to a change in season).

Furthermore, the consideration of fast fashion in selective distribution stores allows ruling out the possibility that the selective distribution stores have clothes of a higher quality than those that can be purchased from intensive distribution, because the same brands can often be found in both retailers. This is especially true as national intensive distribution not only has recently developed in the assortment of breadth and depth, but has also sought to raise the quality of its offer and now provides clothing of many brands that were previously found only in selective stores, such as Nike, Adidas, and Levi's. As a consequence, intensive distribution has emerged as a new rival channel for selective distribution when it comes to fast fashion. And while previous studies have usually addressed online retailers as competitors (e.g. Scarpi et al. 2014), it is worth recalling that the sales book online is still a fraction of the one offline. Thus, a comparison between offline channels adds value and potential managerial relevance to the analysis.



Due to the characteristics of the retailers on the national economic scene, specialized nonfood retailers on the one hand and the intensive market retailers on the other hand are in fact two extremely important players that cover more than 80% of the distribution (Forbes 2019). As mentioned earlier, for a long time retailers in intensive distribution have considered the textile and fashion categories as non-priority ones but more recently, considerable attention and renewed strategic and operational effort have been devoted to these categories, turning fast fashion into a priority and identifying it as a profitable opportunity for growth and diversification. It therefore appears as a particularly relevant product category for the purposes of this book even from a managerial perspective.

## **3.5 Considerations of the Main Constructs Excluded from the Book**

The three constructs of purchase amount, perceived value, and repurchase intention are, together with hedonism and utilitarianism, the elements that will be used for building the conceptual model. While future research could extend the analysis to further constructs, at present, the number and importance of those constructs seem adequate to sustain a feasible empirical analysis and to add useful insights to theory and practice. This section briefly explains the reasons that led to the exclusion of some other constructs that previous literature has usually related to (or addressed alongside) hedonic and utilitarian shopping orientation.

### **3.5.1 Time Pressure**

A series of considerations have led to the exclusion of this construct from the present analysis. Time pressure could in fact be seen as a determinant of utilitarianism, and/or as one of its components (Babin et al. 1994; Van Trijp et al. 1996). For instance, consumers shopping in a utilitarian way

could be described as wishing to conclude their shopping expedition in the shortest possible time. It would also be difficult to hypothesize that time pressure could be an effect of hedonism and utilitarianism: even if it were not considered one of the possible components of utilitarianism, it could be hypothesized as its cause, rather than as its effect. In fact, it has been considered or modelled several times in the literature examined in Chap. 2 (see e.g. Wakefield and Barnes 1996; Rosas and Aguilar-Pardo 2019). However, the aim of this book is to identify the effects of hedonism and utilitarianism, and their impact on other constructs, not the factors that could generate or inhibit them. As such, the role of time pressure in generating or facilitating a utilitarian or hedonic shopping orientation is beyond the scope of this analysis.

### 3.5.2 Compulsiveness

Similar and specular considerations to those expressed in relation to the construct of time pressure have guided the decision to exclude from the analysis the consideration of compulsive behavior. Compulsive behavior could be seen as a component of hedonism (Van Trijp et al. 1996), or as one of its effects (Babin et al. 1994). For instance, consumers shopping hedonically could be described as not planning their purchases, allowing themselves to be guided by the impulse, acting in the spur of the moment (Babin et al. 1994; Griffin et al. 2000; Scarpi et al. 2014). It would also be difficult to imagine compulsive behavior as an effect of utilitarianism, since this is, by definition, a planned, purpose-oriented behavior. Thus, theoretical contribution would be limited. Furthermore, the aim of this book is to identify the effects of hedonism and utilitarianism, and their impact on other constructs, not the factors that could generate or inhibit them. Finally, focusing on compulsive behavior may induce the error of envisioning hedonism and utilitarianism as two opposite poles: on the one hand, irrational compulsiveness; on the other hand, rational planning. A bipolar view of shopping orientation has been firmly rejected since Babin et al.'s (1994) conceptualization and measurement (see Scarpi 2012 for a review).

### 3.5.3 Motivations for Purchase

The motivations for shopping have been left out of the analysis. A great deal of literature has considered hedonic and utilitarian motivations, so that at first glance such a decision could come as a surprise. However, the literature has made it clear since long that hedonic (utilitarian) motivations are not correlated with hedonic (utilitarian) behavior (Babin et al. 1994; Arnold and Reynolds 2003).

This book intends to determine empirically the effects exerted by hedonic and utilitarian behavior. The analysis of motivations is therefore outside the scope of the present analysis. Finally, as far as the managerial implications are concerned, it seems useful to observe that practitioners rarely know the motivations that prompt consumers to buy, or to choose that specific store. Moreover, they can rarely significantly influence such motivations. Instead, the store manager can emphasize the factors that can generate in the consumer a hedonic or utilitarian response, for instance manipulating the store atmosphere (De Farias et al. 2014) or assortment variety (Pizzi et al. 2019). Accordingly, this book is going to focus on the effects, rather than the motives or antecedents, of hedonic and utilitarian shopping orientation.

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# 4

## Tools and Measurements for Exploring the Consequences of Shopper Orientation

**Abstract** This chapter discusses the methodology that will be used for exploring the effects of hedonic and utilitarian shopping orientation. Specifically, it presents details about the data collection process, the tools, and the sample size. Then, it presents the scales used for measuring hedonism, utilitarianism, perceived value, purchase amount, store loyalty, price consciousness, and purchase frequency. It also addresses the concepts of measurement reliability and validity, discussing content validity, internal and external consistency, and convergent, discriminant, and nomological validity. Then, the chapter presents the final scale and discusses the specification of the structural equation model that will be estimated in Chaps. 5 to 7. Accordingly, this chapter discusses the tools and techniques for the analysis of the hypotheses in Chap. 3, and for the comparison of intensive distribution and selective distribution. Finally, the chapter provides details about model estimation and model comparison such as the analysis of residuals, and the chi-squared statistic.

**Keywords** Conceptual model • Measurement scales • Sample collection • Structural equation modeling • Methods and tools



## 4.1 Sample Collection

### 4.1.1 The Tools for Data Collection

One of the most used tools for data collection is the questionnaire, whose advantages and disadvantages are abundantly documented in the literature. There are typically three ways of interviewing: a questionnaire can be left to the interviewee to be filled in, or it can be filled in with the help of an interviewer, by phone or in person. The first case requires fewer resources; moreover the questionnaire can be filled in at the pace desired by the interviewee: there are therefore no biases caused by the interviewer; questions may also be asked that would otherwise be embarrassing and would not lend themselves to personal interviews. However, both at a practical and methodological level, there are various disadvantages in adopting this method of data collection: very often, in fact, it involves a high rate of nonresponse and a high rate of incomplete answers, which evidently causes biases in the answers obtained (Moser and Kalton 1971). Those who are submitted to the questionnaire may be discouraged from answering a long questionnaire, by unclear graphics or by complicated questions. Not only that, those who answer can read the questionnaire before starting to answer the first question, so that the answers they give may be influenced by insights into the following topics. For instance, it could result in more consistent answers than those that would have been given without having read the questionnaire in advance: in this sense, then, they will be falsely consistent answers. Moreover, as the interviewer has no control over the context in which the interview takes place, they cannot know who actually filled in the questionnaire. In light of all these considerations and the importance of having some degree of control over the reliability of the data, it seems more appropriate to use a form of field research based on personal interviews. During personal interviews it is in fact possible to maintain a strong control over the context in which the questionnaire is being filled in, thus improving the quality of the data collected. It is also possible to establish collaborative relationships with the interviewer, as indicated in the paragraph on sampling and the problem of nonresponse. The data collection process excluded telephone

interviews because they didn't lend themselves to this analysis: while it is true that they require fewer resources than personal interviews, they also require a simple and rather short questionnaire. In particular, phone interviews were excluded from the present analysis because it would not have been possible to interview the subjects by telephone immediately after they made a purchase. Thus, in the case of this book, telephone interviews would have introduced a bias or even incomparability (the experience of consumption, mood, adjustments in perceptions due to the opinions of target groups such as friends and family, memory, etc.).

The fact that almost all interviews were conducted personally by the author is relevant in that it ensures consistency of treatment of the interviewer–interviewee relationship aspect (Podsakoff et al. 2003). Furthermore, the fact that the interviewer is also the analyst usually increases the ability to interpret data and results, when needed. The role of the interviewer should be to check the context of the interview and help the interviewee to solve minor problems, for instance, on the interpretation of a question. In this regard, the examples to be proposed in the interview were clearly defined before carrying out the analysis, in order to avoid biases.

As for the questionnaires' content, the questions were the same in both intensive and selective distribution.

### 4.1.2 The Data Collection Process

The data were collected by interviewing consumers in the natural context of fast-fashion stores. This procedure allows a higher realism and also allows minimizing biases due to recall techniques or to the fact that one asks the subjects to imagine a certain hypothetical situation of purchase. In this case, instead, the purchase was real and had just taken place, as the respondents were actual consumers.

Furthermore, several studies have compared the behavior of consumers belonging to different cultures (Lim 2016; Matsumoto and Hwang 2019; Okely 2019), both in relation to the identification-interpretation of emotions and in relation to shopping orientation. At least in relation to some cultural groups, such as far Eastern countries, countries of

Anglo-Saxon culture, and countries of Latin origin, significant differences in shopping orientation have emerged. In the light of the results and considerations that emerged from this rich line of studies, it was decided to include only consumers from one country in the sample. While on the one hand this adds a limitation to the generalization of the findings, on the other hand it diminishes the effect of cross-cultural differences, which would otherwise be difficult to disentangle. Previous qualitative observations within the distribution channels and interviews with the store managers provided converging evidence that a nationality-based screening did not alter sample representativeness, as the large majority of customers belonged to the same country.

### 4.1.3 Interviews

Interviews were planned at different times and on different days over a period of about two months, to avoid possible biases due to the day (holidays instead of weekdays etc.) and the time slot (office hours, morning instead of afternoon or evening, etc.). Consumers were left completely free to make their purchases: they were not approached or questioned before they had bought, and there was no form of interaction with the interviewer before they had completed their purchases. Only when the consumer stood in line at the checkout after the purchases did the interviewer ask permission to conduct the interview, specifying that it was a survey conducted by a university, without any commercial purpose, with anonymous interviews, and that data would have been aggregated. The interviewer also showed a university badge. Only consumers who made purchases were stopped, filtering out those who left the store without buying. This is in line with the book's object of investigation, as mentioned in the previous chapters: this book investigates purchasing behavior, not shopping in general, as shopping may not necessarily lead to a purchase.

The timing chosen to submit the questionnaire was when the consumers were queueing at the cashiers. As a consequence, the interviewer was usually welcomed, as the interview helped to kill time while waiting at the cashiers. The choice of this specific moment, made possible thanks to

the management clearance, has contributed enormously to increase the interview's redemption rate (which was overall higher than 90%). The objective was to stop all the purchasers present in the points of sale considered: from preliminary observations the rhythm of purchases both in selective distribution and in the fashion department of intensive distribution seemed in fact sufficiently calm and regular to allow interviewing the consumers with the help of two interviewers (previously trained ad hoc, according to the indications of Nunnally 1994). Numerical details on the sample composition and redemption rate are reported respectively in Chap. 5 for intensive distribution and in Chap. 6 for selective distribution.

#### 4.1.4 The Sample Size

The sample size that had been planned is about 500 interviews with consumers in intensive distribution, and about 250–300 interviews with consumers in selective distribution. These sample sizes were planned to have a large enough sample to provide the following advantages:

1. The possibility to calculate asymptotic matrixes and indexes, if necessary for the model estimation phase, in particular if the data are not multi-normally distributed, as is often the case with collection tools such as multi-item scales (Micceri 1989; Bollen and Long 1993; Kaplan 2008).
2. The achievement of a good ratio between the number of observations and the number of variables, thus avoiding problems of under-specification models and preventing the danger of “jamming” the model estimation due to few observations (Jöreskog and Sörbrom 2003).
3. It is reasonable to think that the results can be somewhat generalized, at least to the product category being investigated.
4. Sample fluctuations in the values recorded for the variables are not overestimated or underestimated, nor interpreted as systematic patterns, but are “absorbed” by the sample, large enough to ensure against

risks of over- or underrepresentativeness (Jöreskog and Sörbrom 2003; Kaplan 2008).

5. As detailed in section 4.8 in this chapter, these sample sizes allow the use of techniques that can prove useful in case the data were to violate assumptions of normality in the distribution.

## 4.2 Measuring the Variables

The variables considered in this book were measured through the use of 5-point Likert scales already well assessed in the literature, although some adaptations have been made in the light of more recent developments and specific methodological needs (details can be found in the Appendix and later in this chapter). The use of scales with multiple items allows capturing the complexity and facets of the considered latent constructs. Overall, the analysis considered nine variables: hedonism, utilitarianism, perceived value, purchased amount, store loyalty, price consciousness, purchase frequency, age, and gender. More details about the questionnaire can be found in the following sections and in the Appendix.

### 4.2.1 Hedonism

To measure hedonism, the scale by Babin, Darden, and Griffin (1994) was used, for the flexibility and high reliability of the scale, as well as its use in several studies and in different cultural contexts (see Babin et al. 1994; Griffin et al. 2000). Consumers were asked if they were having fun, if compared to the other things they could be doing they thought the time spent at the point of sale was good, if they enjoyed being surrounded by so many products, and if shopping was a good experience in itself (i.e. regardless of the purchases made).

### 4.2.2 Utilitarianism

To measure utilitarianism, the scale by Babin, Darden, and Griffin (1994) was used, for the flexibility and high reliability of the scale, as well as its use in several studies and in different cultural contexts (see Babin et al. 1994; Griffin et al. 2000; see Appendix for more numerical details). Consumers were asked if they had found what they were looking for, if they had been bothered by having to change stores to complete their purchases, and if they had achieved their goal.

### 4.2.3 Perceived Value

Babin, Darden, and Griffin (1994) correlated hedonism and utilitarianism with perceived value, but did not report how they measured perceived value. Thus, three items were then selected on the basis of the review of the studies on hedonism that also measured perceived value. In particular, the scale of Wakefield and Barnes (1996) was adopted, as it comprises an item asking about the prices, but also another item asking for a good/bad judgment not necessarily related to the prices. Furthermore, an item was added to capture the overall value of the shopping experience. Accordingly, in this research, consumers were asked if they felt they had bought well, if the prices seemed good to them, and if all in all they had a good impression about their shopping experience in that store.

### 4.2.4 Purchase Amount

The scale for purchase amount is also inspired by the analysis of Babin et al. (1994). However, the amount spent was recorded not only as the total amount of money spent in clothing at the store, but also as the number of items purchased. In fact, both academic studies (e.g. Babin and Attaway 2000) and practitioners (e.g. McKinsey 2019) emphasize the strategic importance of the number of items purchased, not just the total amount spent.

Purchase amount was measured as specified by Scarpi (2012). Specifically, only the total expenditure on products of the product category under consideration was taken into account (in this analysis: fast fashion). Such a choice is almost obligatory in intensive distribution and responds to the need to avoid biases due to the variety of products available in intensive distribution compared to the selective channel. In fact, in selective distribution, consumers generally find only one product category; instead, they find many products of very different categories and prices in intensive distribution.

In addition to the total amount of money spent and the number of items purchased, the expensiveness of the models purchased compared to the other alternatives in the store was also considered, following Scarpi (2012). The expensiveness has been reported on an ordinal scale from 1 to 5. The definition of this variable did not involve particular problems or particular difficulties in interpreting the data that were collected. However, its inclusion could allow grasping more deeply the dynamics of spending, and also verifying the relevance of factors related to social image (as more expensive items could signal the intention to focus on products with a higher symbolic meaning; Royo-Vela and Voss 2015), as well as consumers' budget allocation among the options in the retailer's assortment.

In summary, consumers were also asked how much money they had spent, how many items they had purchased, and whether they had purchased the most expensive products. The correctness of the answers to these questions was easy to check by looking into the cart, reading the receipt, and looking at the LCD screen of the checkout, given that the interview took place at the cashiers.

#### 4.2.5 Store Loyalty

Following McMullan and Gilmore (2003) and Sirohi, McLaughlin, and Wittink (1998), it was possible to measure store loyalty, meant as the intention to re-patronage the store in the future. Thus, consumers were asked about their intention to visit that same store the next time they

went to shop, whether they would look for another store, and whether they intended to visit the store again in the future.

Although it is accepted that intention is not behavior, it has been shown that intention measures have sufficient predictive capacity to be usable by both scholars and practitioners (Jamieson and Bass 1989; Sheeran et al. 2016; Wood et al. 2016; Armitage and Christian 2017). Typically, intention is measured using the Juster scale, but the analysis presented in this book used a five-point scale because of its greater accuracy at the individual level (Whitlark et al. 1993; Armstrong et al. 2000). Specifically, since the final choice can be driven by events that occur after intention has been recorded, any modeling of the scales to measure intention is unlikely to improve the predictive power of individual behavior. The goal is not to record probabilities with perfect reliability, but to investigate whether hedonism and utilitarianism have an impact on store loyalty. In fact, even if one could have a “perfect” scale, the behavior could not be predicted (e.g. with a 50% probability of purchase there would be no way to anticipate on the basis of the scale—even if “perfect”—what would actually happen or which half of customers would actually buy).

For further considerations regarding this construct, its measurement and interpretation of the collected data, refer to the Appendix.

#### 4.2.6 Price Consciousness

Price consciousness was measured using the scale by Ailawadi, Neslin, and Gedenk (2001), widely tested through about 20 years of research. As in the past, therefore, consumers have been asked if they compared prices, if they checked the prices even for small items, and if they consider it important to get the best price for what they buy. The questions were contextualized in that specific shopping experience, as suggested by a large and relevant literature on hedonism and utilitarianism (see e.g. Hirschman and Holbrook 1982; Babin et al. 1994; Griffin et al. 2000). Thus, consumers were not asked whether they were usually price-conscious, but whether they had been price-conscious during that specific shopping expedition.



### **4.2.7 Purchase Frequency**

This variable was recorded with a single-item question. Thus, purchase frequency was measured on a scale from 1 to 5 ranging from “Very often” to “Almost never”.

### **4.2.8 Age and Gender**

These variables were recorded with a single question each. Age has not been coded into a priori determined classes and has been measured as a continuous variable.

## **4.3 Reliability and Validity of the Measures**

The selection of these items led to the construction of a first scale. It was decided to conduct a pilot test with a hundred interviews to empirically verify the validity of the scale. Testing the quality of the measurements ensures that the relationship between theory and empirical verification is not biased by the low quality of some measurements.

The discrepancy between the desired measures and those actually acquired is a typical problem of reliability and validity, where reliability refers to the stability of the measures, and validity refers to the fact that one is really measuring what is supposed to be measured (and not some similar yet different construct).

### **4.3.1 Content Validity**

To verify the content validity means to understand if the adopted measure appears to be correct, that is if it they measure what they are supposed to measure. Content validity is an assessment of how well the items of a scale match with the content domain of the construct that one is trying to measure. It is usually investigated relying on qualitative aspects and interviews. Thus, a survey has content validity if, in the view of

experts, its questions cover the key aspects of the construct being measured. Accordingly, for the construction of the scale on which this book is based, focus groups were first conducted with scholars and marketing operators. These very first analyses were followed by a pilot study conducted on a (relatively) small sample of consumers.

### 4.3.2 Reliability

There are various approaches about how to deal with measurement error. Thinking of the measurements as deviating from a true value is a useful and commonly adopted procedure. Thus, some scholars assume that consumers have “true” values on the attributes that are measured, where the “true” value is usually considered to be the average value that would result from repeated measurements. The standard deviation of these repeated measurements determines the standard deviation of the error. This error can be random or systematic. While systematic errors can be usually found and eliminated from a dataset, random errors cannot be eliminated completely, although they should be minimized as much as possible. A definition of reliability is precisely that of the absence of random errors. This definition actually only implies that the content of the multi-item scale is homogeneous and that there is a high correlation between the items of the scale (consistency).

### 4.3.3 Reliability: Internal Consistency

If items were randomly selected and placed in multi-item scales, the correlations between the various tests would be approximately the same, while the correlations between the items would vary according to the case. These random collections of items are called “random parallel tests”. The internal consistency coefficient is defined as the correlation between one test and another, while the correlation between the values measured with the test and the “true values” provides the internal consistency index.

Although there are several indicators of internal consistency, Cronbach's alpha will be employed to evaluate the scale. There is a relationship

between the length of the scale and its internal consistency, as the latter ultimately depends on the average correlation between the items and the number of items. Cronbach's alpha expresses the expected correlation of a test with an alternative test containing an equal number of items; the square root of alpha is the coefficient of internal consistency. Alpha can also be seen as the correlation between the test and an alternative test that has never been actually conducted. Moreover, the calculation of the alpha does not require any particular assumption about the distribution or the nature of the data: all that is needed is the number of items, the variance within each item, and the variance between the values.

#### **4.3.4 Reliability: External Consistency**

A high degree of internal consistency is not automatically a guarantee for external consistency. While internal reliability assesses the consistency of results across items within a test, external reliability refers to the extent to which a measure varies from one use to another. Indeed, there may be errors outside of the measuring tool, for instance related (typically) to a wrong timing for interviewing the participants. This kind of consistency is called "external" and is usually measured through one of these two methods:

1. Collecting data from a different sample and comparing the results
2. Repeating the study with the same sample after some time and comparing the characteristics of the measurements

However, in the second case, there might be the possibility that interviewees may retain the memory of the previous interview, which evidently distorts the results of the sample analyses subsequent to the first one. Thus, for the analysis presented in this book, the first of these methods has been used, and data were collected from different and independent consumer groups.

### 4.3.5 Convergent Validity and Discriminant Validity

There are various types of validity (Campbell and Fiske 1959):

1. If several attempts to measure the same construct produce convergent results using different methods, there is convergent validity of the measures.
2. If a construct is different from the others, there is discriminant validity.
3. If a measure behaves as expected, one speaks instead of nomological validity.

The idea behind these tests is that it is necessary to measure the same phenomenon with different methods to ascertain the validity of the measurements.

Convergent validity and discriminant validity can be ascertained by using a multi-method/multivariable matrix to observe correlations between variables when each is measured with a different method. This is a rather common practice, at least in marketing. If different measurement methods lead to the same conclusions, then there is convergent validity. Of course, the more different the methods used, the more valuable their convergence is.

Over the past decades, the social sciences have seen a significant increase in the use of confirmatory factor analyses (CFA) to establish the validity of measures. The CFA is in fact an effective method for assessing the validity of constructs, and is based on less a priori hypotheses than the more “classic” criteria of Campbell and Fiske (1959), and allows obtaining a more complete diagnosis. In fact, the CFA offers the following advantages: (1) it provides a measure of the overall degree of fit; (2) it provides information on the degree of convergent and discriminant validity (chi-square based tests, the size of the factor loadings, etc.); and (3) it allows explicitly separating the portion of variance due to the method from that due to errors and from that actually linked to the constructs under examination (also called trait variance).

Convergence validity can be assessed by observing the square of saturations on factors. Since convergent validity is defined as the degree of agreement between measures of the same construct, the variance of the

construct should indicate the degree of convergent validity, as it reflects the amount of variance possessed by the measures used for that construct (Widaman 1985).

As far as discriminant validity is concerned, one should look at the correlation between constructs: perfectly correlated constructs are constructs that could not be separated (discriminated) from each other. In practice, for the assessment of convergent and discriminant validity, the following tests are usually performed: first, a confirmatory factor analysis to provide support for the convergent validity of the measures, ideally with all factor loadings exceeding the recommended 0.6 threshold (Bagozzi and Yi 1988), the composite reliability (CR) and the average variance extracted (AVE) being greater than the recommended 0.7 and 0.5 thresholds, respectively (Fornell and Larcker 1981). Then, a test of discriminant validity follows. Such a test relies on the comparison of the AVE estimate for each construct with the squared correlation between any two constructs (Fornell and Larcker 1981). Discriminant validity exists if the minimum AVE exceeds the squared correlation between the two variables. If the lowest AVE is larger than the highest squared correlation between any two variables, then results confirm the discriminant validity of the constructs. The combination of these two tests ensures that the measurement model meets all relevant psychometric properties. It is worth noticing that there is a wide agreement for this procedure, as witnessed by the fact that the two main methodological papers it is based upon (Fornell and Larcker 1981 and Bagozzi and Yi 1988) have been quoted in tens of thousands of scientific papers.

#### 4.3.6 Nomological Validity

Nomological validity means that the association between variables (used, for instance, for the construction of a model) found on the basis of data is consistent with the relationships assumed by a large and consolidated body of theories. Otherwise, the investigation process would be circular and could not therefore contribute to verify the validity of the measures.

The nomological validity in this book can be verified where already consolidated results are replicated, or hypotheses based on a wide

literature are empirically confirmed; for instance in the part that replicates and expands Babin's analysis (Babin et al. 1994) on the dual nature of the value. However, sometimes it is not possible to express on nomological validity because the theory is not yet sufficiently consolidated; for instance, because a topic has been explored very little, or in contexts too homogeneous to affirm that the theoretical framework is robust and generalizable.

#### 4.4 The Final Scale

A pilot test was conducted on the scale. On this basis, some items were removed from the original scale, as they contributed to lower Cronbach's alpha and failed in factorial analysis (Nunnally 1994). This process led to a final scale of 20 items. The Cronbach's alpha relative to the scale for measuring the various constructs taken into account is always  $>0.75$  and therefore more than satisfactory (Nunnally 1994; Moser and Kalton 1971). A factorial analysis was conducted on the data which confirmed the presence of the expected factors.

The fact that some items used by Babin et al. (1994) turned out not to be particularly relevant can be explained in the light of the much greater control on the context of the interview, considering that the questionnaires were personally administered by the author in the natural context of fast-fashion stores. Another reason could be because a specific product category was considered, rather than any product in an undifferentiated way. Finally, the differences could also arise because of the cultural differences between consumers (Europeans instead of Americans). The process of item elimination has led to a trimmed scale for hedonism which, while having fewer items, exhibits a higher Cronbach's alpha, but continues to exhibit a very strong correlation with the full (i.e. not trimmed) scale. The possibility that the scale developed by Babin, Darden, and Griffin (1994) could be shortened to achieve a more economical measuring instrument is already contemplated by the authors themselves, who in 2000 (Griffin et al. 2000) used a shorter version. Indeed, a trimmed version of the scale has already been used in previous studies (Scarpi 2012; Scarpi et al. 2014; Pizzi et al. 2019).

The Appendix provides more technical details, presenting the results of the pilot tests and the discussion of the criteria that guided the scale development process.

## 4.5 Research Approach and Design

A structural equation model could allow the investigation of meaningful relationships and provide useful insights for practitioners. The construction of a structural equation model can generally be seen as a way to replace the (large) set of observed data with a (small) set of estimated values. The aim is to summarize the information contained in the data using a reduced number of parameters, but without leaving out relevant information. The resulting simplification helps to understand the phenomenon under investigation, yet such understanding is limited only to those few parameters and latent constructs considered rather than to the vast, complex reality from which they were drawn. However, a model typically has also—and perhaps above all—a predictive purpose, allowing the use of sample estimates to make predictions on the future values assumed by dependent variables.

From the theoretical framework of hedonism and utilitarianism detailed in Chap. 2, there emerges considerable ambiguity regarding the causal positioning of many variables, which nonetheless pertain to relevant marketing outcomes. Sometimes variables such as variety seeking, perceived novelty of the shopping environment, and perceived value (among others) are posited as antecedents of hedonism and utilitarianism (e.g. Van Trijp et al. 1996; Pizzi et al. 2019), sometimes as consequences (Wakefield and Barnes 1996) and other times as facets included among the characteristics defining the two orientations (Scarpi 2012).

On the basis of these considerations, the theoretical framework of hedonic and utilitarian shopping orientation appears still too fragmented, fragile, and debated to allow the construction of a structural equation model that takes into account simultaneously all the relationships among the variables identified in this book. One solution to the problem could be to renounce the development of the model in favor of simpler methods of analysis. This is, for instance, the solution followed by Babin et al.

(1994), who provided a table of correlations among several constructs. However, in this way the diagnostic power of a structural model would be lost. Another solution, more extreme, could be to discard the variables whose causal positioning with respect to hedonism and utilitarianism is not sufficiently backed by theory. However, a third and better solution might be possible, namely to consider the combined use of statistical methods that are less complex and less problematic from the point of view of the theoretical foundation necessary for their successful implementation, alongside more complex methods with greater diagnostic and predictive power. In particular, a better solution might be to consider in the analysis all the variables presented and discussed in this chapter, by reasoning simply in terms of comparisons of the means for constructs whose causal relationship is ambiguous, and developing also a structural equation model on those other variables that have sufficient theoretical backing in the literature on hedonic and utilitarian orientation.

The choice of the method was therefore oriented (1) toward an analysis of variance, to study whether there are differences between the values of hedonism and utilitarianism in the face of sociodemographic variables (age and gender), of different levels in the frequency of purchase, and of different levels of price consciousness; and (2) toward the construction of a structural equation model to study the impact of hedonism and utilitarianism (treated as causal latent constructs) on perceived value, purchased amount, and store loyalty (treated as latent constructs of effect).

## 4.6 The Construction and Specification of the Structural Equation Model

The problem of identifying the coefficients of the model generally translates into a matter of matrix ranking (in this regard, it is sufficient that only one coefficient is not identified for the whole model not to be identified). The determinants of the matrixes serve to solve the systems of linear equations in a structural equation model, and therefore the presence or absence of solutions to the equations can be put in terms of determining the rank of those matrixes. For instance, if the determinant



is different from zero, and therefore the matrix is invertible, then the coefficients depending on it can be identified because the equations depending on that matrix can be solved.

This book is not intended to deal with the details of the rank of the matrixes and the properties of the determinant, for which one can refer to Kline (2015) and Bollen and Long (1993), among others. What is needed here is simply to remind that no general conditions have yet been formulated to guarantee the identifiability of the different types of models that can be specified. Especially when dealing with more complex models, that is to say, models that also involve mediations and/or moderations among the constructs, and models that place constraints of equality between model paths and means estimates, it becomes impossible to determine *ex ante* from the mere specification of the hypotheses if the model parameters are identifiable. It should also be noted that the procedures for verifying the identification of the solution of structural equation models are not standard and univocally agreed upon. Although the literature provides several suggestions, the identification of a structural equation model should never be guided automatically, but should be reasoned by the researcher (Bollen and Jöreskog 1985; Arbuckle 2019; Gunn et al. 2019).

One of the best ways to minimize model identification problems is to prevent them, by knowing which elements could lead to identification problems. Although it is almost impossible to predict them all, some are quite common and can be managed: one of the most frequent is the fact that the number of coefficients is usually very high compared to the number of input covariances. In other words, it is not advisable to include coefficients (effects) in the model specification only because such effects could exist: it is in fact advisable to specify them in the model only if they are supported by a solid theoretical basis, or if they are particularly relevant for the researcher. Another frequent source of problems is the presence of reciprocal effects and links between causal constructs. To estimate reciprocal effects, it is necessary to break the symmetry of the relationship by inserting variables that can cause one or the other of the linked variables, but not both (Jöreskog and Sörbrom 2003). However, eliminating reciprocal effects only to obtain an identifiable model is usually not the wisest decision: it is usually preferable to draw the model that one

considers “right” in light of the extant literature even if it is not possible to estimate its coefficients based on the actually available data, rather than forcing the software to estimate the coefficients of a conceptually wrong model, even if it might fit.

Another typical problem in model identification is about the variance of a latent variable: if the variance of the latent construct is free, and also all the parameters linking the observed variables to the latent variable are free, then neither the latent construct nor those parameters are identifiable. The solution to the problem is to fix at least one of those parameters (“lambda” in the language of LISREL’s syntax) for each of the latent constructs, a procedure sometimes referred to as “anchoring the scale”.

Models containing similar latent constructs or errors in covariances often give rise to identification problems. The closer two concepts are, the more accurate and error-free measurements are needed to separate the effects and allow the software to distinguish them when running the analysis. A good way to address these problems is to build a first model with as few coefficients as possible, and to add model paths later. Another system that can be used is to fix the variance of measurement errors based on what is known about the characteristics of the method used for data collection.

### 4.6.1 The Choice of the Structural Equation Model

The choice of the model is one of the main aspects of any quantitative analysis. Such a choice is made using different techniques depending on the context in which it is carried out. This chapter and the Appendix will only mention some of the main issues referring to the specialist literature for further in-depth analysis of statistical aspects (e.g. Hayduk 1996; Kaplan 2008). A model represents a simplification or approximation of a phenomenon and as such does not fully reflect it. A statistical model is a widely used concept to try to make sense of the observations, envisioning them as combinations of variables. A statistical model is specified by a probability function or probability density  $f(x)$ , considered to underly the data. Such a probability function is unknown because only one sample of the entire population is observed: the data in the sample data are not

enough to completely reconstruct  $f(x)$ ; however, they can be used to estimate  $f(x)$  with some accuracy.

The problem can therefore be substantially posed in terms of measuring the distance between the “true” model  $f(x)$  underlying the data and the class of models proposed in order to approximate the unknown model based on observations. This distance is called “model distance” and represents the basis for the development of different criteria of comparison among models.

The literature about how to choose a statistical model focuses on the problem of developing model evaluation measures that could estimate the goodness of fit of a given model to the data. In this type of approach, the performance of each model is evaluated using the so-called goodness-of-fit functions. The model for which the data best fit the hypothesized distribution will be chosen, at least as far as numerical considerations are concerned. Other considerations, related to theory and literature, will have to accompany the technical considerations and guide the judgment of the researcher. Thus, sometimes, a less performing model could be actually selected, because of its theoretical backing, while other, better fitting models might be discarded by the researchers because they are meaningless from a logical point of view, or theoretically incorrect/unsupported.

### 4.6.2 Distance Among Statistical Models

The notion of distance between statistical models is a fundamental concept, because it lies at the basis of any model selection criterion. The concept of distance between statistical models derives from the concept of distance in general. Although there are different types of distance, the one generally used is the Euclidean distance, defined simply by the root of the squares of the differences. It represents, in other words, the distance between two points in the plane, and is calculated based on Pythagoras’ theorem. Another type of distance often used is the so-called chi-square distance: it requires that the variables be qualitative or discrete. It is actually a Euclidean distance weighted between frequencies.

Each different distance function results in a different distance for a statistical model. Without getting into the discussion of aspects that would go beyond the aim of this chapter, the main discrepancies are usually found between the Euclidean distance and the Kullback–Leibler distance, as well as with the Gauss distance. The difference between the density function of the statistical model is computed with a certain number  $p$  of parameters and the density function of the real model. In practice, in Euclidean distance measurements, there is, for each observation, a measure of the error made by replacing  $f(x)$  with the approximation obtained based on the model. If one knew how this looked in reality, it would obviously be easy to determine which of the models comes closest to it, and it would be straightforward to obtain the value of the parameters. However, since  $f(x)$  is unknown, it is not possible to identify the best model *ex ante*. Therefore,  $f(x)$  will be replaced with an estimation from the sample. The difference between the “best” model and  $f(x)$ ’s estimation from the sample is calculated: this difference is therefore a function of the observed sample.

Besides, it should be noted that models with a higher number of parameters—despite usually having greater appeal to researchers than simple models—have the problem that sample estimates tend to overfit the data. The researcher should therefore find a compromise between opposites in selecting the model. In that, it might be helpful to consider that the total distance is given by the sum of two distances: the distance due to the parameters’ approximation and the distance due to the estimation. The minimization of the former favors complex models and is more adaptable to the data, while the minimization of the latter favors simple models and is more stable as the observed sample varies.

In reality, the distance cannot be calculated, for the usual reason that the true distribution function is not known, so the expected distance function is used (in short, the arithmetic average of the total discrepancies observed). Thus, it is an estimator of the expected total distance that provides an evaluation criterion of the model. The choice between the different models with the different number of parameters is, therefore, based on the comparison between the corresponding estimators, a process usually referred to as minimum distance estimation method.

### 4.6.3 The Model Considered in This Book

Babin et al. (1994) suggested that perceived value has a dual nature, in that it could stem both from hedonic and from utilitarian features of the shopping experience. Thus, perceived value may therefore not allow discriminating the nature of consumer behavior. Accordingly, the analysis in this book is going to measure both the direct impact of hedonism and utilitarianism, and the impact mediated by the perceived value construct. This way, the model allows on the one hand testing whether value actually mediates the relationship between shopping orientation and relevant marketing outcomes (store loyalty and purchase amount) and on the other hand empirically verifying whether value has a double nature, and—if it did—whether it is hedonism or utilitarianism that contributes more to the customers' perceived value.

The model advanced in this book addresses the variables that have previously been identified—building on the literature presented in Chap. 2—as sufficiently theory-based to be used without excessive ambiguity, and that can be measured with well-established scales.

The model is represented graphically in Fig. 4.1.

The novelty and exploratory nature of the model are due to the fact that hedonism and utilitarianism are two latent independent constructs rather than effects or dependent variables. Further, the model targets a

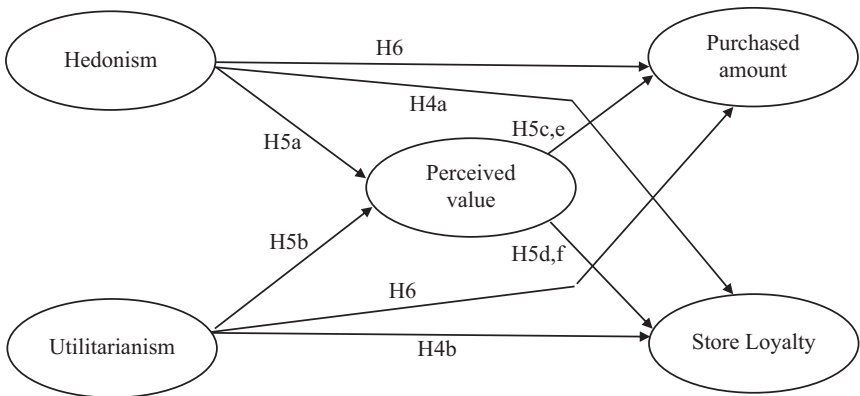


Fig. 4.1 The structural equation model

relatively large number of causal relationships to be investigated. It therefore becomes necessary to detail in which context and with what methodology to implement the model. In the following section, the analysis will address issues related to the analysis technique, the estimation of parameters, and the statistical tests.

## 4.7 Tools for the Implementation of the Structural Equation Model

The years from the second half of the 1990s onward have seen a slow but steady intensification of the use of software for empirical analysis; in particular, one can observe an increasing use of linear equation programs such as LISREL first and AMOS later. These tools constitute a way to integrate theory-building, allowing the hypotheses to be subjected to empirical verification. These models, and the software that allows estimating them, can also be used as tools to test scales and evaluate their model reliability. Additionally, they can be used to verify hypotheses about the relationship among variables, and to support inferences on causes and effects, which often is their primary purpose. This book uses the LISREL software for the empirical assessment of the conceptual, for the reasons detailed in the next heading (see section 4.7.1).

Overall, a structural equation model consists of two parts: a sub-model measurement and a linear equations sub-model. The sub-model measurement specifies how latent variables are measured by the observed variables and describes the measurement properties (reliability and validity) of the observed variables. Instead, the structural equation sub-model explains the relationships between the latent variables, describes the effects, and estimates the amount of unexplained variance. The values estimated by the model will likely never be exactly identical to the actual values; therefore, the problem is to establish a criterion to decide when this distance becomes excessive. In other words, it is necessary to establish when simplification reaches its limit, and would ignore too many aspects characterizing the phenomenon, thus sacrificing the correct interpretation of data on the altar of brevity. Based on this simple concept, multiple

indexes have been suggested over time to evaluate a model and to compare different alternative models based on the same data.

The first step for the evaluation of a model is the comparison with the theoretical model that provides the best possible adaptation, that is to say, with the so-called saturated model. The saturated model has as many parameters as there are observations and therefore provides perfect estimates and makes a perfect and complete description of the data. It provides all the variability to the systematic component. Clearly, this model is not informative, because it does not summarize the information parsimoniously, but simply reproduces it in its entirety. However, it might be a useful starting point to make an initial comparison, because the model actually computed by the researcher can be compared with the saturated model. This way, a distance can be then calculated which provides a first idea about the quality of the model, that is to say, about the model's ability to simplify the data without distortion and excessive approximation.

At the other extreme with respect to the saturated model is the so-called null model, which instead attributes all the variability to the causal component, leaving no room for the systematic component. In this model there is one and only one parameter.

The model actually estimated by the researcher is usually between the null model and the saturated model, so it becomes extremely useful to calculate the distance from these two extremes. To measure this distance, model deviance is used, defined as the ratio between the likelihood functions of the model found by the researcher and the saturated model. From the logarithm of this ratio, multiplied by  $-2$ , one can obtain the test statistic generally known as the maximum likelihood ration (MLR), whose distribution is known to be close to that of a chi-square with  $n - p$  degrees of freedom, where  $n$  is the number of observations and  $p$  is the number of estimated parameters that are present in the model.

If the model constructed by the researcher is good, then the value of its likelihood will be very close to the value of the likelihood of the saturated model, meaning that very small values of the RMV index indicate a good fit. Significance is evaluated by the observed level of significance, that is to say, the  $p$ -value. This expresses the probability that the random variable assumes a value greater than the one observed, which, in graphic terms, corresponds to the area to the right of the value observed in the

distribution function. Since the RMV distribution is known, the significance is easily calculable. However, such analysis by itself is not enough for the evaluation of a model: as aforementioned, a good model, besides being informative, should also be parsimonious.

It is, therefore, possible to construct some index that uses an opposite logic, that is to say, based on the comparison with the null model instead of the saturated one. The reason is that the null model is the most parsimonious model that can be constructed, having only one parameter. Thus, it is the touchstone that makes more sense for evaluating how parsimonious the researcher's model is. This way of proceeding corresponds to a hypothesis-testing procedure, in which the null hypothesis is that all the parameters of the researcher's model are equal to zero. The opposite hypothesis is that at least one of the parameters is different from zero. It can be demonstrated that the null hypothesis is distributed as a chi-square with  $k$  degrees of freedom, where  $k$  corresponds to the number of explanatory variables of the model. Since this way of proceeding is specular to that based on RMV, the interpretation of the results will also be the opposite: in this case, it will be desirable that the difference between the logarithm of likelihood is large, rather than small, because large differences indicate that the explanatory variables introduced in the model bring significant information.

Proceeding with the same logic, it becomes possible to compare several different models, in which the explanatory variables contained in one model are a subset of those contained in the other. In practice, it is like comparing several models, all placed along a continuum that goes from the one with the maximum number of parameters to the one with the minimum number of parameters. The aim is to find the point that corresponds to the "optimal" available model. To switch from one model to the other, it is sufficient to remove or add one or more explanatory variables, which is why these models are known as nested models. Again, the difference between the deviances is distributed like a chi-square, where the degrees of freedom have been proven to be equal to the difference between the number of variables of the more complex model and that of the simplest model.



### 4.7.1 The Software: Why Use LISREL

A structural equation model (SEM thereafter) is a tool that is used commonly to evaluate direct and indirect associations among observed variables. Although there are sufficient user guides for running structural equation modeling with different software programs, there is little information about the comparison of the usability and outcomes of these programs. Therefore, deciding which software program to use for running a SEM might be challenging for researchers. The comparison of the different software goes far beyond the scopes of the present analysis. However, in the following, some opinions of the author are advanced to explain the rationale for choosing a relatively less popular software like LISREL nowadays.

Although there are several statistical packages to run models like the one advanced in this book, the most commonly employed are AMOS and PROCESS. Both AMOS and PROCESS are SPSS packages, which makes their use even more likely as SPSS is probably the most widespread software for social sciences, as its acronym suggests. However, it is worth spending a few words on PROCESS, AMOS, and LISREL. The author has published with each of these software programs, for instance in 2012 with LISREL on the *Journal of Interactive Marketing*, in 2019 with PROCESS on the *Journal of Advertising Research*, and again in 2019 with AMOS on the *Journal of Business Research*. Thus, the opinions expressed in the following stem from the author's personal experience with the three packages: on the one hand, they are not meant as anything more than personal opinions; on the other hand, such opinions come without prejudice toward one or the other of these packages.

More importantly, several studies have documented that running a model in PROCESS or AMOS leads to the same estimates (e.g. Hayes et al. 2017; Hayes 2018). On the other hand, several other studies have documented that running a model in LISREL or AMOS leads to the same estimates (e.g. Byrne 2012; Clayton and Pett 2008). Thus, researchers should have confidence in the comparability of structural equation estimates across at least these software programs. Choosing the software based on one's familiarity with it and one's personal liking is usually a

good enough criterion. Nonetheless, some differences can be identified among these software programs.

First, PROCESS models should probably not be considered SEMs. For instance, PROCESS runs mediation, moderation, and conditional analysis rather than fulfilling the purpose of analyzing structural relationships between the measured variables and the hypothesized latent constructs. Second, PROCESS uses OLS as an estimation technique: OLS regression can be considered as a SEM without simultaneous estimation, latent factors, and autocorrelation. Thus, SEM enjoys a variety of advantages over OLS regression. However, SEM is not always the best choice, due to its complexity, so that a simpler OLS model could be sometimes preferable. Accordingly, when simultaneous estimation, latent factors, and autocorrelation are a relevant part of the research design, SEM would be advised. In the other cases, a simpler model run with OLS would likely be a better choice. Third, PROCESS has the disadvantage that it can estimate only models with one dependent and one independent variable, while AMOS and LISREL usually consider several dependent and independent variables simultaneously. However, the main advantage of PROCESS is the extreme speed of the analysis, because there is a user-friendly interface with several possible preset default models (nearly 100 in the 2018 edition). Thus, instead of writing down a complex syntax to represent the model, the researcher has simply to select one of the preset default models from a scroll-down menu, and click on “run”. Furthermore, the latest version (3.3 at the time of writing this book) and the 2018 manual by Hayes (2018) allow customizing models writing the syntax, so that if one cannot find the “right” model among the preset default ones, there is the possibility of writing it in the syntax. Noticeably, the PROCESS syntax is very easy compared to that of LISREL, as it is simply based on one to three matrixes of zeroes and ones (matrix B, W, and Z, respectively). However, syntax or no syntax, there is still the one-X, one-Y limit. Thus, it would not have been possible to estimate with PROCESS the model advanced in this book, as there are three dependent and two independent variables. Another advantage is that running moderations in PROCESS is very simple, and part of the purpose of the software. Instead, running moderations with AMOS is quite complicated and requires recurring to some artifice to “cheat” the software (Afthanorhan

and Ahmad 2014). The output remains the same, apart from possible minor differences in rounding decimals.

AMOS is extraordinarily easy to use, and is mostly based on the graphic, which makes it very appealing and intuitive. The personal opinion of the author is that this ease comes, however, at the expense of flexibility and of thoughts about what one is doing. For instance, models can be estimated only with maximum likelihood (ML) and correlations are only Pearson correlations to the best of the author's knowledge. Furthermore, it might be that the ease of use of AMOS might tempt some younger researcher by making them drag variables and "try" relationship to see if they fit better, instead of using the model that is guided by theory. Despite these issues, AMOS is an extraordinarily user-friendly, intuitive software compared to LISREL that requires no syntax from the researcher. Yet, in this book, the polychoric matrix of correlation has been considered because the normality hypothesis was violated, so that it would have been unwise to use Pearson's correlation (Kaplan 2008). In fact, in using the Pearson correlation also for noncontinuous variables there is a risk of obtaining correlations that do not exist, but derive from distortions related to the (often involuntary) "imposition" of continuity of the variables by the researcher. Use of the polychoric matrix of correlation would not have been possible in AMOS, to the best of the author's knowledge. Furthermore, the SEM model in this book was estimated using WLS, while AMOS uses only ML. Again, it would have been unwise to use ML to calculate the variance-covariance matrix on mixed source data, such as the Likert and ordinal scales (Schumacker 2017; Kaplan 2008). In fact, this could lead to highly distorted parametric estimates and wrong values for residuals (Jöreskog and Sörbrom 2003). Fortunately, in the vast majority of cases, the default options by AMOS for model estimation are just fine. Thus, the personal opinion of the author is that, when such default options are fine, considerations about ease of use might make the choice of AMOS look like a winner compared to the choice of LISREL.

Finally, LISREL is the oldest and—in the personal opinion of the author—the least user-friendly of the three software programs addressed here. Yet, it is probably the most powerful in terms of possible customization of the model. The model is not necessarily visualized graphically,

contrary to AMOS, but is written down in syntax, with a programming language unique to LISREL that one has to learn. Errors in the language code are usually not signaled correctly by the software, which makes them sometimes difficult to identify, and leads to the model crashing. Furthermore, LISREL does not run under SPSS like PROCESS and AMOS, but is a separate software, many of whose output files are not compatible with other software programs (though some can be opened in .txt). On the other hand, it offers a unique control over the model, allowing the user to intervene, fix values, or free restraints on the variance–covariance matrix of the measurement error terms ( $\Theta$ - $\delta$ ), the error matrix associated with Y-residuals ( $\Theta$ - $\epsilon$ ), the loadings for exogenous ( $\Lambda$ -X) and endogenous ( $\Lambda$ -Y) variables, the variance and covariance of exogenous latent variables ( $\Psi$ ), the covariances among endogenous disturbances ( $\Phi$ ), the causal path from exogenous to endogenous variables ( $\Gamma$ ), as well as among the other causal paths ( $\beta$ ). Many of these elements remain hidden from the sight of the user in other software programs. Clearly, the researcher has to intervene with the understanding of what one is doing. Else the risk for the researcher is to get lost in a string of numbers and exotic letters that resemble college fraternities, by imposing or releasing constraints in those matrixes for the mere purpose of getting a model fit, without considering the meaning of those changes.

Overall, as aforementioned, fortunately all these software programs lead to very similar results. On the other hand, it also means that if the hypothesized relationships do not exist, they will not be magically evoked by some software package. Similarly, if the hypothesized relationships do exist, they will usually emerge regardless of the software used (Clayton and Pett 2008; Byrne 2012; Hayes et al. 2017; Hayes 2018). Thus, in a nutshell, researchers should feel free to follow the software they like better, and reviewers should come to peace with analyses using a software different from the one they prefer or know, without methodological bigotry.

### 4.7.2 Data Analysis Techniques

More details about the modeling techniques in structural equation models are detailed in the Appendix, where the two samples are compared, and both the model and the method used are commented on. The following sections provide indications about the criteria followed for the treatment and measurement of the variables considered in the book.

### 4.7.3 Analysis of the Relationships Between the Variables

The relationships between the individual variables considered in the model will be examined looking at the structural coefficients and corresponding  $t$ -values in the analysis of correlation coefficients in order to perform two tasks:

1. Model evaluation
2. Comparison between the distribution channels

Model evaluation: the model related to the impact of hedonism and utilitarianism on the amount spent, perceived value, and intention to repurchase will be evaluated based on the estimation by LISREL. The literature now concurs in observing the following LISREL outputs:

1. The goodness of fit index (GFI and AGFI)
2. The estimated coefficients, with corresponding  $t$ -values
3. The chi-square and chi-square variations
4. The comparison between estimates and goodness of fit of possible alternative models for the considered constructs, when a series of structural parameters are forced to be null, and when instead they are left free to be estimated by LISREL

Comparison between the distribution channels: the comparison between the different distribution channels will be based on the following:

1. Descriptive statistics (means and variances)
2. The  $t$ -test
3. The comparison of model estimates for structural parameters when data from different channels are examined separately and when a series of structural parameters are imposed to be equal in the simultaneous comparison of multiple samples with LISREL (LISREL Stacked Model)

## 4.8 Method of Estimating the Structural Equation Model

The use of structural equation models has become increasingly common in the social and behavioral sciences, due to the advantages of this powerful investigative tool. However, this enthusiasm has sometimes led, unfortunately, to a misuse of the technique. One of the most problematic areas is the inability to meet the assumptions about the measurement scale and distribution of data underlying the calculation and estimation of structural models.

Indeed, the methods generally used for the estimation of structural equation models, for instance ML, take as basic assumptions that the variables are continuous and that data are multi-normally distributed. However, actual data often violate these assumptions: in disciplinary areas such as marketing, variables are often measured by ordinal categories (e.g. agree, don't know, disagree) rather than being continuous. Moreover, their distribution is generally significantly far from normal: in a study of over 400 large datasets, Micceri (1989) found that the vast majority of data collected in the social and behavioral sciences is not normally distributed at all, let alone multi-normally. At the same time, Breckler (1990) used structural equation models on a sample of 72 articles published in scientific journals, in which only 19% mention the normality hypothesis of the data and less than 10% take care to observe whether it has been respected. The verifications carried out by Keselman and Zumbo (1997) on 17 scientific journals in various fields led to the same conclusions: it is rarely verified that the assumptions underlying the

use of a statistical method are actually met, and non-robust methods are often used with respect to the violation of these assumptions (Hayduk 2016).

Based on these considerations, and subsequently on the analysis of pilot samples and actual samples conducted with PRELIS, the hypothesis of multi-normality in the data seems quite strong and unlikely. Sample analyses are detailed in Appendix B.

Since it is a very frequent condition that the data violate the normality hypothesis, which is usually fundamental to be able to correctly estimate the model, in more recent years several techniques have been developed to address and solve the problem. In this vein, a solution that has been suggested is to use weighted least squares (WLS) instead of ML (see e.g. Schumacker 2017; Kaplan 2008). If the normality hypothesis is heavily violated, as in the case of dichotomous or categorical variables, other studies further suggest using the polychoric correlation matrix instead of the Pearson correlation (Kaplan 2008). In fact, in using the Pearson correlation for noncontinuous variables there is a risk of obtaining correlations that do not exist, but derive from distortions related to the (often involuntary) “imposition” of continuity of the variables by the researcher. Again, it would be unwise to use ML to calculate the variance–covariance matrix or a Pearson correlation on mixed source data, that is to say, from both Likert scales and ordinal scales. In fact, this could lead to highly distorted parametric estimates and wrong values for residuals (Jöreskog and Sörbrom 2003).

Therefore, the use of ML should be avoided when variables are far from a normal distribution. In such situations it is in fact much better to use the typical (i.e. not polychoric) variance–covariance matrix, but to estimate the structural parameters with WLS, which has no a priori hypothesis on the data structure. However, the use of WLS requires a large sample, so that the asymptotic matrix of variances–covariances can be computed. More precisely, it is necessary to satisfy the following relationship between the number of variables present in the model and the number of observations used for its implementation:  $N > k(k + 1)/2$ , where  $N$  is the number of observations and  $k$  the number of items.

For each of the distribution channels considered, the sample is large enough to respect this proportion ( $N = 500$  and  $N = 250$ , respectively)

for which the method is applicable. Therefore, having used interval scales for data collection, WLS was used as the estimation technique and polychoric correlation instead of the Pearson correlation.

### 4.8.1 Analysis of Residuals

It is well known in statistics that the analysis of residuals is extremely important to evaluate the goodness of fit of a model. In fact, it can be very useful to closely observe the discrepancies between the true variances–covariances matrix  $\Sigma$  and the  $S$  variances–covariances matrix estimated by the model (Hayduk 1996). Sometimes the residuals can be reduced by including additional model paths (effects) in the model, but it is always necessary to observe how the adaptation of the model to the data varies. In other words, one should observe not only the value assumed by the chi-square as a result of the changes in the model, but also how this value varies: if reducing the distance between the estimated and observed covariances does not produce a significant improvement in the model fit, then it usually means that these residuals are neither statistically significant nor of particular relevance.

However, even residuals that are not significant can sometimes contain relevant information about specific relationships in the model. So, while even small residuals can diagnose problems in a path estimate, the presence of large residuals does not automatically imply that the model is poor. In this vein, a LISREL model allows for the identification of several issues that can contribute to the presence of large residuals, such as the absence of direct effects, the omission of a reciprocal effect, the omission of a common cause of multiple effects, and so on.

The analysis of residuals is the main tool for the diagnosis of results within (at least) generalized linear models. In fact, in addition to the comparison with the null model, the saturated model, and other alternative models placed in the continuum between one extreme and the other, the analysis of the residuals accompanies the other statistics in the evaluation of the goodness of fit of a model.

A first, more intuitive approach for model evaluation could be to resort to a graphical representation of the differences between observed and



estimated values, to compare them “by naked eye”. The principle guiding this choice is similar to the one leading to represent the regression line with respect to the scatter plot. This graphical representation can suggest the possibility of systematic trends, for instance suggest a parabolic trend in the residuals, to be then eventually more formally tested. In other words, in a good model the residuals should be minimized and randomly distributed around zero. Although the thresholds for assessing whether residuals are “large” or “small” are often arbitrary, in linear equation systems, these are generally placed at 0.005 and 0.008 for small residuals (Kaplan 2008).

#### 4.8.2 Criteria Based on Statistical Tests

Model evaluation criteria are mostly estimators of the total expected distance. Generally, the likelihood function is used to measure the distance of a particular model: it can be demonstrated that its use is related to the use of the Kullback–Leibler distance. This is one of the most widely used criteria and is the basis of the model selection criteria that have been developed within the theory of hypothesis verification. These are based on stepwise pairwise comparisons of alternative models: the idea is to compare the sample discrepancies of the two alternative models. However, it should be noted that the result may depend on the specific sample used to estimate the distance function. Therefore, it is necessary to add some procedure to test whether a certain distance is significant, that is to say, whether the results obtained based on a sample can be generalized to the totality of possible samples. Should it occur, for instance, that the difference is not significant, then the two models would be considered equivalent, and logic would suggest keeping the more parsimonious model.

In conclusion, by means of a statistical test it is possible to use the estimated discrepancies to obtain a rigorous procedure of choice between models, based on observations. The flaw of this procedure is that it requires a comparison between pairs of models and, therefore, in the presence of a large number of alternative models, choices regarding the comparison strategy are necessary: this is unlikely to lead to stable and unambiguous solutions. The following sections address the chi-square

(and the number of degrees of freedom) as it is a test typically employed for assessing the quality of a structural equation model.

### 4.8.3 Chi-Square

LISREL computes the value of the chi-square, the degrees of freedom, and its probability. Interpreting the value of chi-square must be done with the awareness of an implicit alternative hypothesis. Specifically, in creating the likelihood ratio, one is hypothesizing a model with a perfect fit whose Sigma matrix corresponds perfectly to the S-matrix. If one thinks of a model as a set of constraints related to the placement of coefficients, their value, and so on, then the “perfect” model can be seen as a “perfectly free” model, in which there is nothing to constrain, as nothing prevents the model from perfectly reproducing the observed variances–covariances matrix. In this perspective, one could ask whether the whole set of constraints present in the model gives a fit of the Sigma matrix significantly worse than the fit given by the completely unconstrained alternative model.

As for the degrees of freedom, they contain information that should not be overlooked. In fact, they represent in a certain sense the compactness of the model: they are calculated as the difference between the number of variances–covariances observed (the total number of unique entries in the matrix of covariances) and the total number of estimated coefficients in the model. A model that provides a perfect fit to the data would have coefficients that all provide a perfect estimate for each of the covariances. In other words, the total number of estimated coefficients in such a model would be equal to the total number of variances–covariances. It is by placing oneself in this perspective that one is allowed to understand why the degrees of freedom represent the degree of compactness of the model. If a model with a good fit has many degrees of freedom, this means that the model was able to duplicate the matrix of the observed variances–covariances more parsimoniously than by simply assigning a coefficient to each covariance. One should therefore try to have models with a high number of degrees of freedom (i.e. few estimated coefficients), because the higher the number of degrees of freedom, the more

parsimonious is the estimation of a matrix Sigma with an acceptable adaptation of the model to the data.

A particular characteristic of chi-square should be remembered which assumes relevance in the specific case of the present analysis, and that is its dependence on the sample size. In fact, with very large samples, even very small differences tend to be perceived with a certain sensitivity and to be identified as something more than a mere sample fluctuation. In other words, even small fluctuations will tend to be seen as significant when they are not. Large samples therefore tend to produce significant chi-squares not because the fit is worse, but because the differences receive more attention. This characteristic of chi-square has been known for a long time and various alternatives and remedies have been proposed, among which are those of Jöreskog and Sörbrom (2003) and Byrne (2010), to divide the value of chi-square by the number of degrees of freedom. The problem, however, has not been solved, but simply moved, as it was questioned when  $N$  should be considered large enough to justify the use of such tools. Several others (e.g. Yuan and Chan 2016; Cangur and Ercan 2015) have suggested that a chi-square three times the number of degrees of freedom is sufficient, suggesting a chi-square  $<3$  threshold.

As a consequence, the goodness of fit of a model should not be based on a single indicator, but rather different indicators should be simultaneously taken into account, considering the chi-square (or the chi-square divided by its degrees of freedom; Byrne 2010) as one pixel of a broader picture. The goodness of fit of a model emerges indirectly from the inevitably fragmented picture that each different index is able to provide, based on the elements it is able to capture. Moreover, finding a chi-square that is not significant does not confirm that the right model has been found, but simply indicates that the model and the coefficients are consistent with the observed variables, and that the model has passed the first in a long series of tests.

In short, the chi-square is typically used to assess the goodness of fit of a model to the data; however, it depends on the sample size, so that if the sample exceeds a certain critical size (NC) small differences between Sigma and  $S$  will be perceived as statistically significant even when they are not. The sample sizes on which the model estimation presented in this book are based are relatively large: 250 and 500 observations for the two

distribution channels, respectively. These values amply exceed the value of the critical threshold  $N_c$ , equal to about 100–120. Therefore, based on these considerations, it was decided not to rely on the chi-square values provided by LISREL for the model (selective distribution: chi-square = 275; d.f.95; intensive distribution: chi-square = 179; d.f.95), but rather on the ratio between chi-square and degrees of freedom (2.89 and 1.88 for selective and intensive distribution, respectively) (Hooper et al. 2008; Iacobucci 2010). Indeed, several studies nowadays agree that a simple, yet effective, rule of thumb for interpreting the chi-square statistic in structural equation models—despite its limit of being inflated by large sample size—is to simply compute the ratio between the chi-square and the degrees of freedom. Values below 3 are usually considered acceptable by marketing scholars (Byrne 2010; Hooper et al. 2008; Iacobucci 2010).

After having detailed the methodological consideration in this chapter, the book proceeds to Chaps. 5 and 6, which provide a detailed discussion based on the results found from the model estimation in selective (Chap. 5) and intensive (Chap. 6) distribution.

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# 5

## Hedonism and Utilitarianism in Intensive Distribution

**Abstract** Based on the methodological details provided in Chap. 4, this chapter tests the conceptual model and research hypotheses detailed in Chap. 3 within the context of intensive distribution. Accordingly, this chapter details the data collection process in intensive distribution, presenting the sample and addressing the scale's reliability. Finally, this chapter presents the results of the analysis in intensive distribution. Specifically, it first tests the main effects of age, gender, price consciousness, and frequency of purchase on shopping orientation by means of an analysis of variance. Then, it tests the effects of hedonic and utilitarian shopping orientation on consumers' perceived value, store loyalty, and purchase amount by estimating the structural equation model advanced in Chap. 4, and discusses the results in light of the hypotheses presented in Chap. 3.

**Keywords** Hedonism • Utilitarianism • Intensive distribution • ANOVA • Model estimation • Hypotheses testing

## 5.1 Introduction

As widely discussed in the first part of this book, literature is witnessing a gradual shift from an approach to the study of hedonism based on a single element that could potentially trigger hedonism (the product or the consumer) to models in which hedonism is seen as the interaction between consumers and products immersed in a specific distribution context. However, there are multiple cognitive gaps and contradictions in the extant literature. In particular, the role played by the distribution channel and the causal positioning of the various latent constructs are far from unambiguous and lack systematic empirical studies as well as a clear formulation of theoretical hypotheses. By implementing the structural equation model developed in Chap. 4, Chap. 5 addresses the main effects, interactions, and relationships among the considered variables within the domain of intensive distribution, to help filling those gaps.

## 5.2 Data Collection in Intensive Distribution

### 5.2.1 Interviews in Intensive Distribution

In accordance with the sampling design outlined in Chap. 4, consumers were interviewed in a natural context using a multi-item scale, based on Babin, Darden, and Griffin (1994) and Scarpi (2012) to measure five constructs: hedonism, utilitarianism, purchase amount, store loyalty, and perceived value. The scale items can be found in the Appendix.

The collaboration of the store management in the stores sampled for the collection of the respondents made it possible to follow the planned sampling design (see Chap. 4). As a result, consumers were interviewed inside the store as they were queuing up at the checkout: the choice of this specific moment probably explains the extremely low rejection rate for the interview (1.7% in intensive distribution), in line with previous studies adopting the same approach (e.g. Scarpi et al. 2014). A total of 500 consumers were interviewed, from whom a total of 478 usable interviews was obtained after eliminating those with (excessive) missing data.

The consumers interviewed were between 17 and 80 years (mean age 43 years, median 38), and 67% were women. The predominance of women over men is not the result of a bias in data collection but rather reflects the actual composition of customers observed in the stores during the two-month sample survey, reported by store managers, and summarized in reports for the fast-fashion industry (GS1-Nielsen 2019).

### 5.2.2 Considerations on Missing and Incomplete Answers in Intensive Distribution

The rejection rate for the interview was extremely low (1.7%), too low to suggest that there was a self-selection bias for which a specific group of consumers, possibly more eager to conclude purchases soon, refused to be interviewed. Furthermore, it was too low to induce changes in the outcome of the analysis, even assuming that the consumers who refused to be interviewed were all shopping with the same orientation. In addition, the percentage of consumers refusing the interview is too small to be able to significantly shift either the gender ratio in the sample or the age distribution. Finally, most consumers answered all questions in the questionnaire, and only 4.6% of the collected questionnaires had to be canceled because of incomplete answers. In fact, probably because of the timing chosen for conducting the interviews, consumers were very cooperative, as reported in previous studies that employed a similar methodology and timing for conducting the interviews (e.g. Scarpi et al. 2014).

## 5.3 The Final Scale in Intensive Distribution

Hedonism and Utilitarianism were measured using the shortened version of the scale by Babin, Darden, and Griffin (1994) as used in Scarpi (2012) and Pizzi et al. (2019). Perceived value was measured based on Wakefield and Barnes (1996), with the addition of an overall-value item. Purchase amount was measured as in Scarpi (2012), asking consumers how much they had spent, how many items they had bought, and the average expensiveness of those items compared to the average of the retailer's

assortment. Store loyalty was measured based on McMullan and Gilmore (2003) and Sirohi, McLaughlin, and Wittink (1998), price consciousness was measured with the scale by Ailawadi, Neslin, and Gedenk (2001), and frequency of purchased was measured as a single item ranging from 1 (very often) to 5 (very rarely). Cronbach's alpha for all scales shows acceptable values (all scales > 0.7) (Nunnally 1994).

A confirmatory factor analysis provides support for the convergent validity of the measures, with all factor loadings exceeding the recommended 0.6 threshold (Bagozzi and Yi 2012), the composite reliability (CR) and the average variance extracted (AVE) being greater than the recommended 0.7 and 0.5 thresholds, respectively (Fornell and Larcker 1981). Then, a test of discriminant validity was run comparing the AVE estimate for each construct with the squared correlation between any two constructs (Fornell and Larcker 1981). Given that the lowest AVE is larger than the highest squared correlation between any two variables, the discriminant validity of the constructs is established. The combination of these two tests ensures that the measurement model for the intensive distribution channel meets all relevant psychometric properties.

## 5.4 Results in Intensive Distribution

The analysis of variance can tell that the average of a variable is not the same on the different buying behavior but is unable to indicate where exactly the difference is. Therefore, it is necessary to resort to a few more procedures in order to be able to investigate whether the differences in the averages between the groups are statistically significant for each dependent variable considered separately: post hoc contrast tests may therefore also be useful. It is not the aim of this book to discuss the properties of the many methods that the literature makes available today. What might be useful to point out here is that this kind of preliminary test can be used to answer questions such as: If there emerges a positive link between two dependent variables (A, B) and the independent variable (C), which of the two links is stronger? A to C, or B to C? The results of the analysis of variance in intensive distribution show that only the frequency of purchase has a significant effect on shopping orientation, so

it was not necessary to conduct contrast tests and it does not seem necessary to dwell any further on these analysis procedures.

This section presents the results of the analysis of variance to examine the main effects of age, gender, and price consciousness on shopping orientation. These were used to test the H1 and H2 hypotheses. A multivariate analysis of variance (MANOVA) was run in SPSS, with age, gender, and price consciousness as fixed factors, and shopping orientation as the dependent variable.

H1 suggested that the gender and age of an individual have no effect on their level of hedonism/utilitarianism. Results from the analysis of variance show no significant relationship between gender, age, and purchasing behavior, supporting H1 (age:  $F = 0.30$ ,  $p > 0.05$ ; gender:  $F = 0.891$ ,  $p > 0.05$ ). These findings align with the evidence from previous studies (e.g. Brown et al. 2003; Pizzi et al. 2019) and support the notion that hedonism and utilitarianism are not the prerogative of some specific sociodemographic subgroups, but shared aspects of human behavior.

Hypothesis H2 suggested that price consciousness is not a predictor of shopping orientation. No differences in shopping orientation emerge in consumers with different levels of price consciousness, as no main effect of price consciousness emerges, so that hypothesis H2 is supported ( $F = 1.069$ ,  $p > 0.05$ ).

Hypothesis H3 suggested that consumers with different shopping orientations exhibit a different frequency of purchase, and in particular that consumers shopping in a hedonic way would display higher purchase frequency than those shopping in a utilitarian way. Results from a univariate analysis of variance (ANOVA) with shopping orientation as independent variable and purchase frequency as dependent variable reveals a significant main effect of frequency of purchase on shopping orientation ( $F = 6.702$ ,  $p < 0.01$ ), supporting H3a. Overall, consumers who shop hedonically have a significantly higher frequency of purchase than those who shop in a utilitarian way (2.40 vs. 1.94;  $p < 0.01$ ). Thus, on the one hand, price consciousness does not lead to different levels of hedonic and utilitarian shopping orientation; on the other hand, however, purchase frequency is higher for hedonism than utilitarianism.

These analyses of variance served to provide an initial analysis of the relationship between four variables (age, gender, price awareness, frequency of purchase) and shopping orientation, the latter being treated as a dichotomous variable (0 = utilitarianism; 1 = hedonism) depending on the prevailing orientation, following the same methodology as in Scarpi et al. (2014) and Pizzi et al. (2019). While the previous discussion pertains to the main effects, the interaction effects were then examined in a  $5 \times 5 \times 2$  factorial design (5 levels for price awareness, 5 levels for frequency of purchase, 2 levels for gender). In other words, does the same overall difference between levels of price awareness apply to frequent buyers and consumers who buy rarely? Given that positive or negative answers to the question about the existence of interaction effects would affect communication and sales channel management strategies, it is meaningful to examine their existence.

The analysis of the interactions effect shows no statistically significant interaction in the intensive distribution channel. Specifically, no interaction emerged between gender and price consciousness ( $F = 1.08$ ,  $p > 0.10$ ), gender and purchase frequency ( $F = 0.92$ ,  $p > 0.10$ ), or price consciousness and purchase frequency ( $F = 0.97$ ,  $p > 0.10$ ). Finally, no significant three-way interaction emerged among gender, price consciousness, and purchase frequency ( $F = 0.38$ ,  $p > 0.10$ ). The managerial implications of this result will be discussed in Chap. 8, alongside the other managerial consequences, and not further discussed here, as no specific hypotheses were formulated for interaction effects.

The structural equation model introduced in Chap. 4 served in verifying hypotheses H4–H7. The literature is unanimous on which outputs to consider when estimating structural models: with GFI equal to 0.98, AGFI = 0.98, NFI = 0.97, NNFI = 0.98, RMR residues of 0.05, and RMSEA = 0.04, the model is suitable for the standards (Hayduk 1996; Kaplan 2008). The results of the model estimation are graphically represented in Fig. 5.1. For more details about the model estimation and the LISREL syntax commands, refer to the Appendix.

Hypothesis H4 suggested that both utilitarianism and hedonism have a positive impact on store loyalty, but that the latter is determined more by perceived value than by shopping orientation. In turn, H5 suggested that both hedonism and utilitarianism have a positive impact on

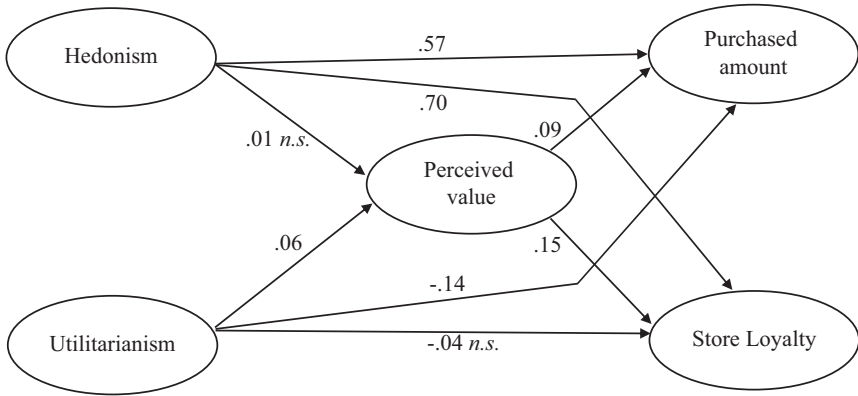


Fig. 5.1 Structural equation model for intensive distribution

perceived value, but that the direct effect of shopping orientation on store loyalty and on purchase amount is stronger than the impact mediated by perceived value.

The findings confirm the positive relationship between perceived value and store loyalty (effect = 0.15,  $p < 0.05$ ). The relationship between perceived value and store loyalty, however, is not as high as the direct impact of hedonic shopping orientation on store loyalty (effect = 0.70,  $p < 0.001$ ). Instead, no effect was found for utilitarianism, which shows instead an impact on store loyalty not significantly different from zero (effect =  $-0.04$ , n.s.). Thus, while H4a is supported, H4b is rejected. Such evidence supports the idea that consumers might use, through several shopping trips, a store they feel is able to satisfy their need for hedonic stimulation (see Scarpi 2012 for a review). Instead, shopping in a utilitarian way does not lead to the development of feelings of loyalty. Finally, even though perceived value has a positive impact on store loyalty, the latter is predominantly determined by hedonism (effect = 0.70 vs. 0.15,  $p < 0.001$ ). Hypothesis H4c is therefore rejected: hedonism, rather than perceived value, emerges as the main driver of store loyalty. Formally, perceived value emerges as a partial mediator of the relationship between hedonism and store loyalty, and as a full mediator of the relationship between utilitarianism and store loyalty. On the other hand, this evidence adds value to the model presented in Fig. 5.1, as previous studies often investigate

the effect of value on store loyalty, neglecting whether the source of value perceptions was closer to consumers' hedonic or utilitarian shopping orientation. As the model's findings show, such distinction matters. While both shopping orientations positively impact value, as will be discussed in the next heading, their direct impact on loyalty significantly differs.

Hypothesis H5 postulated that—although both hedonic and utilitarian shopping orientation have a positive impact on perceived value (H5a and H5b)—their direct effects on store loyalty and on the amount purchased were stronger than the effect mediated through perceived value. Regarding H5a and H5b, results do not confirm a significant structural path between hedonism and perceived value (effect = 0.01,  $p > 0.10$ ), but between utilitarianism and perceived value (effect = 0.06,  $p < 0.05$ ). These relationships support H5b but not H5a. The findings highlight also that hedonism has a stronger impact on purchase amount (H5c) and store loyalty (H5d) than on perceived value. A comparison of the parametric estimates for the effects of hedonism (effect = 0.57 on purchase amount; effect = 0.70 on store loyalty) and those of perceived value (effect = 0.09 on purchase amount; effect = 0.15 on store loyalty) shows a significant difference at the  $p < 0.001$  level. Therefore, H5c and H5d are accepted: the direct effect of hedonic shopping orientation on store loyalty and on the amount purchased is stronger than the effect mediated through perceived value.

When looking instead at utilitarianism, the parametric estimates for its direct effects are  $-0.04$  on store loyalty and  $-0.14$  on purchased amount. A comparison of the parametric estimates for the effects of utilitarianism on store loyalty and purchase amount and those of perceived value shows a significant difference at the  $p < 0.001$  level, with perceived value exerting stronger effects. Hypotheses H5e and H5f are therefore rejected: the direct effects of utilitarian shopping orientation on store loyalty and on the amount purchased are weaker than the effects mediated through perceived value. Overall, these findings show that hedonism and utilitarianism operate quite differently on store loyalty and purchase amount in the intensive distribution channel.

Moreover, although the structural relationship between utilitarianism and perceived value is statistically significant and low (effect = 0.06,  $p < 0.05$ ), the relationship between hedonism and perceived value is even



lower and not significantly different from zero (effect = 0.01,  $p > 0.10$ ). This highlights how, in intensive distribution, the hedonic component is ineffective in defining consumers' perceived value, contrary to utilitarianism. This finding makes sense in light of the typical features and positioning of the intensive distribution channel. Results are also in line with previous findings that in intensive distribution the perceived value is not much impacted by shopping orientation but rather by a plethora of other, stronger drivers (e.g. Dion and Arnould 2011; Colucci and Scarpi 2013).

Hypothesis H6 suggested that hedonic shopping orientation has a greater impact on purchase amount than utilitarian shopping orientation. The findings show that the path between utilitarianism and purchase amount displays a lower absolute value than the effect of hedonism, and is of opposite sign: the impact of utilitarianism is negative, while hedonism has a positive effect. Thus, the two shopping orientations lead to different effects, in terms of relevance and direction (effect = 0.57,  $p < 0.001$  for hedonism vs. effect =  $-0.14$ ,  $p < 0.05$  for utilitarianism). Hypothesis H6 is therefore confirmed: hedonic shopping orientation has a larger impact than utilitarian shopping orientation on purchase amount. This finding provides further empirical support to literature suggesting that consumers adopting a hedonic shopping orientation are more inclined to explore and try new products, and to make unplanned purchases, driven by their curiosity for something new and different. On the contrary, consumers who adopt a utilitarian shopping orientation are less likely to continue shopping once they find what they were looking for (see e.g. Pizzi et al. 2019). This result also positively aligns with studies that suggested how intensive distribution can trigger deal-hunting (and therefore assortment exploration) and impulsive behavior (Bhatti and Latif 2014; Asrinta 2018).

Finally, as anticipated in the previous chapters, the present book addresses buying behavior and not only shopping in general, as the act of shopping does not necessarily imply purchasing. Accordingly, only consumers who bought at least one item of clothing were interviewed. Consumers who perceived a low level of value are those who, in all likelihood, did not purchase anything and are therefore excluded from this analysis. This might explain why all subjects in the sample declare having perceived a medium-high level of value; it also explains why the

**Table 5.1** Disaggregated estimate for the purchased amount in intensive distribution

Structural path	Purchase amount
Hedonism—number of items	0.63
Hedonism—money spent	0.98
Hedonism—items expensiveness	0.58
Utilitarianism—number of items	-0.11
Utilitarianism—money spent	-0.01 n.s.
Utilitarianism—expensiveness	-0.15

relationship between perceived value and purchase amount is positive, but not particularly strong (effect 0.09,  $p < 0.05$ ). The structural equation path suggests that a customer who buys perceives positive value, but value alone can neither explain nor predict how much will be bought or how much will be spent. More detailed considerations emerge when conducting separate examinations of the direct effects of hedonism and utilitarianism, as addressed by hypothesis H7.

In order to test hypothesis H7, the purchase amount construct was split into its subcomponents, so as to allow more in-depth understanding of the relationship between this construct and shopping orientation. Parametric estimates for individual components of the purchase amount construct are reported in Table 5.1.

Hypothesis H7 suggested that hedonism has a greater impact on the amount of purchased goods and that utilitarianism has a greater impact on the amount of money spent. The findings support the effect hypothesized regarding hedonism, supporting H7a. Instead, utilitarian shopping orientation has no significant impact on the amount of money spent, so that H7b is rejected.

Moreover, the examination of the estimates shows that hedonism has a strong effect on all elements that constitute purchase amount, while utilitarianism has a significant effect only on two out of three of them (number of items; items expensiveness), and much less than hedonism (0.63 vs. -0.11,  $p < 0.001$  for the number of items; 0.58 vs. -0.15  $p < 0.001$  for item expensiveness). Accordingly, the relationship between hedonic shopping orientation and purchase amount is stronger than the relationship between utilitarian shopping orientation and purchase amount in all of its components: number of purchased items, amount of money spent,

and expensiveness of the purchased items. The relationship is particularly strong with the amount of money spent and the number of purchased items. This pattern can be easily explained in light of the consideration that hedonic shopping orientation is associated with a greater tendency to impulse buying and unplanned purchases (Babin et al. 1994; Scarpi 2012). While hedonic shopping orientation can more easily lead to impulse buying, a consumer behaving in a utilitarian way tends to buy only the specific product that made them go to the store in the first place. Overall, this evidence corroborates that the utilitarian concept of a “good purchase” refers to buying just the item one was looking for, as the average expensiveness of the purchased items is also lower under a utilitarian than a hedonic shopping orientation.

In summary, the combined evidence from the model suggests that consumers adopting a utilitarian shopping orientation are more likely to look for another store, experience a lower sense of personal connection with the purchase environment in which they are immersed, and tend to spend less. These parametric estimates therefore lead to defining this type of consumers as those who pay attention to advert brochures and prices in shop windows, and are prepared to change stores if they find better prices elsewhere. Customers of this category try to spend as little as possible and are not prepared to commit to returning to the same store. These points will be fully developed in Chap. 8. Overall the parametric estimates highlight that hedonism and utilitarianism are not two symmetrical constructs or two extremes of a continuum: they operate in very different ways, but they are not one another’s opposite.

As for H8, it postulated that in the intensive distribution channel, utilitarian shopping orientation prevails over hedonic shopping orientation. Simple descriptive statistics were used to test H8. Specifically, the average response was calculated that each respondent gave to the items measuring hedonism and utilitarianism, so as to obtain a sole indicator of individual shopping orientation. Results show that 208 customers shopped with a prevailing hedonic orientation and 270 with a prevailing utilitarian orientation. It is worth noticing that although H8 suggested that in intensive distribution utilitarianism prevails over hedonism, it did not speculate that utilitarianism was the only type of existing behavior. In line with the results from the factor analysis about the dimensionality of

the two constructs, where hedonism and utilitarianism emerged as two distinct factors, hedonic and utilitarian shopping orientations are not mutually exclusive, and can coexist. Such results are in line with those of previous studies on different sales channels and different product categories (see e.g. Griffin et al. 2000; Scarpi 2012). The results show that in purchasing apparel in intensive distribution both hedonic and utilitarian shopping orientations are present. Some consumers, but not all, feature high utilitarianism when shopping, are goal-oriented, task-driven, and look for a specific product. High scores on the hedonic side, instead, characterize other consumers, who are driven by fun, escapism, and fantasizing, even in intensive distribution. This result can be explained by considering other aspects of intensive distribution which were not considered in the formulation of the hypothesis. A characteristic of intensive distribution is in fact the great variety of choices available, in terms of both assortment depth and breadth. The results suggest that this variety can trigger a certain level of hedonism in shopping, as it stimulates curiosity and exploration. A further explanation of this result comes from considerations of the specific product category considered in the analysis; fast fashion is a product category that previous literature found capable of evoking both kinds of shopping orientations, as on the one hand it serves the purpose of covering and dressing, and on the other hand it allows for self-expression and indulgence (Colucci and Scarpi 2013; Pham et al. 2018; McNeill and Snowdon 2019).

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# 6

## Hedonism and Utilitarianism in Selective Distribution

**Abstract** Based on the methodological details provided in Chap. 4, this chapter tests the conceptual model and research hypotheses detailed in Chap. 3 within the context of selective distribution. Accordingly, this chapter details the data collection process in selective distribution, presenting the sample and addressing the scale's reliability. Finally, this chapter presents the results of the analysis in selective distribution. Specifically, it first tests the main effects of age, gender, price consciousness, and frequency of purchase on shopping orientation by means of an analysis of variance. Then, it tests the effects of hedonic and utilitarian shopping orientation on consumers' perceived value, store loyalty, and purchase amount by estimating the structural equation model advanced in Chap. 4, and discusses the results in light of the hypotheses presented in Chap. 3.

**Keywords** Hedonism • Utilitarianism • Selective distribution • ANOVA • Model estimation • Hypotheses testing

## 6.1 Introduction

This chapter tests the hypotheses formulated in Chap. 3, applies them to selective distribution, and deploys the data analysis methods presented in Chap. 4. This chapter is therefore structured along the same lines of the previous one, where the hypotheses were tested for intensive distribution.

The following paragraphs provide detailed information on data collection and analysis methods discussed in Chaps. 3 and 4, by applying them specifically to selective distribution, before presenting the results.

## 6.2 Data Collection in Selective Distribution

### 6.2.1 Interviews in Selective Distribution

The retailers in selective distribution were very supportive, as in the mass-market retail context, and allowed pursuing the analysis as planned. The survey, in fact, was distributed to consumers inside retail stores when they were about to approach the tills, or while they were already queuing, after choosing which products to buy. Interviewer and interviewee did not interact before the interview.

Data collection occurred in retail stores of the selective distribution channel for fast fashion (Euromonitor 2019; Fashion Report 2019). These brands build their image by adopting specific positioning, store atmosphere, and layout (such as a historic building or a big shopping mall), through carefully designed and fashionably furnished spaces, and through investments in personnel selection and training. However, these stores cannot be considered boutiques or haute couture proper, such as Armani or Versace (a similar distinction has been highlighted since the 1980s, see e.g. Bloch et al. 1986, and proposed again in Scarpi et al. 2014).

As planned, the analysis defined a sample of 250 consumers, in the age range of 19–71 (mean age 41.2; median 39); 68% were women. This percentage reflects the actual customer population in the retail stores in question as per Nielsen data. As in the case of intensive distribution, for



selective distribution too surveys were conducted at different times of the day (morning, afternoon, and evening) and on different days (working days, holidays) so as to avoid biases due to particular time slots and to ensure greater representativeness of the sample.

### **6.2.2 Considerations on No-Responses and Incomplete Answers in Selective Distribution**

As in the case of intensive distribution, for selective distribution the percentage of refusals to be interviewed was extremely low (2%). This percentage is too low to suggest that a selection bias might have led utilitarian consumers—who might be more inclined to conclude their shopping quickly—to refuse being interviewed. This score is significantly too low to surmise that results might change if there had not been any no-responses, even assuming that all consumers who refused to be interviewed might have had an extremely utilitarian behavior. The rate of non-interviewed consumers can significantly shift neither the gender ratio nor the age distribution.

Choosing to conduct the survey when consumers were queueing at the cashiers proved particularly fruitful in lowering the rate of no-responses, and interviewing all customers, as in Scarpi et al. (2014).

## **6.3 Final Scale for Selective Distribution**

The scale used to conduct the interviews is the same as that used for intensive distribution. Specifically, hedonism and utilitarianism were measured using the shortened version of the scale by Babin, Darden, and Griffin (1994) as used in Scarpi (2012) and Pizzi et al. (2019). Perceived value was measured based on Wakefield and Barnes (1996), with the addition of an overall-value item. Purchase amount was measured as in Scarpi (2012), asking consumers how much they had spent, how many items they had bought, and the average expensiveness of those items compared to the average of the retailer's assortment. Store loyalty was

measured based on McMullan and Gilmore (2003) and Sirohi, McLaughlin, and Wittink (1998), price consciousness was measured with the scale by Ailawadi, Neslin, and Gedenk (2001), and frequency of purchased was measured as a single item ranging from 1 (very often) to 5 (very rarely). Cronbach's alpha for all scales shows acceptable values in selective distribution as well (all scales > 0.7) (Nunnally 1994).

A confirmatory factor analysis provides support for the convergent validity of the measures, with all factor loadings exceeding the recommended 0.6 threshold (Bagozzi and Yi 2012), the composite reliability (CR) and the average variance extracted (AVE) being greater than the recommended 0.7 and 0.5 thresholds, respectively (Fornell and Larcker 1981). Then, a test of discriminant validity was run comparing the AVE estimate for each construct with the squared correlation between any two constructs (Fornell and Larcker 1981). Given that the lowest AVE is larger than the highest squared correlation between any two variables, the discriminant validity of the constructs is established. The combination of these two tests ensures that the measurement model for the selective distribution channel meets all relevant psychometric properties.

## 6.4 Results in Selective Distribution

The analysis of variance can tell that the average of a variable is not the same on the different buying behavior but is unable to indicate where exactly the difference lies. Therefore, it is necessary to resort to a few more procedures in order to be able to investigate whether the differences in the averages between the groups are statistically significant for each dependent variable considered separately: post hoc contrast tests may therefore also be useful. It is not the aim of this book to discuss the properties of the many methods that the literature makes available today. What might be useful to point out here is that this kind of preliminary test can be used to answer questions such as: If there emerges a positive link between two dependent variables (A, B) and the independent variable (C), which of the two links is stronger?  $A \leftrightarrow C$  or  $B \leftrightarrow C$ ? The results of the analysis of variance in intensive distribution show that only the frequency of purchase has a significant effect on shopping orientation, so

it was not necessary to conduct contrast tests and it does not seem necessary to dwell any further on these analysis procedures.

This section presents the univariate results of the analysis of variance to examine the main effects of age, gender, and price consciousness on shopping orientation. These were used to test hypotheses H1 and H2. A multivariate analysis of variance (MANOVA) was run in SPSS, with age, gender, and price consciousness as fixed factors, and shopping orientation as dependent variable.

Hypothesis H1 suggested that the gender and age of an individual have no effect on their level of hedonism/utilitarianism. Results from the analysis of variance show no significant relationship between gender, age, and purchasing behavior, supporting H1 (age:  $F = 0.05$ ,  $p > 0.05$ ; gender:  $F = 0.742$ ,  $p > 0.05$ ). These findings align with the evidence from previous studies (e.g. Brown et al. 2003; Pizzi et al. 2019) and support the notion that hedonism and utilitarianism are not the prerogative of some specific sociodemographic subgroups, but shared aspects of human behavior.

Hypothesis H2 suggested that price consciousness is not a predictor of shopping orientation. No differences in shopping orientation emerge in consumers with different levels of price consciousness, as no main effect of price consciousness emerges, so that hypothesis H2 is supported ( $F = 1.372$ ,  $p > 0.05$ ).

Hypothesis H3 suggested that consumers with different shopping orientations exhibit a different frequency of purchase, and in particular that consumers shopping in a hedonic way would display a higher purchase frequency than those shopping in a utilitarian way. Results from a univariate analysis of variance (ANOVA) with shopping orientation as independent variable and purchase frequency as dependent variable reveal a significant main effect of frequency of purchase on shopping orientation ( $F = 2.784$ ,  $p < 0.01$ ), supporting H3a. Overall, consumers who shop hedonically have a significantly higher frequency of purchase than those who shop in a utilitarian way (1.67 vs. 1.37;  $F = 7.31$ ;  $p < 0.01$ ). Thus, on the one hand, price consciousness does not lead to different levels of hedonic and utilitarian shopping orientation; on the other hand, however, purchase frequency is higher for hedonism than for utilitarianism.

These analyses of variance served to provide an initial analysis of the relationship between four variables (age, gender, price consciousness, frequency of purchase) and shopping orientation, the latter being treated as a dichotomous variable (0 = utilitarianism; 1 = hedonism) depending on the prevailing orientation, following the same methodology as in Scarpi et al. (2014) and Pizzi et al. (2019). While the previous discussion pertains to the main effects, the interaction effects were then examined in a  $5 \times 5 \times 2$  factorial design (5 levels for price consciousness, 5 levels for frequency of purchase, 2 levels for gender). In other words, does the same overall difference between levels of price consciousness apply to frequent buyers and consumers who buy rarely? Given that positive or negative answers to the question about the existence of interaction effects would affect communication and sales channel management strategies, it is meaningful to examine their existence.

The analysis of the interactions effect shows no statistically significant interaction in selected distribution. Specifically, no interaction emerged between gender and price consciousness ( $F = 0.31, p > 0.10$ ), gender and purchase frequency ( $F = 0.33, p > 0.10$ ), or price consciousness and purchase frequency ( $F = 1.50, p > 0.10$ ). Finally, no significant three-way interaction emerged among gender, price consciousness, and purchase frequency ( $F = 0.55, p > 0.10$ ). The managerial implications of the lack of interactions effects will be discussed in Chap. 8, alongside the other managerial consequences, and not further discussed here, as no specific hypotheses were formulated for interaction effects.

The structural equation model presented in Chap. 4 served to verify hypotheses H4–H7. The literature is unanimous on which outputs to consider when estimating structural models: with GFI = 0.98, NFI = 0.98, NNFI = 0.88, AGFI = 0.97, and RMSEA = 0.07, this model complies with standards (Hayduk 1996; Kaplan 2008). Results of the model estimation are graphically represented in Fig. 6.1. For more details about the model estimation and the LISREL syntax commands, refer to the Appendix.

Hypothesis H4 suggested that both utilitarianism and hedonism have a positive impact on store loyalty, but that the latter is determined more by perceived value than by shopping orientation. In turn, H5 suggested that both hedonism and utilitarianism have a positive impact on

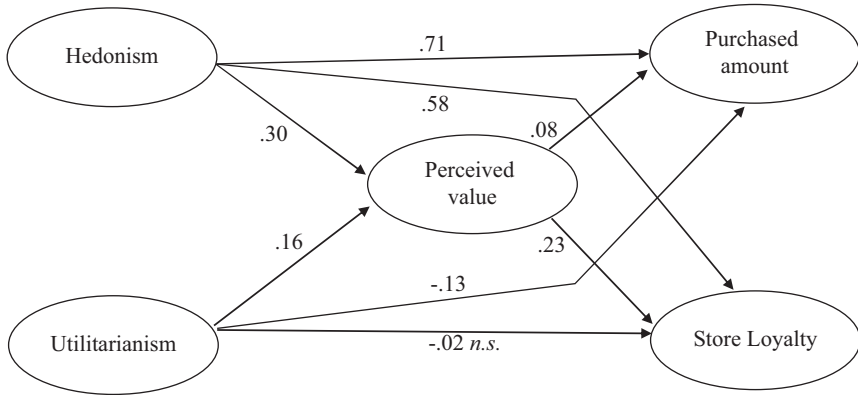


Fig. 6.1 Structural equation model for selective distribution

perceived value, but that the direct effect of shopping orientation on store loyalty and on purchase amount is stronger than the impact mediated by perceived value.

The findings confirm the positive relationship between perceived value and store loyalty (effect = 0.23,  $p < 0.05$ ). The relationship between perceived value and store loyalty, however, is not as high as the direct impact of hedonic shopping orientation on store loyalty (effect = 0.58,  $p < 0.001$ ). Instead, no effect was found for utilitarianism, which shows instead an impact on store loyalty not significantly different from zero (effect =  $-0.02$ , n.s.). Thus, while H4a is supported, H4b is rejected. Such evidence supports the idea that consumers might use, through several shopping trips, a store they feel is able to satisfy their need for hedonic stimulation (see Scarpi 2012 for a review). Instead, shopping in a utilitarian way does not lead to the development of feelings of loyalty. Finally, even though perceived value has a positive impact on store loyalty, the latter is predominantly determined by hedonism (effect = 0.58 vs. 0.23,  $p < 0.001$ ). Hypothesis H4c is therefore rejected: hedonism, rather than perceived value, emerges as the main driver of store loyalty. Formally, perceived value emerges as a partial mediator of the relationship between hedonism and store loyalty, and as a full mediator of the relationship between utilitarianism and store loyalty. On the other hand, this evidence adds value to the model presented in Fig. 6.1, as previous studies often investigate

the effect of value on store loyalty, neglecting whether the source of value perceptions was closer to consumers' hedonic or utilitarian shopping orientation. As the model's findings show, such distinction matters. While both shopping orientations positively impact value, as will be discussed in the next section, their direct impact on loyalty significantly differs.

Hypothesis H5 postulated that although both hedonic and utilitarian shopping orientations have a positive impact on perceived value (H5a and H5b), their direct effects on store loyalty and on the amount purchased were stronger than the effect mediated through perceived value. Regarding H5a and H5b, results confirm a significant structural path between hedonism and perceived value (effect = 0.30,  $p < 0.05$ ), as well as between utilitarianism and perceived value (effect = 0.16,  $p < 0.05$ ). This result aligns with theoretical propositions by Griffin et al. (2000) and Pizzi et al. (2019) and supports both H5a and H5b. The findings also highlight that hedonism has a stronger impact on purchase amount and store loyalty than perceived value. A comparison of the parametric estimates for the effects of hedonism (effect = 0.71 on purchase amount; effect = 0.58 on store loyalty) and those of perceived value (effect = 0.08 on purchase amount; effect = 0.23 on store loyalty) shows a significant difference at the  $p < 0.001$  level. Therefore, H5c and H5d are supported: the direct effect of hedonic shopping orientation on store loyalty and on the amount purchased is stronger than the effect mediated through perceived value.

When looking instead at utilitarianism, the parametric estimates for its direct effects are not significant on store loyalty (effect =  $-0.02$ ,  $p > 0.10$ ) and negative on purchased amount (effect =  $-0.13$ ,  $p < 0.05$ ). A comparison of the parametric estimates for the effects of utilitarianism on store loyalty and purchase amount and those of perceived value show a significant difference at the  $p < 0.001$  level, with perceived value exerting stronger effects. Hypotheses H5e and H5f are therefore rejected: the direct effects of utilitarian shopping orientation on store loyalty (H5e) and on the amount purchased (H5f) are weaker than the effects mediated through perceived value. Overall, these findings show that hedonism and utilitarianism operate quite differently on store loyalty and purchase amount in the selective distribution channel.

Moreover, although the structural relationship between utilitarianism and perceived value is relatively high and statistically significant (effect = 0.16,  $p < 0.05$ ), it is not as strong as the relationship between hedonism and perceived value (effect = 0.30,  $p < 0.05$ ). This highlights how, in selective distribution, the hedonic component is the strongest element to define consumers' perceived value, a finding that makes sense in light of the typical features and positioning of the selective distribution channel. Results are also in line with mainstream literature that envisions apparel in selective stores as the archetype of hedonism in shopping (e.g. Miller 2013; Colucci and Scarpi 2013; Rahman et al. 2016). Considerations on the store atmosphere typically associated to the sales channel examined here also contribute to explaining this result. Selective distribution is particularly suited to induce the consumer to adopt a specific purchasing orientation, in that it typically speaks to a more selected and reduced target group (Turley and Milliman 2000; Rahman et al. 2016). In sum, the findings highlight that hedonism is more strongly present than utilitarianism, and has more leverage in defining perceived value for the consumer.

Hypothesis H6 suggested that hedonic shopping orientation has a greater impact on purchase amount than utilitarian shopping orientation. The findings show that the path between utilitarianism and purchase amount displays a lower absolute value than the effect of hedonism, and is of opposite sign: the impact of utilitarianism is negative, while hedonism has a positive effect. Thus, the two shopping orientations lead to different effects, in terms of relevance and direction (effect = 0.71,  $p < 0.05$  for hedonism vs. effect =  $-0.13$ ,  $p < 0.05$  for utilitarianism). Hypothesis H6 is therefore supported: hedonic shopping orientation has a larger impact than utilitarian shopping orientation on purchase amount. This finding provides further empirical support to the literature suggesting that consumers adopting a hedonic shopping orientation are more inclined to explore and try new products, and to make unplanned purchases, driven by their curiosity for something new and different. On the contrary, consumers who adopt a utilitarian shopping orientation are less likely to continue shopping once they find what they were looking for (see e.g. Pizzi et al. 2019).

Finally, as anticipated in the previous chapter, the present book addresses buying behavior and not only shopping in general, as the act of shopping does not necessarily imply purchasing. Accordingly, only consumers who bought at least one item of clothing were interviewed. Consumers who perceived a low level of value are those who, in all likelihood, did not purchase anything and are therefore excluded from this book. This might explain why all subjects in the sample declare having perceived a medium–high level of value; it also explains why the relationship between perceived value and purchase amount is positive, but not statistically significant (effect 0.04, *n.s.*). The structural equation path suggests that a customer who buys perceives positive value, but value alone can neither explain nor predict how much will be bought or how much will be spent. More detailed considerations emerge when conducting separate examinations of the direct effects of hedonism and utilitarianism, as addressed by hypothesis H7.

In order to test hypothesis H7, the purchase amount construct was split into its subcomponents, so as to allow more in-depth understanding of the relationship between this construct and shopping orientation. Parametric estimates for individual components of the purchase amount construct are reported in Table 6.1.

Hypothesis H7 suggested that hedonism has a greater impact on the amount of purchased goods, and that utilitarianism has a greater impact on the amount of money spent. The findings support the effect hypothesized regarding hedonism, supporting H7a. Instead, utilitarian shopping orientation has a weaker impact than hedonic shopping orientation on the amount of money that is spent, so that H7b is rejected.

**Table 6.1** Disaggregated estimates for purchase amount in selective distribution

Structural path	Purchase amount
Hedonism—number of items	0.66
Hedonism—money spent	0.91
Hedonism—item expensiveness	0.74
Utilitarianism—number of items	0.04 <i>n.s.</i>
Utilitarianism—money spent	0.20
Utilitarianism—expensiveness	0.12 <i>n.s.</i>



Moreover, the examination of the estimates shows that hedonism has a strong effect on all elements that constitute purchase amount, while utilitarianism has a significant effect only on one of them (money spent), and much less than hedonism (0.91 vs. 0.20,  $p < 0.001$ ). Accordingly, the relationship between hedonic shopping orientation and purchase amount is stronger than the relationship between utilitarian shopping orientation and purchase amount in all of its components: number of purchased items (0.66 vs. 0.04,  $p < 0.001$ ), amount of money spent (0.91 vs. 0.20,  $p < 0.001$ ), and expensiveness of the purchased items (0.74 vs. 0.12,  $p < 0.001$ ). The relationship is particularly strong with the amount of money spent and the number of purchased items. This pattern can be easily explained in light of the consideration that hedonic shopping orientation is associated with a greater tendency to impulse buying and unplanned purchases (Babin et al. 1994; Scarpi 2012). While hedonic shopping orientation can more easily lead to impulse buying, a consumer behaving in a utilitarian way tends to buy only the specific product that made him or her go to the store in the first place. Overall, this evidence corroborates that the utilitarian concept of a “good purchase” refers to money saving, as the average expensiveness of the purchased items is also lower under a utilitarian than under a hedonic shopping orientation.

In summary, the combined evidence from the model suggests that consumers adopting a utilitarian shopping orientation are more likely to look for another store, experience a lower sense of personal connection with the purchase environment in which they are immersed, and tend to spend less. These parametric estimates therefore lead to defining this type of consumers as those who pay attention to advert brochures and prices in shop windows, and are prepared to change stores if they find better prices elsewhere. Customers of this category try to spend as little as possible and are not prepared to commit to returning to the same store. These points will be developed in Chap. 8. Overall the parametric estimates highlight that hedonism and utilitarianism are not two symmetrical constructs or two extremes of a continuum: they operate in very different ways, but they are not one another’s opposite.

As for H8, it postulated that in the selected distribution channel, hedonic shopping orientation prevails over utilitarian shopping orientation. Simple descriptive statistics were used to test H8. Specifically, the

average response was calculated that each respondent gave to the items measuring hedonism and utilitarianism, so as to obtain a sole indicator of individual shopping orientation. Results show that 160 customers shopped with a prevailing hedonic orientation and 90 with a prevailing utilitarian orientation, supporting H8. It is worth noticing that although H8a suggested that, in selective distribution, hedonism prevails over utilitarianism, it did not speculate that hedonism was the only type of existing behavior. In line with the results from the factor analysis about the dimensionality of the two constructs, where hedonism and utilitarianism emerged as two distinct factors, hedonic and utilitarian shopping orientations are not mutually exclusive, and can coexist. Such results are in line with those of previous studies on different sales channels and different product categories (see e.g. Griffin et al. 2000; Scarpi 2012). The results show that in purchasing apparel in selective distribution both hedonic and utilitarian shopping orientations are present. Some consumers, but not all, feature high hedonism when shopping and experience pleasure and fun while doing it. High scores on the utilitarian side, instead, characterize other consumers who are driven by a specific goal and who see shopping as a sort of chore to be completed quickly and efficiently, even in the fast-fashion industry.

Results from H8 lead to the conclusion that, in selective distribution, hedonism is more present than utilitarianism. At the same time, utilitarian behavior is too relevant to be interpreted as a mere sampling fluctuation: utilitarianism might also stem from the fact that the selective distribution stores offer a targeted product range and often have more skilled sales staff, with higher expertise in the product than their counterpart in intensive distribution. These aspects might lead to utilitarian responses from consumers as they might help them in finding the product they are searching for rapidly and easily. To conclude, even though the findings show a clear prevalence of hedonic shopping orientation, supporting H8a, both orientations show a significant presence in selective distribution and have therefore to be accounted for by practitioners.

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# 7

## Comparison of the Distribution Channels

**Abstract** While Chap. 5 presented the results for intensive distribution and Chap. 6 presented the results for selective distribution, Chap. 7 compares the two distribution channels, addressing those hypotheses advanced in Chap. 3 that pertain to the comparison of the two channels. Specifically, it first compares the relationships among age, gender, price consciousness, and frequency of purchase and shopping orientation across distribution channels, by means of an analysis of variance. Then, using the LISREL stacked group procedure for the comparison of multiple groups, the chapter runs a simultaneous analysis of the same model on the intensive distribution and selective distribution samples, comparing the structural equation estimates for hedonism, utilitarianism, perceived value, store loyalty, and purchase amount between the distribution channels. The results are discussed in light of the hypotheses presented in Chap. 3.

**Keywords** Hedonism • Utilitarianism • Multigroup comparison • ANOVA • Hypotheses testing

## 7.1 Introduction

The first objective of this chapter is to analyze and summarize the main elements that influence the consumer's shopping orientation, taking into account the elements related to the selective and intensive distribution channels. Even if the literature takes into account these two channels with a plurality of different perspectives and aims, there is unanimous recognition of their importance in understanding the consumer's shopping orientation and therefore being able to direct it in the manner considered best.

An analysis and comparison of the elements related to the distribution channel, therefore, could provide useful considerations not only to scholars, but also to practitioners, helping the former to better understand the nature of the channel and the dynamics of hedonism and utilitarianism, and helping instead the latter to define the most appropriate strategies for the management of the channel. Factors related to the distribution channel are in fact key elements for the use of the store and for the overall evaluation of the shopping experience (Cowles et al. 2002).

On the other hand, numerous solutions, shopping atmospheres, and technologies can be used to emphasize the shopping experience, but they must be targeted at a specific consumer segment (Burke 2002; Nguyen et al. 2018). The second objective of this chapter is therefore to provide useful managerial implications for the definition of the management strategies of the distribution channel. This book aspires to suggest changes, advice, and aspects that can be realistically and easily implemented by practitioners.

Based on the hypotheses, the analysis of variance, and the structural equation model presented in Chaps. 3 and 4, respectively, this chapter is structured keeping in mind the theoretical framework presented in Chap. 2. This chapter compares the results found for the distribution channels considered separately, verifying if and where significant differences emerge in the relationship of hedonism and utilitarianism and the considered dependent variables. Finally, the chapter discusses the implications of the results found, the differences as well as the analogies that emerged between the two distribution channels in relation to consumer

shopping orientation, with specific reference to each structural equation path.

A great deal of literature addressed attitudes, characteristics, and other individual elements that could positively or negatively influence the consumers' shopping orientation. Understanding these features could help practitioners to target more specifically their offerings, assortment, strategies, and marketing efforts. As relevant elements for segmenting consumers, age, gender, price awareness, perceived value, amount spent, and loyalty are usually suggested, all variables that this book has considered for these very reasons in its development. This chapter goes back to those variables for the specific purpose of comparing the considered distribution channels. Even if the literature has produced numerous studies on consumer behavior and shopping orientation, to the best of the author's knowledge no comparison has ever been made between offline distribution channels by specifically taking into account differences between hedonism, utilitarianism, and their effects.

## 7.2 Hedonism, Utilitarianism, Age, and Gender

The first two hypotheses formulated relate to the relationship between age, gender, and shopping orientation. In particular, this book hypothesized that the level of hedonism and utilitarianism shown by consumers was not linked to these sociodemographic variables. In both distribution channels these two assumptions were supported, and the value of the F-statistic for the two variables emerged as not significant. Therefore, it is not age and gender that determine and "predestine" ludic rather than functional shopping orientation. This provides wide room for maneuver for practitioners, as will be discussed in Chap. 8, because they can then adopt appropriate strategies to increase or reduce the level of hedonism and utilitarianism according to their management needs. Not only that, but this first result also means that hedonism and utilitarianism could be used as new variables to segment the market, replacing or complementing the classic sociodemographic variables, providing an alternative

picture of the market that could detect more useful information for a correct definition and implementation of successful business strategies.

### **7.3 Hedonism, Utilitarianism, Price Awareness**

In hypothesis H2 it was suggested that there were no significant differences in the level of price awareness between hedonic and utilitarian consumers. This hypothesis is accepted in both intensive and selective distribution.

However, findings for intensive distribution show a significant interaction effect between price awareness and purchase frequency, which means price awareness is not directly linked to the type of shopping orientation, but to the frequency at which the purchase occurs. Intensive distribution typically targets consumers by leveraging cost containment and owes much of its commercial success to pricing policies. Therefore, the empirical confirmation that these types of strategies are not influenced by and do not influence the orientation to purchase is an interesting result; hence, in other words, phenomena such as the self-selection of customers are not conceivable. In intensive distribution, in fact, the present analysis shows a significant presence both of consumers who behave in a hedonic way and of consumers who behave in a utilitarian way: price awareness is not a key variable for identifying the type of customer, but rather a common and therefore unspecific feature, which can be associated with both hedonic and utilitarian shopping orientation.

### **7.4 Hedonism, Utilitarianism, Purchase Frequency**

To the best of the author's knowledge, the purchase frequency has never been analyzed before with reference to hedonism and utilitarianism by explicitly comparing the different distribution channels. The hypothesis has been put forward that there were significant differences in the



purchase frequency in the face of a different shopping orientation, and in particular that consumers with a higher frequency of purchase differed from those with a lower frequency on the basis of a greater propensity to hedonism.

The results show that the frequency of purchase is actually different for consumers with a different shopping orientation, and in particular—as hypothesized—it is higher for those consumers who behave in a hedonic way. In fact, there is a statistically significant relationship between shopping orientation and purchase frequency, which is affirmed in both distribution channels ( $F = 6.702$ ,  $p < 0.01$  for intensive distribution;  $F = 2.784$ ,  $p < 0.01$  for selective distribution). The behavior is therefore closely linked to the frequency at which the consumers shop.

For the comparison between distribution channels to be carried out on a strictly quantitative level, it does not seem sufficient, however, to limit ourselves to verifying the values of the F-statistics in the two channels, and a tool such as a post hoc contrast test is definitely useful in order to establish with certainty whether this relationship, which is positive in both channels, is also equally strong in intensive distribution and in selective distribution. In other words, in order to compare the distribution channels with reference to this variable, it is not going to settle with simply verifying whether the sign of the hypothesized correlations is the same. Instead, it is going to investigate the strength entity of the hypothesized relationships between channels.

Therefore, a contrast test was conducted to examine whether the link between purchase frequency and shopping orientation was stronger in one of the two channels or whether it was not influenced by the particular distribution context under consideration.

The results of the contrast test confirm that in general purchase frequency and hedonism are positively linked: the type of distribution channel considered does not have an impact on the nature of this link, which remains always positive, but has an impact on its strength. In fact, alongside the results for intensive distribution and selective distribution, it emerges that in the former the link between hedonism and purchase frequency is significantly stronger than in the latter ( $p < 0.05$ ). Therefore, this relationship operates in the same way in both channels considered, but the type of channel is able to influence its strength. This means that

the differences between the two distribution formats translate into a different structural path between hedonism and frequency of purchase, not remaining foreign to this relationship.

## 7.5 Hedonism, Utilitarianism, Store Loyalty

The hypothesized link between hedonism, utilitarianism, and store loyalty was positive. In particular, the hypothesis was put forward that both hedonism and utilitarianism had a positive link with loyalty.

Since store loyalty is one of those variables that have been included in the structural equation model, the following paragraphs discuss the parametric estimates of the two distribution channels for the direct link connecting hedonism and utilitarianism to loyalty and the indirect link mediated through perceived value. The results for the path estimates show that in both channels there is a positive relationship between perceived value and store loyalty (effect = 0.15,  $p < 0.05$  and effect = 0.23  $p < 0.05$  in intensive and selective distribution, respectively). Similarly, in both channels there emerges positive relationship between perceived value and purchased amount (effect = 0.09,  $p < 0.05$  and effect = 0.08  $p < 0.05$  in intensive and selective distribution, respectively). Instead, no positive relationship between utilitarianism and loyalty has been found in any channel (effect =  $-0.04$ ,  $p > 0.10$  in intensive distribution and effect =  $-0.02$ ,  $p > 0.10$  in selective distribution). The findings also show that in both distribution channels the direct impact of hedonism on store loyalty is much stronger than the impact mediated through perceived value (0.70 vs. 0.15 in the intensive distribution,  $p < 0.001$ ; 0.58 vs. 0.23 in the selective distribution,  $p < 0.001$ ). These differences in impact strength are statistically significant in each channel. Furthermore, in both the intensive and the selective distribution, it emerges that hedonism has a significant positive relationship with the intention to repurchase from the same store, while on the contrary utilitarianism has a statistically insignificant impact.

The findings therefore confirm the hypothesis that the construct of value, because of its dual hedonic and utilitarian nature (cf. Griffin et al. 2000), may not be suitable for mediating the impact of hedonic and

utilitarian shopping orientation on the dependent variables (store loyalty and amount purchased).

Details about the method of comparison between direct and mediated impact are given in the Appendix, with particular reference to the commands given to LISREL and the significance tests, for both distributive contexts.

## 7.6 Hedonism, Utilitarianism, Perceived Value

Since the literature has long recognized a dual nature to value (Babin et al. 1994), both hedonic and utilitarian, this book advanced the hypothesis that both hedonism and utilitarianism had a positive impact on the value perceived by the consumer. At the same time, this book also hypothesized that precisely because of this dual nature, the effects of shopping orientation mediated through value would be weaker (confused) than the direct (distinct) effects of each shopping orientation considered separately.

The results show that the role of hedonism in the creation of value varies considerably between channels: hedonism and utilitarianism contribute little or nothing—and to an extent not significantly different from each other—to creating value in intensive distribution, partly for the reasons explained in Chap. 4; namely, that only consumers who have purchased have been interviewed: these are probably consumers who have all perceived a medium–high level of value (otherwise they would not have purchased).

However, on the contrary, in selective distribution, hedonism plays a much stronger role than utilitarianism in the creation of value. This result, inexplicable for those who apply the classic rational-cognitive approach to the letter, is instead perfectly in line with theoretical considerations put forward by Holbrook and Corfman (1985), Zeithaml (1988), Griffin et al. (2000), and Scarpi et al. (2014) among several others (see Chap. 2). Moreover, this result is in line with the atmospheric characteristics typically associated with selective distribution (Turley and Milliman 2000; Michon and Chebat 2004; Ertis 2017), for which one can refer to the first part of the book as will be discussed in the next chapter.

The link between hedonism, utilitarianism, and value, however, remains generally not very high, because other elements are likely to contribute to the creation of value. After all, the model does not intend to affirm that hedonism and utilitarianism determine value, but rather that both these facets can be present in value: in fact, no hypothesis has been advanced that hedonism or utilitarianism is the main component of the perceived value, but rather that these two components are present and have an extremely different impact. The results therefore confirm the advanced hypotheses, and above all indicate that the distribution channel plays a fundamental role in determining the relative strength of the impact that hedonic shopping orientation has on the value perceived by the consumer.

For intensive distribution, the results show that perceived value is not affected by hedonism (effect = 0.01,  $p > 0.05$ ) but only by utilitarianism (effect = 0.06,  $p < 0.05$ ). Instead, for selective distribution, perceived value is affected both by hedonism (effect = 0.30,  $p < 0.001$ ) and by utilitarianism (effect = 0.16,  $p < 0.001$ ).

Comparing the path estimates across channels, the difference between the impact of hedonism on perceived value is higher in selective distribution than in intensive distribution (effect = 0.30 vs. 0.01,  $p < 0.001$ ). Instead, the impact of utilitarianism on perceived value is not significantly different in selective distribution than in intensive distribution (effect = 0.16 vs. 0.06,  $p > 0.10$ ).

Comparing the path estimates within the same channel, the difference between the impact of hedonism and utilitarianism on perceived value in intensive distribution is significant (0.01 vs. 0.06,  $p < 0.05$ ), as it is in selective distribution (0.30 vs 0.16,  $p < 0.05$ ). Thus, from the comparison of the estimates across the two channels, it can be deduced that in intensive distribution it is the functional rather than the recreational that creates value for the consumer. Instead, in selective distribution channel, both hedonic and utilitarian shopping orientation contribute to value, but the former does so more strongly than the latter, as it is hedonic shopping orientation to “drag” value.

## 7.7 Hedonism, Utilitarianism, Purchased Amount

The findings show that hedonism has a strong and positive impact on purchased amount in both distribution channels. On the contrary, in both channels the impact of utilitarian shopping orientation is low and/or not statistically significant. Specifically, hedonism affects purchased amount significantly both in intensive distribution (effect = 0.57,  $p < 0.05$ ) and in selective distribution (effect = 0.71,  $p < 0.05$ ). Furthermore, the effect in selective distribution is stronger than in intensive distribution (0.71 vs. 0.57,  $p < 0.001$ ). Utilitarianism also affects purchased amount significantly and negatively both in intensive distribution (effect =  $-0.14$ ,  $p < 0.05$ ) and in selective distribution (effect =  $-0.13$ ,  $p < 0.05$ ). However, the effects of utilitarianism do not differ between channels ( $-0.14$  vs.  $-0.13$ ,  $p > 0.10$ ), and are weaker than those of hedonism both in intensive distribution (0.57 vs.  $-0.14$ ,  $p < 0.001$ ) and in selective distribution (0.71 vs.  $-0.13$ ,  $p < 0.001$ ). In summary, what emerges is that hedonism has a very different impact from utilitarianism, and in both channels it is the hedonic shopping orientation that leads to a higher purchased amount. While the same trend is observed in both channels, in selective distribution this phenomenon is particularly accentuated and significantly stronger than in intensive distribution. Instead, the utilitarian shopping orientation has an impact statistically not different from zero on the purchased amount in both channels. In other words, the impact of utilitarianism on the purchased amount is equally weak in both channels.

All the elements within the purchased amount construct have significant managerial implications, but not all of them lend themselves to the same strategic considerations. In fact, the number of products purchased can be maximized by quantity-oriented policies (e.g. discounts and promotions), while the monetary value of the products purchased can be maximized by more quality-oriented policies (e.g. brand investments). These strategies significantly influence the purchasing context, and have very different chances of success within the distribution contexts

analyzed. Therefore, the comparison between distribution channels could provide interesting considerations.

In the following, the chapter discusses and compares the parametric estimates provided by the model for the two different distribution channels. The results show that hedonism and utilitarianism have a significantly different impact on all components of the purchased amount in a similar manner in both distribution channels. Specifically, in intensive distribution, hedonism positively impacts the number of products purchased (effect = 0.63,  $p < 0.001$ ), the amount of money spent (effect = 0.98,  $p < 0.001$ ), and the average expensiveness of the purchased items (effect = 0.58,  $p < 0.001$ ). Similar results emerge for hedonism in selective distribution, be it on number of products purchased (effect = 0.66,  $p < 0.001$ ), the amount of money spent (effect = 0.91,  $p < 0.001$ ), or the average expensiveness of the purchased items (effect = 0.74,  $p < 0.001$ ). Instead, in both distribution channels, utilitarianism has a significantly lower impact with all these components, and an impact that is often negative or null. More in detail, in intensive distribution, utilitarianism negatively affects the number of products purchased (effect =  $-0.11$ ,  $p < 0.05$ ) and the average expensiveness of the purchased items (effect =  $-0.15$ ,  $p < 0.05$ ), while it has a null effect on the amount of money spent (effect =  $-0.01$ ,  $p > 0.10$ ). Similarly, in selective distribution, utilitarianism has a null effect on the number of products purchased (effect = 0.04,  $p > 0.10$ ) and the average expensiveness of the purchased items (effect = 0.12,  $p > 0.10$ ), while it has a small effect on the amount of money spent (effect = 0.20,  $p < 0.05$ ). The effects of hedonism and utilitarianism on each component of purchased amount are significantly different at the  $p < 0.001$  level in both distribution channels.

Although the pattern of results for hedonism and utilitarianism on purchased amount are similar *within* each of the two distribution channels, differences emerge when comparing *between* channels, consistently with the different nature of the two distribution channels. In detail, the impact of hedonism on the number of products purchased is not significantly different between intensive distribution and selective distribution (0.63 vs. 0.66,  $p > 0.10$ ), as is the impact on the money spent (0.98 vs. 91,  $p > 0.10$ ). However, the link between hedonism and the average cost of the purchased items, although high and positive in both channels, is

significantly more accentuated in selective distribution (0.74, vs. 0.58,  $p < 0.001$ ). This is in line with the considerations typically associated with the selective distribution channel, which emphasizes social and image factors. In addition, selective distribution generally seeks to focus on models that are highest in quality and price. On the contrary, intensive distribution is usually characterized by a greater presence of less expensive items in relation to the average offer and tries to focus on products of a lower price, emphasizing the savings and the assortment variety rather than the status symbol of its fashion items. This is consistent with the finding that the link between utilitarianism and the expensiveness of the purchased items is not significant in selective distribution (0.12,  $p > 0.10$ ), while it is significant and negative in intensive distribution ( $-0.15$ ,  $p < 0.05$ ).

## 7.8 Hedonism, Utilitarianism, Distribution Channels

The first two hypotheses were related to the presence of hedonism and utilitarianism within the two distribution channels. These hypotheses wondered what orientation prevailed in which channel, advancing these relationships:

H8a. *In the selective distribution channel hedonism prevails over utilitarianism*

H8b. *In the intensive distribution channel utilitarianism prevails over hedonism*

Since the sample size is different between the two distribution channels, for the interchannel comparison the numerical data have been expressed in percentage terms, obtaining the results discussed in the following.

Looking at the two channels transversely, the findings show that hedonism prevails over utilitarianism in both distribution channels. Specifically, consumers display a prevalently hedonic orientation both in intensive

distribution (56.5%) and in selective distribution (64%). Although, as expected, the percentage is higher in selective distribution (56.5 vs. 64.0,  $p > 0.10$ ), it is worth noticing the high percentage of consumers shopping with a predominantly hedonic attitude even in the intensive distribution channel. Indeed, the number of consumers shopping hedonically prevails over the number of those shopping in a utilitarian way both in selective distribution (64% vs. 36%,  $p < 0.001$ ) and in intensive distribution (56.5% vs. 43.5%,  $p < 0.05$ ). This evidence supports the H1a and H1b hypotheses when it comes to the number of consumers. However, when looking at the average score for hedonism and utilitarianism in the two distribution channels as measured on the respective scales, only H1a is supported. Specifically, in line with the typical features of the respective distribution channels, the mean score for hedonism in selective distribution (3.46) is higher than the mean score of utilitarianism in that same channel (3.46 vs. 3.04,  $p < 0.001$ ), and higher than the mean score of hedonism in intensive distribution channel (3.46 vs. 3.22,  $p < 0.05$ ). Instead, in intensive distribution, the score for hedonism (3.22) is not significantly different from the mean score for utilitarianism (3.22 vs. 3.12,  $p > 0.10$ ), so that H1b that hypothesized a stronger presence of utilitarianism in intensive distribution is not supported. Undoubtedly this is a relevant result for intensive distribution: the relative recent introduction in intensive distribution of fast-fashion products has been successful in creating a hedonic stimulus that can compete with that of distribution channels traditionally responsible for the sale of fashion clothing, such as selective distribution.

Overall, these results lead to rephrase differently the considerations formalized in hypotheses H8a and H8b. In the light of these results, one can in fact state the following: in selective distribution, hedonism is more pronounced than in intensive distribution; the selective distribution channel can better evoke a hedonic shopping response than intensive distribution. However, even in intensive distribution there is a significant presence of hedonism: the intensive distribution can evoke both a utilitarian shopping response and a hedonic shopping response.

Overall, these two statements thus formulated lead to a development compared to what was assumed in H8, for two reasons. The first reason is methodological, since they do not directly compare two dimensions



(hedonism and utilitarianism) that are different and weakly correlated (cf. Babin et al. 1994), but the same factor in two different channels (hedonism with hedonism, utilitarianism with utilitarianism). The second reason is theoretical: according to those studies that categorized products as hedonic or utilitarian (Bloch et al. 1986; Baltas et al. 2017), the specific level of recorded hedonism would depend on the product under consideration. Therefore, since clothing is typically classified as a “hedonic product” (e.g. Bloch et al. 1986; Lu et al. 2016; Moon et al. 2018), this could result in the level of hedonism being accentuated and systematically present with higher values than those that would have been recorded with other products classified differently. By shifting the comparison no longer between hedonism and utilitarianism directly, but between the two channels, this dragging effect, possibly linked to the specific nature of the product under consideration, is lost if the product under consideration is the same in both channels. In other words, whatever the distribution channel, for the same product the level of registered hedonism and utilitarianism should remain constant. The fact that this is not the case provides further support for the interpretation of hedonism and utilitarianism as a result of the interaction between products, distribution channels, and consumers discussed at length in Chap. 2.

With regard to the dynamics of hedonism and utilitarianism in the two distribution channels, a hypothesis was also put forward on their strength in exerting an impact on the other variables measured in the channel. In particular, it was hypothesized that the effects of hedonic shopping orientation were more accentuated in selective distribution than in intensive distribution, while the effects of utilitarian shopping orientation were more accentuated in intensive distribution than in selective distribution:

H9a: *The effects of hedonic shopping orientation are stronger in selective distribution than in intensive distribution*

H9b: *The effects of utilitarian shopping orientation are stronger in intensive distribution than in selective distribution*

Thus, this chapter discusses the parametric estimates provided by the model relative to each of the distribution channels considered,

comparing them to verify if significant differences emerge, and if these differences are in the direction hypothesized in H9. Results are reported in Table 7.1 for ease of visualization.

A comparison of the path estimates shows that the impact of hedonism and utilitarianism follows two rather different directions. However, as far as utilitarianism is concerned, it does not have a significantly stronger impact on the intensive distribution in absolute terms: it affects in a similar way and to a similar extent the other constructs in the two distribution channels considered. On the contrary, in selective distribution, hedonism has a significantly stronger impact than in intensive distribution in terms of purchased amount and perceived value, but significantly weaker in terms of repurchase intention (even if the level of significance is lower). As a consequence, hypothesis H9a is supported, while the findings lead to the rejection of H9b: the effects of hedonic shopping orientation are stronger in selective distribution than in intensive distribution, while the effects of utilitarian shopping orientation are not different between the two distribution channels.

Overall, the findings for the comparison of the intensive distribution and the selective distribution channels indicate that neither the two channels nor the hedonic and utilitarian shopping work symmetrically. This is to say, results are not opposite between intensive and selective distribution, or between hedonic and utilitarian shopping orientation. Rather, a more complex pattern emerges, as summarized in Table 7.1 and discussed in this chapter. Furthermore, the results highlight that there are some

**Table 7.1** The effects of hedonism and utilitarianism in the two channels

Structural equation path	Intensive distribution	Selective distribution	Significance of difference
Utilitarianism—purchased amount	-0.14	-0.13	<i>n.s.</i>
Utilitarianism—perceived value	0.06	0.16	<i>n.s.</i>
Utilitarianism—store loyalty	-0.04	-0.02	<i>n.s.</i>
Hedonism—purchased amount	0.57	0.71	<i>0.001</i>
Hedonism—perceived value	0.01	0.30	<i>0.001</i>
Hedonism—store loyalty	0.70	0.58	<i>0.001</i>
Perceived value—purchased amount	0.09	0.08	<i>n.s.</i>
Perceived value—store loyalty	0.15	0.23	<i>n.s.</i>

specific patterns for the effects of hedonism and utilitarianism that are quite stable and independent from the distribution channel. The implications of these findings are addressed in Chap. 8 from a theoretical and managerial perspective.

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# 8

## Implications of Hedonism and Utilitarianism for Retailers

**Abstract** This is the final chapter of the volume and is dedicated to the discussion of the implications of consumers' hedonic and utilitarian shopping orientation. It is based on the results from the analyses in intensive distribution (Chap. 5), selective distribution (Chap. 6), and the comparison between channels (Chap. 7). This chapter presents and discusses the practical implications and recommendations for retailers and practitioners managing intensive and selective distribution channels, advancing suggestions for putting into practice the recommendations emerging from the findings about the effects of hedonism and utilitarianism on perceived value, store loyalty, purchased amount, purchase frequency, and price consciousness. Furthermore, the chapter discusses some future frontiers of the shopping experience related to possible distribution channels of the future, such as augmented and virtual reality. The chapter closes with a brief recap of the main conclusions that can be drawn from the analyses presented in the volume.

**Keywords** Hedonism • Utilitarianism • Implications • Suggestions • Future frontiers • Conclusions

## 8.1 Practical Implications and Recommendations

The fast fashion industry offers several challenges for retailers, both for those traditionally present in this industry, characterized by a specialized distribution organization, and for those who are new on the scene, quite often in intensive distribution, which has only begun to take a massive interest in this industry in relatively recent years. The challenges are numerous, and retailers capable of generating large profits are estimated to be a minority. The identification of two different shopping orientations, of two different ways of approaching the purchasing context, one of a functionalist-rational type and the other of a ludic-hedonic type, can offer useful suggestions and developments both for the purposes of scientific study and for managerial practice with regard, for instance, to market segmentation and the management of distribution channels. Consumers can in fact be driven by very different factors, which exert a particular influence on shopping orientation and influence in very different ways variables whose understanding and control are fundamental to ensure success to retailers operating in the fast-fashion industry. Factors related to the distribution channel interact with factors related to the consumer in determining the process and purchasing experience of the products. Elements of the distribution context can therefore play a very important role in accentuating or dampening those hedonic or utilitarian shopping orientations that could be induced by the specific product category being purchased, could stimulate feelings of pleasure and enjoyment, arouse curiosity in consumers, or accentuate the efficiency of the shopping experience and the speed of the purchase expedition.

The results of the analysis conducted in this book show that hedonism and utilitarianism should be considered separately for a better management of their effects on shopping orientation. The findings give new strength to the arguments of those who suggest the importance of identifying specific market segments and focusing on the distribution channel with a specific group of consumers in mind. From this point of view, hedonism and utilitarianism appear as useful variables for a market segmentation that has an explanatory and predictive capacity superior to the

classic segmentation by sociodemographic variables. Hedonism and utilitarianism have in fact a very different impact on the key dependent variables considered in this analysis, as we will continue to discuss, but they are determined neither from gender nor from age. This also means that retailers have the possibility to increase or decrease the level of hedonism and utilitarianism to suit their management needs and strategies, thus finding a real possibility to guide consumer behavior. At the same time, it is absolutely necessary for retailers to fully understand the dynamics of these two different ways of interpreting the purchase expedition, in order to avoid setting strategic choices whose effects on the consumer are profoundly different.

Moreover, rather than seeing shopping as something purely value-oriented, retailers should be aware that the direct effects of hedonism and utilitarianism on store loyalty and amount purchased are very different, even though both hedonism and utilitarianism can contribute to the creation of value for the consumer. This empirical evidence not only supports the hypotheses in the literature stating that value has a dual hedonic and utilitarian nature (Holbrook and Corfman 1985; Zeithaml 1988; Babin et al. 1994), but also suggests that perceived value alone cannot explain—let alone predict—which consumers will return to that store and when they will spend.

All items considered within the amount purchased construct possess key managerial relevance: they are the amount of money spent, the number of purchased products, and the expensiveness of the purchased products (relative to the products available in the store). However, all three of these aspects could be emphasized with very different strategies: for instance, the number of items purchased can be emphasized with quantity-oriented strategies, such as promotions and discounts. The monetary value of the purchased items could instead be emphasized with quality-oriented strategies, for example investments in brand image. In the fast-fashion industry, hedonism emerges as the dominant orientation in shopping, based on the evidence presented in this book (Chaps. 5, 6, and 7); nonetheless, the results show that utilitarianism also has a significant presence. However, it is precisely those consumers who show a greater degree of hedonism who seem more willing to return to the same store for their next purchases. They are also much less actively looking for

alternative stores and show a greater attachment to the shopping environment in which they are located. Moreover, the consumers who show a greater degree of hedonism are still the ones who spend the most at the checkout, both in purely monetary terms and in terms of the number of items purchased and the average expensiveness of the product. On the contrary, consumers who behave in a utilitarian way tend to buy exactly the product they are looking for, and only that one. They don't derive pleasure or fun from shopping, they have a low intention to return to the same store, they often look for alternative stores, and their tendency to spend is substantially negative, indicating attention to prices and reduced propensity to "unplanned" purchases. Creating high value for the consumer is one of the most frequently applied business strategies by store managers in different distribution contexts. However, the results indicate that this strategy may not be the best. In fact, by separating the effects of hedonism and utilitarianism it is clear that there are two profoundly different patterns. The results of this analysis show that hedonism is the fundamental factor that determines the amount of money spent, and that hedonism is always able to have a strong impact on the number of items purchased and on their cost. On the contrary, it emerges that utilitarian shopping orientation is not able to exert a great impact on any of these three elements.

The frequency of purchase is also high in the face of a shopping orientation driven by curiosity, exploration and fun. By combining the results for intensive and selective distribution, it also emerges that in the former the link between hedonism and frequency of purchase is significantly stronger than in the latter ( $p < 0.05$ ). This relationship therefore operates in the same way in both channels considered, but the type of channel is able to influence its strength. This is equivalent to saying that the differences between the two distribution formats result in a different link between hedonism and frequency of purchase, and therefore do not remain unrelated to this relationship. Retailers should therefore keep in mind what appear to be limits connected to the distribution channel in which they operate, or perhaps it would be more correct to talk about characteristics rather than limits. This result suggests that the dynamics of hedonism and utilitarianism may work differently in the two distribution formats considered. We will return to this point, which is absolutely



fundamental, later on in the discussion of the results. At the moment we wish to underline that, on the contrary, there is no significant relationship between price consciousness and shopping orientation, which suggests that incentive mechanisms based on price reduction are not able to guarantee by themselves the selection of a specific target of consumers and to direct the shopping orientation in a utilitarian direction. This result seems particularly useful for retailers of intensive distribution, who typically use these tools more frequently than their competitors in the selective channel. They should therefore bear in mind that these strategies may have possibly dragging effects on sales in the short term and on the frequency of purchases but are not able to influence consumer orientation in terms of hedonism and utilitarianism.

Very few analyses have specifically considered the relationship between purchase orientation and store loyalty. The results presented in Chaps. 5 and 6 show that, contrary to what is assumed in this book, utilitarian shopping orientation has no significant link with store loyalty. Instead, it is consumers who behave in a predominantly hedonic manner who most strongly express their intention to return to the same store, thus supporting the hypotheses put forward in the literature (see e.g. Trijp et al. 1996). Utilitarianism is significantly present in both intensive and selective distribution, but it is the consumers who behave in a hedonic way who show great profit potential for retailers and a greater tendency toward loyalty. They are the ones who “make the difference”: management should therefore specifically target this particular segment, trying to meet the needs and desires of this customer base.

## 8.2 Possible Suggestions for Putting into Practice the Recommendations

The literature has long indicated to retailers that consumers are influenced in their purchases by the stimuli perceived in the shopping environment. Consequently, creating a certain shopping atmosphere could prove to be an important strategy for several transactional contexts. However, retailers often create and change the shopping atmosphere in

their store without having a clear understanding of the consequences of these decisions.

The results suggest to textile-clothing operators that the shopping atmosphere should absolutely incorporate elements able to stimulate the pleasure of shopping, fun, curiosity, and exploration. The selective distribution managers should therefore emphasize the atmospheric characteristics typically associated with their channel, in terms of design, decoration, layout, and staff. It is therefore necessary for retailers to make an effort for the strategic management of the purchasing atmosphere, which should try to be consistent, so as to evoke an overall hedonic response (Mattila and Wirtz 2000). In this perspective, it is necessary to understand the contribution of each environmental element to the creation of a certain purchasing atmosphere, as well as its impact on consumer reactions. This book thus reiterates the need for retailers to investigate the shopping atmosphere suggested or evoked by their store. This has an immediate practical-managerial return, because it helps retailers to select the most appropriate stimuli, eliminating marginal or inconsistent ones, and establishing an order of importance among the many elements that contribute to the definition of the shopping atmosphere. In fact, the shopping atmosphere can operate as an element for customer segmentation and targeting.

A good structure of the store also includes a management of the sales area so that it is easy to move around and explore the store. While shopping, consumers should perceive the store as an easy space to navigate and use (Massara et al. 2018; Krasonikolakis et al. 2018; Burke 2002). A simple layout, organized, for example, by sequential and modular units, with easy markers helping the consumer to collect product information (e.g. small information signs) could increase the consumer's perception that that store is functional, convenient, and allows a fast and efficient purchase expedition. Usually it is considerations of this kind that guide the structuring of the intensive distribution channel. At the same time, the distribution channel should be able to satisfy those consumers who are looking for a shopping experience inspired by hedonism, stimulating curiosity and fun. The use of colors, music, and other sensory stimuli of the store should be carefully studied and selected so as not to interfere but rather emphasize the hedonic aspects of the shopping experience. In

recent times intensive distribution is also trying to increase the ludic potential of its points of sale, adding to a traditional policy of low prices the search for hedonic stimulation. The introduction of product categories such as clothing and cosmetics should be read as part of this broader channel management strategy. The results emerging from the analysis support these decisions, and invite the intensive distribution management to bet on hedonism in shopping. To be consistent with the particular distribution channel and its specific characteristics, however, this should be done in a different way, compared to that in the selective distribution. For instance, it could be achieved by introducing novelties, small surprises for consumers, and frequent product turnover, rather than trying to beat selective distribution in the brand equity arena. Moreover, intensive distribution has the advantage that it can usually offer the consumer a much wider range of products and a much greater variety of choice than selective distribution, and thus better satisfy curiosity, exploration, and consumer variety seeking (see e.g. Szymanski and Hise 2000). This strength should be exploited by retailers to create a shopping environment that is a harbinger of hedonic stimuli.

Finally, the analysis shows that, at least for the specific product category examined, hedonism is the predominant shopping orientation. If decisions relating to product promotion, price containment, and staff selection are relevant to the day-to-day management of distribution channels, investment in the creation and redefinition of a specific purchasing atmosphere brings with it clear strategic implications and should certainly be experienced as a change in the medium to long term, whose effects should therefore neither be sought nor read in the immediate future. In other words, this chapter does not intend to imply that the hedonic shopping orientation is the solution to all management problems of the distribution channel, but that it is a fundamental variable on which it would be meaningful to invest for success over time.

### 8.3 Limitations and Future Directions

This book has developed an analysis about the effects of hedonism and utilitarianism on a set of dependent variables, implementing a conceptual model on empirical data from two different offline distribution channels (intensive and selective distribution). Some limitations of the analyses conducted in this book highlight fruitful avenues for future studies and call for a more in-depth understanding of hedonism and utilitarianism across distribution channels. In this vein, this book addressed a limited set of constructs identified on the basis of their managerial implications and theoretical relevance. However, future analyses could expand the model by considering further constructs.

Furthermore, this book considered the fast-fashion industry, which opens space for two types of considerations. First, it could be useful to investigate the impact of hedonism and utilitarianism in a similar way in different industries, to increase the ecological validity of the analysis, and therefore be able to generalize the results. However, based on the extant literature (see Chap. 2) and considering previous studies on product categorization as in Lu et al. (2016) and To and colleagues (2007), fast-fashion clothes appear as products that are particularly well suited for the study of hedonic shopping orientation, because they present both hedonic and symbolic features related to enjoyment and fantasy, but they also possess practical features related to functionality, contrary to haute couture. Furthermore, the revenues of the fast-fashion industry make the choice of this product category managerially relevant. It might be also useful to recall that, among the scholars that have dealt with the categorization of products as “hedonic” and “utilitarian”, there are numerous contradictions that make the number of products unanimously ascribed to one or the other category quite small. Furthermore, this number decreases considerably if one wants to also adhere to the criterion of managerial relevance that inspired the choice of variables (see Chaps. 3 and 4). This does not, however, detract from the importance or preclude the usefulness of future studies that could consider, for example, products usually classified as utilitarian. At the same time, it may be that the choice of a “hedonic” product such as fast fashion has introduced a distortion,

systematically overestimating the degree of hedonism found in the sample. However, comparing channels along the same product ensures the comparability of the estimates that have emerged in the different distribution channels. Even if hedonism were to be attributed in full to the type of product considered and not to the specific interaction between consumers and the purchasing environment, the ratio and proportion of the estimates would remain unchanged.

Second, care is needed before generalizing the findings from the present book to different industries as well as to the same industry in different cultures. In fact, while it is true that basic emotions are shared by all mankind (Matsumoto 1989), it is—nonetheless—also known that in some cases cross-cultural differences in emotions emerge (Fang et al. 2019). Literature on the comparison between different countries and cultures is abundant, although not always systematically organized (Berrios et al. 2015). Thus, it could be useful to take cross-cultural comparisons into account and make a relevant contribution in broadening the understanding of consumers' hedonic and utilitarian shopping orientation (see e.g. Jin and Sternquist 2004). For instance, the relationship between perceived value and shopping orientation may be different within cultural contexts that have a different concept of happiness (Oishi et al. 2013), flow, and enjoyment (Moneta 2004), and future studies could focus on explaining those differences, in order to help retailers better define the management of their store atmosphere and assortment layout.

## 8.4 Augmented and Virtual Reality as Future Frontiers of the Shopping Experience

Augmented Reality and Virtual reality are similar, although there is a distinction between them. Specifically, augmented reality refers to a real-time representation of a physical environment, where computer-generated graphics and sound are used to “augment” the elements. On the other hand, a simulation or 3D reconstruction is used to replace the physical environment in virtual reality. Hence, a handheld device is utilized in delivering augmented reality, while a mounted headset is usually employed

in delivering virtual reality. Nevertheless, due to their similarity, the two are often treated under the same technological discussion (e.g. YI et al. 2019 and Rau et al. 2018) and regarded as one in practice.

Future analyses could take into consideration augmented (Pantano et al. 2017) and virtual (Pizzi et al. 2019) reality, which—while still remaining technologies of the future for most retailers—are considered among the most promising future technologies. Furthermore, it has been shown that hedonic and utilitarian shopping orientation are also present when consumers shop using augmented reality (Javornik 2016) and in environments reconstructed in virtual reality (Pizzi et al. 2019). In particular, the virtual distribution channel appears to possess a great potential and constitutes a challenge for the future of retailing. Moreover, it is characterized by aspects that could potentially enhance both the utilitarian and the hedonic facet of shopping. For instance, on the one hand, virtual reality offers an unprecedented possibility of comparing prices and collecting information on thousands of different products, while not having to move from home. These features could maximize the practicality and functionality-related side of shopping. Similarly, virtual reality offers the possibility to filter from the products displayed on a shelf all those that are not of interest (e.g. gluten-intolerant consumers could be shielded from viewing products that contain gluten). On the other hand, the hedonic shopping orientation of consumers could be emphasized by virtual reality due to, for instance, the huge assortment, which no offline retailer could realistically think of equaling, not even in intensive distribution, as well as the sense of immersiveness and the fun of using new technology.

In this vein, virtual reality has received a great deal of attention since a few years, and even larger strides are currently being expected in virtual reality. A system that was solely developed for the satisfaction of adventurous gamers is beginning to extend to other industries as marketers have understood the importance of virtual reality in improving the user experience. For instance, virtual reality offers consumers the possibility to search a retailer's assortment without even setting foot in the store. With the help of virtual reality, retailers could exploit possibilities that were previously unimaginable, in a future that no longer appears to be distant.

Virtual reality was first cited in “Pygmalion’s Spectacles”, which is a short science fiction story written back in 1935. It was imagined as a virtual reality platform based on holographic footage of imaginary experiences. A major step was taken more than half a century later by Sega, a gaming company, in the 1990s when they created a virtual reality headphone for arcade games that could react and track the head movements of gamers. The product left a lasting mark on arcade gamers, though it was never sold to be used at home, because of the lack of sufficient technology at that time. Although the Sega virtual reality headphone was far from being perfect, it played a significant role in first introducing modern virtual reality technology to the public.

For decades, virtual reality has been tagged the future of technology, yet it has had a slow but steady growth. Creating an efficient product for modern gaming is quite different from creating a product that mainstream users will accept, and also different if one were to develop a technology that could be used beyond gaming, for instance for shopping. A great move toward enhancing the technology was engendered by the establishment of Oculus virtual reality in 2012. However, virtual reality was officially introduced to the mainstream marketing world when Oculus was sold to Facebook in 2014.

Presently, it appears that the shopping experience could be influenced in the future by virtual reality (Pizzi et al. 2019). As a result of consumers’ increasing desire for virtual reality, the technology has indeed been extending its tentacles from the gaming world to the retail space since 2015. The main aim is to transform the traditional physical shopping environment into a virtual experience that allows consumers to shop at their preferred store from the comfort of their homes. Based on the survey carried out by Fast Company on shoppers who tried virtual reality, it was found that 66% were interested in using virtual reality to buy items and 79% were eager to try it once more (Fastcompany 2017). Similarly, Pizzi et al. (2019) found that even elderly respondents unfamiliar with technologies displayed positive attitudes toward virtual reality and wanted to try it again. This clearly shows that virtual reality is constantly expanding, despite being at an early stage of development.

Indeed, virtual reality is already a reality for some brands today. For example, a virtual reality department store has been launched by eBay,

which is the largest online auction brand in the world. What users need to do is to buy a virtual reality headphone and download the app called “eBay Virtual Reality Store” on their iOS or Android device (Ebay 2016). For eBay to achieve this, it collaborated with Myer, an Australian retailer, to set up the virtual store, which gives users access to more than 12,500 products, and 100 of these products appear in 3D. Instead of using a controller to select their desired products, consumers can use “eBay Sight Search” to choose their purchases. By just staring at products for a long time, users can buy them. So far, there have been mixed reactions regarding consumer feedback, but it is obviously still at its budding phase. The app has an average user rating of 3.0 on Google Play store.

Shopify is another recent example. Improving consumer shopping experience is not the only benefit of virtual reality. With a B2B perspective, Shopify gives us an insight into how the design choices of fashion designers and retailers are informed by virtual reality. Through Thread Studio, which is the first virtual reality app launched by the ecommerce brand, merchants can now take clothing designs to a virtual design studio for proper examination. With the help of the 3D capability of virtual reality, users can get a much more detailed first-person view than using a 2D person to assess a clothing design. This way, various other branded items like coasters, mugs, and hats can virtually be customized. Shopify keeps getting positive feedback from industry leaders with whom they share their virtual reality experience (Spotify 2018). The effects of a 3D shopping experience are well understood by both Shopify and eBay. Prolonged shopping sessions could emanate from the sense of involvement and immersiveness, which could eventually boost overall sales. In this vein, Pizzi and colleagues (2019) documented that both hedonism and utilitarianism can exist in a virtual reality shopping environment.

Virtual reality is capable of improving the relationship between retailers and customers as well as increasing retention rate, since it mainly deals with the user experience (Xing et al. 2018; Pizzi et al. 2019). However, the question is left unanswered as to how it would be operationalized. For instance, virtual reality could be used as a tool for improving the visibility by the retailers. Or it could be used for organizing virtual, personalized meetings, or for creating product demos for customers. What has been documented until now is that virtual reality could be used to improve



customer service (Van Kerrebroeck et al. 2017). For instance, a virtual reality platform known as Radisson Blu was recently announced by Radisson Hotels (Elliot 2016). This interface was designed to enable the hotel to provide customers with answers to typical client service questions, as well as with features like room changes and booking. Obviously, this is not just a giant stride toward enhancing customer service, but also an indication that virtual reality might be implemented by many practitioners.

At this point, one might question whether virtual reality will eclipse traditional retailing. While this is unlikely to happen any time soon, there will be a steady increase in the demand for apps enabled by virtual reality because of the constant rise in the sale of virtual reality headphones annually. Looking at the fact that virtual reality platforms were expected to generate almost \$1 billion in 2017, a greater demand than in the previous year, its prospect for revenue growth seems too good to ignore (Ezsitebuilders 2017). As time goes by, retailing may have little to do with physical stores, but this isn't happening anytime soon.

Retailers will need to come up with new and creative ways to provide engaging experiences for clients, as the level of competitiveness in the virtual and augmented reality space keeps increasing. Given that virtual and augmented reality deal more with the user experience than the product itself, the issue is about finding a balance between providing a useful and entertaining shopping experience from beginning to end, and acquainting users with the product under consideration. Ironically, this is a challenge that sounds somewhat similar to the one already faced by offline retailers in balancing the hedonic and utilitarian shopping orientation of their customers, the fun and the usefulness of the shopping experience. Thus, after all, one could envision virtual reality as an unprecedented tool to “commit the oldest sins in the newest ways” (Shakespeare, *Henry IV Part 2: Act 4 Scene 3*, p. 11).

## 8.5 Conclusions

It is well known that online shopping is constantly growing, but the predominant share of the expenditures is still made within the physical stores. Such predominance is at least in part explainable considering that the experience in stores still offers advantages that, for the time being, are difficult to replicate online. For instance, in the clothing industry, trying the clothes makes a big difference in the development of a positive purchase intention. The need for touch does not mean at all that clothes cannot be successfully sold online (Cano et al. 2017); they can and—actually—are, but it might be worthwhile recalling that the largest share of B2B sales happens in offline stores.

Accordingly, the analysis carried out in this book compared the intensive distribution channel with the selective one, as these are the two predominant distribution formats for offline retailers. Indeed, the criterion of this choice was the commercial relevance of the distribution formats, their strategic value, and the strong investments they are witnessing from the fast-fashion industry to face competition. Indeed, nowadays, retailing in fast fashion is a challenge, and only a minority are highly profitable. In this vein, the present book has shown that the hedonic and utilitarian shopping orientations exert different effects on consumers' behavior and intentions. The results from the analysis presented in this book come from two natural settings and provide empirical support for the existence of hedonism and utilitarianism in both intensive and selective distribution, at least for the fast-fashion industry.

Furthermore, the results support the dimensional structure of hedonism and utilitarianism, supporting the notion that they are two separate factors rather than opposite poles of a mono-dimensional continuum. The findings presented in this book suggest that hedonism and utilitarianism could be useful for segmenting customers in a way that would be more efficient than using sociodemographic variables for predicting behavioral outcomes. Indeed, neither gender nor age had a significant impact on price consciousness, store loyalty, or the amount spent while shopping, while hedonism and utilitarianism did.

The findings in each distribution channel individually (Chap. 5 for intensive distribution, Chap. 6 for selective distribution), as well as in comparisons between the two channels (Chap. 7), show that consumers who adopt a hedonic orientation while shopping are more profitable than those shopping in a utilitarian way. Nonetheless, utilitarian shopping orientation emerges as relevant, as the path estimates from the model estimation show that utilitarianism can also relate to positive outcomes. Accordingly, retailers should develop store environments in order to enhance their hedonic potential. Considering that hedonism and utilitarianism are not the opposite poles of a single dimension, but rather two different dimensions, increasing the hedonic appeal of a store should not necessarily come at the expenses of utilitarianism. For that purpose, a possible strategy could be to create a store with different levels of hedonic stimulation to cater to different customers, while more utilitarian consumers might be offered a fast-track, easy option for the purchase of a standardized offering. This could be achieved, for instance, with an efficient set of automatic cashiers or using new in-store technologies without cashiers such as Amazon-Go stores (Inman and Nikolova 2017): while satisfying the needs of those shopping in a utilitarian way, automatic cashiers subtract nothing from the fun, enjoyment, and escapism of the shopping expedition for those with a hedonic orientation. Instead, a strategy for consumers shopping hedonically could be providing the possibility of customizing their shopping and incorporating multimedia such as listening to music and watching video to show more products to the customers, as well as including ways to positively help customers explore the retailer's assortment. Higher hedonic stimulation could be achieved, for instance, through the use of new in-store technologies such as smart mirrors (Inman and Nikolova 2017), a technological mirror that allows simulating trying on clothes thanks to a set of cameras and the use of augmented reality. Equipped with a touchscreen and a recognition system for the products brought into the dressing room, smart mirrors allow personalized navigation within the store assortment. The screen is also able to stage the context of usage of the chosen dress, such as recreating the beach in case one is trying on a swimsuit, in order to give more realism and more immersiveness. Previous studies have widely documented that consumers value stores' appearance and atmosphere, which

can induce different reactions (Helmefalk and Hultén 2017; Murray et al. 2019). The findings from this book provide retailers a different perspective for managing store atmospherics to efficiently exploit their effects on consumers' in-store behavior. Specifically, the results show that many consumers display a utilitarian shopping orientation even when shopping for clothes in selective distribution, which highlights the importance of not scaring away or neglecting those customers. On the other hand, consumers exhibiting a hedonic shopping orientation are more profitable for retailers, and are numerous even in intensive distribution. Accordingly, retailers should attempt to benefit from all possible interactive store features and retailing technologies to engage customers and induce a hedonic orientation (Pantano 2016).

The results from the analyses presented in this book have highlighted that a more hedonic or a more utilitarian shopping orientation translates into significant differences in consumers' in-store behavior and future intentions, both across and within the two distribution channels, as highlighted in Chaps. 5, 6, and 7. On the one hand, the findings show that each shopping orientation—if sufficiently developed—yields desirable outcomes; on the other hand, it is the consumers who exhibit a hedonic shopping orientation who have the highest potential in terms both of expenditures and likelihood to re-patronage the store.

A significant relationship has emerged in Chaps. 5, 6, and 7 among hedonic shopping orientation, intention to buy again in the same store, and the amount purchased in that store. Specifically, customers shopping hedonically tend to patronage the store more frequently, soaking up the store's potential for entertainment and escapism. Instead, more utilitarian-oriented customers display significantly lower levels of store loyalty and rather resemble one-off buyers with a lower level of expenditures.

Moreover, while the levels of price consciousness were comparable between consumers shopping with a hedonic and a utilitarian orientation, the former indulged more in unplanned purchases, as revealed by the higher amount of spent more money and the higher number of items purchased. The results also allow advancing that customers shopping hedonically stretch their budget across multiple shopping expeditions.

Although shopping in a hedonic or utilitarian way might be related to long-lasting traits of the consumers (Lim and Ang 2008), previous

studies have suggested that stores might temporarily induce one or the other orientation (or both) in the consumers by crafting a specific store atmosphere (Dalmoro et al. 2019; Loureiro and Roschk 2014; Rayburn and Voss 2013). The results from this book suggest that even retailers in the intensive distribution channel—who are probably keener on delivering the utilitarian side of the shopping experience—should consider adding features to induce consumers to be more hedonic while shopping in their stores.

Overall, it is the customers who feel joy, fun, fantasizing, and escapism while shopping who have the highest profit potential and, therefore, constitute the more valuable customer base. The results from the analyses presented in this book demonstrate that hedonic shopping orientation in offline stores translates into higher profits and loyalty for the retailer. In a nutshell, fun pays off for retailers, regardless of whether they are operating in the intensive or selective distribution channel.

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# Appendixes

## Appendix A: The Questionnaire Used

The same version of the questionnaire was used in both distribution channels. It was translated from English. The translation was done with the greatest possible care and with the guidance of several people, both native English speakers and bilingual Italian–English speakers. The literal translation was then integrated and modified to meet the specific needs of this analysis. The items thus translated were then tested on a pilot sample before being used in the analysis.

When translating the scales, the questionnaire's items often have to be not only translated linguistically, but also adapted culturally. Because the English version of the scales had been previously validated, this study adopted forward-backward translation, in line with Chen, Holton, and Bates (2005). Thus, the items were translated and back-translated by bilingual personnel. Only a few minor inconsistencies arose from this process, which were solved based on Beaton et al.'s (2000) four points to ensure equivalence of the measurements at a conceptual level (semantic, idiomatic, experiential, conceptual). Finally, the questionnaire was pre-tested on a convenience sample of 15 respondents (not included in further analyses) who were asked what they thought was meant by each

questionnaire item and the chosen response (Beaton et al. 2000). This procedure ensured that the adapted version retained its equivalence. As a further confirmation, the adapted measures retained the psychometric properties of the questionnaire: a factor analysis confirmed the hypothesized dimensional structure, showing that hedonism, utilitarianism, perceived value, purchase amount, and store loyalty are distinct factors. Furthermore, the scales' Cronbach's alpha, composite reliability (CR), and average variance extracted (AVE) exceeded their respectively recommended thresholds of 0.7, 0.7, and 0.5 as reported in Chap. 5 for intensive distribution and in Chap. 6 for selective distribution.

The English version of the questionnaire is presented in Table A.1.

**Table A.1** Items

Item	Construct	Source (adapted from)
This shopping experience was truly a joy.	Hedonism	Babin, Darden, and Griffin (1994)
This shopping experience was truly a joy. I continued to shop, not because I had to, but because I wanted to.	Hedonism	
I enjoyed this shopping expedition for its own sake, not just for the items I may have purchased.	Hedonism	
I enjoyed being immersed in exciting new products.	Hedonism	
I accomplished just what I wanted to on this shopping expedition.	Utilitarianism	
I couldn't buy what I really needed.	Utilitarianism	
While shopping, I found just the item(s) I was looking for.	Utilitarianism	
I am likely to continue shopping here.	Store loyalty	McMullan and Gilmore (2003)
If I could do it over again, I'd choose an alternative store.	Store loyalty	
I am likely to use the store for more shopping expeditions in the next 12 months.	Store loyalty	Sirohi, McLaughlin, and Wittink (1998)
In this store I bought well.	Perceived value	Wakefield and Barnes (1996)
Buying here was worth the money.	Perceived value	

*(continued)*

Table A.1 (continued)

Item	Construct	Source (adapted from)
Overall, how would you rate the value of this shopping experience?	Perceived value	
I bought the most expensive items.	Purchase amount	Scarpi (2012)
How much money did you spend during this shopping expedition?	Purchase amount	
How many items did you buy during this shopping expedition?	Purchase amount	
I compared prices of at least a few products before I chose one during this shopping trip.	Price consciousness	Ailawadi, Neslin, and Gedenk (2001)
I found myself checking the prices even for small items during this shopping trip.	Price consciousness	
It is important to me to get the best price for the products I buy.	Price consciousness	
How often do you buy fast fashion in intensive/selective distribution stores?	Purchase frequency	
Gender	Gender	
Age	Age	

## Appendix B: Further Considerations on the Validity and Reliability of the Measures

The procedure followed and the concepts of validity and reliability have been explained in Chap. 4. The measurements that have been used to test the model are all reliable both internally and externally, both for the intensive distribution sample and for the selective distribution sample. The results of the numerical analysis are given in this appendix.

The reliability of a scale depends essentially on two elements: the correlation between the items that make it up and the number of items. Cronbach's alpha coefficient is of great importance in the theory of reliability and in the study of scales. In simple terms, without going into statistical technicalities whose complexity goes beyond the purposes of this appendix, Cronbach's alpha represents the expected correlation of a scale with an alternative form that has an equal number of items and wants to measure the same thing. It can also be seen as the correlation between an actual scale and a hypothetical alternative scale, yet without

the need of constructing such an alternative scale. The square root of alpha represents the estimated correlation between the scale considered and a perfect “true” measurement without error. The index is extremely simple to calculate, as it needs only three easily available bits of information: (1) the variance of each single item; (2) the variance of the scores recorded; (3) the number of items.

About this third element, it must be said that Cronbach’s alpha is an index sensitive to the number of items (Churchill 1979); in fact, the reliability index of the scale increases as the total variance increases, and it is clear that the total variance increases the more variables (items) there are. For this reason it is appropriate to combine the analysis of Cronbach’s alpha with an analysis of the contribution given by each single item: an analysis of this type allows to “weigh” the contribution of each variable, identifying those that contribute less to the identification of the construct to be measured, and providing useful information on how many and which items to keep on the scale. In this regard, the Sperman–Brown formula is also used, which estimates the expected increase in reliability of the scale based on the length increments of the scale itself.

For the scales used in this book, Cronbach’s alpha was considered, taking into account the correlation between the various items (inter-item correlation) and the changes in alpha values depending on the deletion/insertion of the various items (scales alpha if item deleted).

## **From the Initial Scale to the Final Scale**

### *Cronbach’s Alpha*

The first version of the questionnaire included all the items on the scale of Babin et al. (1994) for the measurement of hedonism and utilitarianism, plus the items relating to the other constructs that were considered (purchased amount, repurchase intention, value). This first, very long, version was used to carry out a pilot test: about 100 observations were collected for the intensive distribution context, on the basis of which the scales were evaluated item by item and in their entirety. On the basis of these analyses,

some of the items originally included have been deleted: this appendix examines in detail the item selection process and the criteria that guided it.

The initial scales related to the latent effect constructs did not cause any particular identification problems and proved to be more than satisfactory on the sample pilot ( $\alpha > 0.7$ ); they have therefore not been subjected to subsequent modifications and have been maintained unchanged in the course of the analysis. Instead, the original scale of Babin et al. (1994) included 4 items for utilitarianism and 11 items for hedonism. In line with the results of the Cronbach's alpha analysis, and with previous studies that used shortened versions of this scale (e.g. Scarpi 2012; Pizzi et al. 2019), the scales were reduced to 3 items for utilitarianism and 4 for hedonism.

All the scales thus obtained exhibit a good Cronbach's alpha as will be shown. In particular, the scale for hedonism is shorter than the original scale; however, although the number of items is smaller, a higher Cronbach's alpha was obtained, while it is known that the alpha tends to increase as the number of items increases. The scale thus shortened has therefore been compared with the scale in its entirety: the correlation is high ( $r\text{-squared} > 0.8$ ); therefore, no essential and characterizing items have been removed. The scale thus obtained appears compact and reliable and contains the essential elements for unambiguously identifying the constructs to be measured. The selected items therefore seem particularly suitable for an initial analysis of the role played by hedonism and utilitarianism. Their total number allows the scale to be presented in a natural context, minimizing the possibility of fatigue-related bias due to the excessive length of the questionnaire, without compromising reliability. It might be worthwhile keeping in mind that the scale of Babin et al. (1994) has already been shortened in previous studies, without losing its validity (see e.g. Griffin et al. 2000; Scarpi 2012; Pizzi et al. 2019).

### *The Factor Analysis*

A factor analysis was subsequently carried out on the data collected in the pilot study. Factor analysis aims at identifying a structure underlying a set of observed variables. Its use involves the study of the interrelationships

between several variables in order to find a new set, smaller than the original one. Unlike multiple regression, there is no variable explicitly considered as dependent, since all the variables are examined simultaneously. The factor analysis considered the items that Cronbach's alpha and the correlation matrix had indicated as suitable to capture the phenomenon of interest for this book. The results of the confirmatory factor analysis with Oblimin rotation provide high loadings on the predicted factors (loadings > 0.6) and the hypothesized number of dimensions (eigenvalues > 1). The correlation between factors is not so high as to lead one to think that the factors overlap conceptually ( $r$ -squared < 0.5), and unrelated items do load on different factors. A model was estimated fixing the correlation to 1, and it significantly worsened the fit compared with the unconstrained model, as revealed by a chi-squared difference test ( $p\Delta\chi^2 < 0.01$ ), thus providing evidence of discriminant validity (Jöreskog and Sörbrom 2003). It might be worth noticing that Oblimin was used as the rotation technique because varimax imposes orthogonality. While the literature agrees that hedonism and utilitarianism are two separate dimensions, there is no support to expecting they are orthogonal, that is to say, completely uncorrelated.

Based on these considerations, the factor analysis encourages continuing the analysis, suggesting that the factorial structure hypothesized in the research design phase is confirmed by the data.

## **The Final Scale**

### *Cronbach's Alpha*

In the first instance, the dataset has been aggregated both by time slot and by day of the week (weekday vs. holiday): this is in order to check if the reliability of the scales varies significantly in relation to the time slot or day. No significant differences emerged for any channel.

The values that emerge for the whole dataset, for intensive distribution and selective distribution, are reported in Table [B.1](#).

Table B.1 Cronbach's alpha

Distribution channel	Store		Perceived value	Hedonism	Utilitarianism	Price consciousness	Purchased amount
	loyalty	loyalty					
Intensive distribution	0.88	0.88	0.79	0.92	0.85	0.79	0.71
Selective distribution	0.88	0.88	0.85	0.86	0.83	0.79	0.72

*The Correlation Among the Variables*

Then, the analysis moved on to the verification of convergent validity by observing the correlation between the various measures. The measures used in the present analysis have shown discriminating validity, since the correlation coefficients between the different measures of the same construct are much stronger than the correlation between them and the other variables. Linear correlation was considered, not only because it is the most commonly considered type of correlation, but also because the LISREL model uses systems of linear structural equations and uses linear correlation.

The polychoric correlation was calculated. Indeed, it would not be necessary (or appropriate) for the variables recorded with the Likert scale to be continuous (Morata-Ramírez and Holgado-Tello 2013; Kaplan 2008; Jöreskog, 1994), and LISREL allows using the polychoric correlation matrix in the estimation of the parameters (Hayduk 2016; Jöreskog and Sörbrom 2003). Considering continuous variables as the items of Likert scales is a rather common practice; however, it is an arbitrary and erroneous operation, albeit an established one. This appendix does not intend to delve into a methodological or philosophical discussion about the different nature of approaches between disciplines, but intends to highlight the main implications of placing as continuous variables those that are not. A significant linear correlation, in fact, could result from differences in calculation by assuming as continuous a variable that is not continuous. In other words, there might not be any significant correlation, but considering the variable as continuous alters the numerical values on which the index is calculated: it might alter them in such a way as to give strongly wrong and distorted results (Jöreskog and Sörbrom 2003).

Not only does LISREL allow using the polychoric correlation matrix, but it automatically considers as continuous the variables with more than 15 categories: the software therefore also allows calculating the polyserial matrix, that is, a correlation matrix between mixed variables, of which some are continuous and some ordinal.



### *Confirmatory Factor Analysis*

At this point, a confirmatory factor analysis was carried out in the two distribution channels. The aim of this analysis was, on the one hand, to verify the convergent validity and therefore to strengthen the results that emerged from the matrix of polyserial correlation, and on the other hand to show that hedonism and utilitarianism actually have the two-dimensional structure that is recognized by the literature today. As already anticipated by the analysis conducted in the pilot study, in both samples the two constructs emerged as distinct dimensions (i.e. factors): this confirms that they are not the extremes of a one-dimensional continuum and justifies the use of a two-dimensional map to graphically represent the individuals.

The confirmatory factor analysis was conducted with LISREL using the Oblimin method for rotation and without imposing a priori a number of factors: the data confirm a penta-factorial structure. As in the pilot test, the results of the confirmatory factor analysis with Oblimin rotation for the final scale provide high loadings on the predicted factors (loadings  $> 0.6$ ) and the hypothesized number of dimensions (eigenvalues  $> 1$ ). The correlation between factors is not so high as to lead one to think that the factors overlap conceptually ( $< 0.5$ ), and unrelated items do load on different factors. A model was estimated fixing the correlation to 1, and it significantly worsened the fit compared with the unconstrained model, as revealed by a chi-squared difference test ( $p\Delta\chi^2 < 0.01$ ), thus providing evidence of discriminant validity (Jöreskog and Sörbrom 2003).

### *Data Distribution*

As will be clarified later, looking at the distribution of the data within the two samples provides an important element of judgment for choosing the model estimation technique best suited to the nature of the data collected through the questionnaire. The indications provided by PRELIS in relation to the distribution show that the hypothesis of normality and multinormality of data distribution is not realistic: this will be considered when estimating the model. For almost all the constructs considered, high values of skewness ( $> |1|$ ) and Kurtosis ( $> 1$ ) emerge, as can be reasonably expected.

## Appendix C: LISREL Syntax for Model Analysis

This appendix presents the syntax for the estimation of the model developed to compare the consumer samples of intensive distribution and selective distribution. It focuses on statistical numerical criteria, so the proposed model will be evaluated in terms of adaptation to the data, using different procedures and options linked to the LISREL software.

The implications of using these techniques in relation to the judgment of acceptance (or rejection) of the hypotheses advanced in Chap. 3, and the discussion of the theoretical and managerial implications, have been presented in Chaps. 7 and 8.

### LISREL Stacked Models

In the model discussed in Chaps. 5 (intensive distribution), 6 (selective distribution), and 7 (comparison between channels), the parameters were estimated simultaneously (independently) for the two samples, and the estimated values were left unconstrained between the two samples. In other words, two separate estimates of the model were made: one for intensive distribution and one for selective distribution, limiting the observation to the two respective fit indexes, independent of each other.

However, this procedure is only the first step (Jöreskog and Sörbrom 2003). In fact, in order to give more value to the test of hypothesis H5 (which concerns the idea of applying the same model in relation to samples coming from different distribution channels), it was deemed appropriate to verify if the same estimates could be used for the model parameters in the two samples. The purpose of such a step is to increase the understanding of the differences due to the distribution channel, thus increasing the generalizability of the results.

In the following, CONSTRA is the name of the model in which all the structural parameters (both gammas and betas in the LISREL programming language) of the model presented in Chap. 4 were constrained to be equal during the simultaneous estimation of the model on the two samples (intensive distribution and selective distribution). To prevent problems in the interpretation of the output, the lambda parameters of the

measurement model were also constrained to be equal. In the following, FREE is the name for the model in which LISREL is free to independently estimate all the parameters (gamma and beta) in the two samples, that is, the model without any equality constraint.

The result obtained with CONSTRA was an acceptable GFI. However, it should be noted that the GFI alone cannot make a model acceptable, but offers only one indication among many; it is certainly an important indication, but not the only determinant. Above all, chi-square analysis is extremely important (see Chap. 4 for more details). Furthermore, for models where the sample size is such that the chi-square can be used as an indicator of the goodness of fit of the model to the data, and for cases where the chi-square has been adequately manipulated so that it can still be used (e.g. if it has been divided by the number of degrees of freedom; Kaplan 2008), its value  $p$  should also be taken into account. In the CONSTRA model the residues are totally unacceptable (0.19) (see e.g. Hayduk 2016; Kaplan 2008; Jöreskog and Sörbrom 2003). Overall, from the comparison between CONSTRA and the model without equality constraints FREE, there emerges the observation that the former has a worse fit.

The adaptation of the model that was estimated separately for the two distribution channels, discussed in Chaps. 5 and 6, is good for each of them. However, some structural parameters are similar, and it is therefore possible that a certain number of parameters may be forced to be equal for both samples. The parameters were therefore selected by using a systematic comparison procedure, which is presented in Table C.1.

Table C.1 presents the goodness-of-fit indicators of a series of models. Each of these models differs from the CONSTRA model in that one less parameter is constrained. One at a time, the structural parameters are estimated independently between the two sets of data, while keeping all other parameters equal. For instance, in the EQ. 11 model, all the estimated parameters are constrained to be equal except  $\gamma_{11}$  (the relationship between hedonism and store loyalty). Each model with all parameters constrained to be equal except one is compared with CONSTRA. If a model is significantly different from CONSTRA, the improvement in adaptation is not the result of chance. Consequently, it means that a parameter has been identified that could be estimated independently for the two samples.

**Table C.1** Model comparison: simultaneous channel analysis

Model	Free parameter	$\Delta\chi^2$	df	Sign. $\Delta\chi^2$	Meaning
CONSTRA	None	–	–	–	Is the impact of hedonism and utilitarianism significantly influenced by the distribution channel?
EQ11	$\gamma_{11}$	4.27	1	>0.05	The impact of hedonism on store loyalty is significantly influenced by the distribution channel.
EQ21	$\gamma_{21}$	0.79	1	ns.	The impact of hedonism on perceived value is not significantly influenced by the distribution channel.
EQ31	$\gamma_{31}$	23.76	1	>0.001	The impact of hedonism on the purchased amount is significantly influenced by the distribution channel.
EQ12	$\gamma_{12}$	1.62	1	ns.	The impact of utilitarianism on store loyalty is not significantly influenced by the distribution channel.
EQ22	$\gamma_{22}$	4.66	1	>0.05	The impact of utilitarianism on perceived value is significantly influenced by the distribution channel.
EQ32	$\gamma_{32}$	3.41	1	ns.	The impact of utilitarianism on purchased amount is not significantly influenced by the distribution channel.
EQ11.21.31	$\gamma_{11}, \gamma_{21}, \gamma_{31}$	34.78	3	>0.001	The overall impact of hedonism is significantly influenced by the distribution channel.
EQ12.22.32	$\gamma_{12}, \gamma_{22}, \gamma_{32}$	5.99	3	ns.	The overall impact of utilitarianism is not significantly influenced by the distribution channel.
EQ-B12	$\beta_{12}$	3	1	ns.	The effects of perceived value on store loyalty are not significantly influenced by the distribution channel.
EQ-B32	$\beta_{32}$	2.16	1	ns.	The effects of perceived value on purchased amount are not significantly influenced by the distribution channel.
FREE	All	24.67	8	>0.001	Overall, the impact of hedonism and utilitarianism is significantly influenced by the distribution channel.

The procedure was as follows: the first step hypothesized that hedonism and utilitarianism behave in the same way in the two distribution channels considered, so the estimation of gamma parameters (CONSTRA and EQnn) was constrained to be equal. Then, various other models were estimated with different equality constraints and were compared to the model without any constraint (FREE): for each of these models, LISREL provides the chi-square indicator and the degrees of freedom. In a third step, the chi-square of the FREE model (chi-squared B) was subtracted from the chi-square of the constrained model (chi-squared A). Similarly, the number of degrees of freedom of the model with fewer constraints (df B) was subtracted from the number of degrees of freedom of the CONSTRA model (df A). This third phase leads to the identification of a new chi-square (chi-squared C) given by the difference chi-squared A – chi-squared B, with a number of degrees of freedom (df C) given by the difference df A – df B. Verifying if chi-squared C is significant or not means verifying if the equality constraints have significantly lowered the goodness of fit of the model to the data, and therefore it means assessing whether the effects of hedonism and utilitarianism vary significantly between intensive distribution and selective distribution.

In Table C.1, the difference between the CONSTRA chi-square and the chi-square of the model in which one or more equality constraints were released is indicated with  $\Delta\chi^2$ ; instead, df  $\Delta\chi^2$  indicates the degrees of freedom of  $\Delta\chi^2$ ; with Sign.  $\Delta\chi^2$  indicating the significance level of the difference between the chi-square of the models that were compared. The results are detailed in the table.

The comparison between the various constrained models and the model without constraints can be summarized in these terms: the constrained models are not superior to the model without constraints, as far as the different parameters are concerned, except for gamma12 and gamma22. The model in which gamma12 and gamma22 are constrained provides a not significantly better (or even a worse) fit to the data than the model in which all parameters are left unconstrained. Since the literature does not seem to have any theoretical basis to support the equality constraint for gamma12 and gamma22, the FREE model was used for the estimation of the parameters in the two distributive contexts. The conclusions, as well as the managerial and theoretical implications, have been

presented in Chap. 8: this appendix is limited to the discussion of the more technical aspects related to the estimation of the model with LISREL.

Some of the characteristics of the chi-square indicator have already been discussed in Chap. 4, highlighting how it is dependent on the sample size and therefore unsuitable for the dataset ( $N_{\text{tot}} = 750$ ). The characteristics of chi-square have received wide consideration in the literature, and one of the advanced solutions in comparing Stacked models with large  $N$  was to change the `NO` command in model programming, forcing the program to consider only the first 200 observations (`NO = 200`) (see Hayduk 2016). If the sample actually available is greater than 200, this is tantamount to ignoring the additional sensitivity and accuracy due to the increased number of observations. If, on the other hand, the sample actually available is smaller than 200, this raises the question of whether the differences observed between the gamma are large enough to be detected with a sample of reasonable size (200). Nevertheless, this method is questionable, and is not unanimously accepted or frequently used in the literature. However, its application does not significantly change the results and allows drawing the same conclusions. However, as extensively pointed out by Hayduk (2016), the examination of the significance of chi-square variations between the constrained and the unconstrained model is an indicator that can offer interesting suggestions, but it is not an indisputable criterion, and a fundamental guide to decide whether to free or constrain the parameters comes—and must come—from the theory and the hypotheses.

The following two tables (Tables C.2 and C.3) present, respectively, the syntax for LISREL 8.0 programming used for the Stacked model `CONSTRA` and the syntax used for the `FREE` model. The differences between the commands given for the `CONSTRA` estimation and those given for the `FREE` estimation emerge from the comparison between the tables.

## **Constraints of Equality within the Same Channel**

A procedure somewhat similar to that presented in the previous paragraph has also been applied within each distribution channel individually considered. The model developed in this book was in fact first estimated freely, that

**Table C.2** The LISREL 8.0 syntax for the CONSTRA model

---

```

DA NG = 2 NI = 16
-DATASET INTENSNDISTR – GROUP 1
NO = 478 MA = CM
LA LOYA1 LOYA2 LOYA3 VALPER1 VALPER2 VALPER3 ACQ1 ACQ2 ACQ3
  HEDO1 HEDO2 HEDO3 HEDO4 UTI1 UTI2 UTI3
CM FI = C:\INTENSNDISTR.COV
AC FI = C:\INTENSNDISTR.ACM
MO NX = 7 NY = 9 NK = 2 NE = 3 LY = FU,FI LX = FU,FI BE = FU,FI GA = FU,FI
LE LOYAL VALPERC AMOUNT
LK HEDO UTIL
FR LY(1,1) LY(2,1) LY(4,2) LY(5,2) LY(7,3) LY(9,3) LX(2,1) LX(3,1) LX(4,1)
FR LX(6,2) LX(7,2) BE(1,2) BE(3,2) GA(1,1) GA(1,2) GA(2,1) GA(2,2) GA(3,1)
  GA(3,2)
VA 1.00 LY(3,1) LY(6,2) LY(8,3) LX(1,1) LX(5,2)
OU ME = WL RS MI IT = 250 *

-DATASET SPECIALTY SHOPS –GROUP2
NO = 250 MA = CM
LA LOYA1 LOYA2 LOYA3 VALPER1 PERCAVL2 VALPER3 ACQ1 ACQ2 ACQ3
HEDO1 HEDO2 HEDO3 HEDO4 UTI1 UTI2 UTI3
CM FI = C:\SPECIALTY.COV
AC FI = C:\SPECIALTY.ACM
MO NX = 7 NY = 9 NK = 2 NE = 3 LY = FU,FI LX = FU,FI BE = FU,FI GA = FU,FI
LE LOYAL VALPERC AMOUNT
LK HEDO UTIL
FR LY(1,1) LY(2,1) LY(4,2) LY(5,2) LY(7,3) LY(9,3) LX(2,1) LX(3,1) LX(4,1)
FR LX(6,2) LX(7,2) BE(1,2) BE(3,2) GA(1,1) GA(1,2) GA(2,1) GA(2,2) GA(3,1)
  GA(3,2)
VA 1.00 LY(3,1) LY(6,2) LY(8,3) LX(1,1) LX(5,2)
OU ME = WL RS MI IT = 250

```

---

is, without imposing any equality constraint between gamma and beta parameters. Subsequently, such constraints were imposed, constructing for each distribution channel a model in which the gamma parameters associated with hedonism were forced to match the gamma parameters associated with utilitarianism. This procedure allows verifying whether the different estimates for Gamma obtained leaving LISREL free to calculate the estimates were actually different between hedonism and utilitarianism. In the following, INTENSNDISTR-EQ and SELECTNDISTR-EQ identify, respectively, the model with such equality constraints in intensive distribution and in selective distribution. Then, the analysis proceeded with the comparison

**Table C.3** The LISREL 8.0 syntax for the FREE model

---

```

-PROGRAM FOR INTENSIVE DISTRIBUTION
DA NI = 16 NO = 478 MA = CM
LA LOYA1 LOYA2 LOYA3 VALPER1 VALPER2 VALPER3 ACQ1 ACQ2 ACQ3
  HEDO1
HEDO2 HEDO3 HEDO4 UTI1 UTI2 UTI3
CM FI = C:\INTESDISTR.COV
AC FI = C:\INTESDISTR.ACM
MO NX = 7 NY = 9 NK = 2 NE = 3 LY = FU,FI LX = FU,FI BE = FU,FI GA = FU,FR
LE LOYAL VALPER ACQ
LK HEDO UTI
FR LY(1,1) LY(3,1) LY(4,2) LY(5,2) LY(7,3) LY(9,3)
FR LX(1,1) LX(3,1) LX(4,1) LX(5,2) LX(7,2) BE(1,2) BE(3,2)
VA 1.00 LY(2,1) LY(6,2) LY(8,3) LX(2,1) LX(6,2)
OU ME = WL RS IT = 250*

```

---

```

-PROGRAM FOR SELECTIVE DISTRIBUTION
DA NI = 16 NO = 250 MA = CM
LA LOYA1 LOYA2 LOYA3 VALPER1 VALPER2 VALPER3 ACQ1 ACQ2 ACQ3
HEDO1 HEDO2 HEDO3 HEDO4 UTI1 UTI2 UTI3
CM FI = C:\SPECIALTY.COV
AC FI = C:\SPECIALTY.ACM
MO NX = 7 NY = 9 NK = 2 NE = 3 LY = FU,FI LX = FU,FI BE = FU,FI GA = FU,FI
LE LOYAL VALPER ACQ
LK HEDO UTI
FR LY(1,1) LY(2,1) LY(4,2) LY(5,2) LY(7,3) LY(9,3) LX(2,1) LX(3,1) LX(4,1)
FR LX(6,2) LX(7,2) BE(1,2) BE(3,2) GA(1,1) GA(1,2) GA(2,1) GA(2,2) GA(3,1)
  GA(3,2)
VA 1.00 LY(3,1) LY(6,2) LY(8,3) LX(1,1) LX(5,2)
OU ME = WL RS MI IT = 250

```

---

between the Stacked model and the model without equality constraints. Next, one equality constraint at a time was released in the model for each distribution channel, comparing the new model with the fully constrained model (INTESDISTR-EQ and SELECTDISTR-EQ, respectively) and also with the fully free model where no constraints were imposed (INTESDISTR-FREE and SELECTDISTR-FREE, respectively). This procedure allows observing whether releasing or constraining a parameter produces any effect in a distribution channel, and, if so, whether such an effect improves or worsens the fit. The results of this (somewhat cumbersome) comparison procedure are presented in a more intuitive way in [Table C.4](#) for intensive distribution and [Table C.5](#) for selective distribution.



**Table C.4** Comparison between models in the same channel: intensive distribution

Model	Free parameter	$\Delta\chi^2$	df	Sign. $\Delta\chi^2$	Meaning
INTENSDISTR-EQ	None	–	–	–	Overall, do hedonism and utilitarianism have equal impact in intensive distribution?
INTENSDISTR-EQ1	$\gamma_{11}$ and $\gamma_{12}$	195.85	2	>0.001	The impact of hedonism and utilitarianism on the purchased amount is significantly different in intensive distribution.
INTENSDISTR-EQ2	$\gamma_{21}$ and $\gamma_{22}$	353.60	2	>0.001	The impact of hedonism and utilitarianism on perceived value is significantly different in intensive distribution.
INTENSDISTR-EQ3	$\gamma_{31}$ and $\gamma_{32}$	330.16	2	>0.001	The impact of hedonism and utilitarianism on the store loyalty is significantly different in intensive distribution.
INTENSDISTR-FREE	All $\gamma$	354.57	3	>0.001	Overall, hedonism and utilitarianism have a significantly different impact in intensive distribution.

Overall, the comparison of all these models can be summarized as follows: none of the models in which the gamma parameters have been constrained to be equal matches the model developed in this book. This means that the effects of hedonism and utilitarianism are significantly different: the difference in gamma parametric estimates is not the result of chance but reflects this different impact of the two constructs.

In the following, EQ. 1 indicates the model in which all parameters are constrained to be equal except gamma<sub>1n</sub> (n = 1, 2), that is, all the gamma parameters except the link of hedonism and utilitarianism with store

**Table C.5** Comparison between models in the same channel: selective distribution

Model	Free parameters	$\Delta\chi^2$	df	Sign. $\Delta\chi^2$	Meaning
SELECTDISTR-EQ	None	–	–	–	Overall, do hedonism and utilitarianism have equal impact in selective distribution?
SELECTDISTR-EQ1	$\gamma_{11}$ and $\gamma_{12}$	214.49	2	>0.001	The impact of hedonism and utilitarianism on the purchased amount is significantly different in selective distribution.
SELECTDISTR-EQ2	$\gamma_{21}$ and $\gamma_{22}$	304.01	2	>0.001	The impact of hedonism and utilitarianism on perceived value is significantly different in selective distribution.
SELECTDISTR-EQ3	$\gamma_{31}$ and $\gamma_{32}$	160.82	2	>0.001	The impact of hedonism and utilitarianism on store loyalty is significantly different in selective distribution.
SELECTDISTR-FREE	All $\gamma$	311.24	3	>0.001	Overall, hedonism and utilitarianism have a significantly different impact in selective distribution.

loyalty. Instead, EQ. 2 indicates the model in which all the parameters are constrained to be equal except  $\gamma_{2n}$  ( $n = 1, 2$ ), that is, all the gamma parameters except the link of hedonism and utilitarianism with the perceived value, and so on.

Details of the comparisons among the alternative models are reported in Table C.4 for intensive distribution and Table C.5 for selective distribution.

The comparison between the various constrained models and the model without constraints can be summarized in these terms: none of the constrained models is superior to the model without constraints. The conclusions, as well as the managerial and theoretical implications, have been presented in Chaps. 5, 6, 7, and 8: this appendix is limited to the discussion of the technical aspects related to the estimation of the model with LISREL.

In the following, for completeness, Table C.6 presents the syntax for LISREL 8.0 used for the constrained (INTENSDISTR-EQ and SELECTDISTR-EQ) and free (INTENSDISTR-FREE and SELECTDISTR-FREE) models in both distribution channels.

**Table C.6** The LISREL 8.0 syntax for the constrained and free models

INTENSDISTR-EQ and SELECTDISTR-EQ models
DA NI = 16 NO = ** MA = CM LA LOYA1 LOYA2 LOYA3 VALPER1 VALPER2 VALPER3 ACQ1 ACQ2 ACQ3 HEDO1 HEDO2 HEDO3 HEDO4 UTI1 UTI2 UTI3 CM FI = C:\***.COV AC FI = C:\***.ACM MO NX = 7 NY = 9 NK = 2 NE = 3 LY = FU,FI LX = FU,FI BE = FU,FI GA = FU,FI LE LOYAL VALPERC AMOUNT LK HEDO UTIL FR LY(1,1) LY(2,1) LY(4,2) LY(5,2) LY(7,3) LY(9,3) LX(2,1) LX(3,1) LX(4,1) FR LX(6,2) LX(7,2) BE(1,2) BE(3,2) GA(1,1) GA(1,2) GA(2,1) GA(2,2) GA(3,1) GA(3,2) VA 1.00 LY(3,1) LY(6,2) LY(8,3) LX(1,1) LX(5,2) EQ GA(1,1) GA(1,2) EQ GA(2,1) GA(2,2) EQ GA(3,1) GA(3,2) OU ME = WL RS MI IT = 250
INTENSDISTR-FREE and SELECTDISTR-FREE models
DA NI = 16 NO = ** MA = CM LA LOYA1 LOYA2 LOYA3 VALPER1 VALPER2 VALPER3 ACQ1 ACQ2 ACQ3 HEDO1 HEDO2 HEDO3 HEDO4 UTI1 UTI2 UTI3 CM FI = C:\ ***.COV AC FI = C:\***.ACM MO NX = 7 NY = 9 NK = 2 NE = 3 LY = FU,FI LX = FU,FI BE = FU,FI GA = FU,FI LE LOYAL VALPER AMOUNT LK HEDO UTIL FR LY(1,1) LY(2,1) LY(4,2) LY(5,2) LY(7,3) LY(9,3) LX(2,1) LX(3,1) LX(4,1) FR LX(6,2) LX(7,2) BE(1,2) BE(3,2) GA(1,1) GA(1,2) GA(2,1) GA(2,2) GA(3,1) GA(3,2) VA 1.00 LY(3,1) LY(6,2) LY(8,3) LX(1,1) LX(5,2) OU ME = WL RS MI IT = 250
**NO = 500 for INTENSDISTR-EQ; NO = 250 for SELECTDISTR-EQ ***INTENSDISTR.COV and INTENSDISTR.ACM for the INTENSDISTR-EQ model; SPECIALTY.COV and SPECIALTY.ACM for the SELECTDISTR-EQ model

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