Impact of perceived experiential value on customer trust

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Abstract
Experiential value is defined as an overall representation of experiential benefits from the Entertainment, the escapism, the visual appeal, and the interactivity involved with online shopping. Value is based upon customer perceptions and not managerial judgments. In the current study we are trying to find how perception of perceived experiential value influence customer trust, as Trust has been identified as a one of the frequently cited reasons for customer not to shop online (Yang et al., 2009). The purpose of this study is to examine the effects of customer's perceived experiential value on customer trust. While e-commerce in India has witnessed extensive growth in recent years, so has consumers’ concerns regarding trust issues surrounding online shopping. The research on trust has made much progress in traditional retailing as well as online shopping. Therefore, the current study focuses on evaluating the effect of perceived experiential value on customer trust. The concept of experiential value is based on (Holbrook, 1999) is used. Anonymous data was collected from 200 online travel websites users. Correlation and multiple regressions were used to examine the objective of the study. Finding shows that the different type of experiential values is correlated with the customer trust. In terms of different factors ethics of the websites influences most the customer trust.

Keywords: Customer perception, Experiential value, Self oriented value, other oriented value, websites, trust.

1. Introduction
Customer value is the foremost driver of competitive advantage in the Internet shopping environment. The concept of ‘perceived value’ emerged as the defining business issue of the 1990s, and has continued to receive extensive research interest in the present Century. Organizations are increasingly recognizing that perceived value is a key factor in strategic management (Spiteri and Dion, 2004). Slater (1997) has observed that ‘... the creation of customer value must be the reason for the firm’s existence and certainly for its success’. As these words indicate, the creation of customer value has become a strategic imperative in building and sustaining a competitive advantage (Wang et al., 2004). It has been established that trust, loyalty and profits are strongly linked to the value that is created for customers(Khalifa, 2004), and the concept of ‘consumer value’ has become the fundamental issue to be addressed in every marketing activity (Holbrook, 1994, 1999). In the current study, perceived value is defined as the consumer’s overall assessment of the utility of a product (or service) based on perceptions of what is received and what is given (Chen & Chen, 2010).

The importance of consumer trust to the success of online businesses is well documented in the literature (Gefen et al.,2003).customers trust is associated with their initial perception towards the website. People who are concerned about privacy are worried about how a company will use personally identifiable information that they submit to the company’s Web site.Before making any decision the feeling of trust should develop in online environment. This study attempts to identify major factors that significantly impact the formation of consumer trust in using websites.

2. Literature of Review
The past studies have provided a good overview of the positive outcome of offering experiential value. However most of those studies have been performed in the context of Leisure Industries, hotels and
lodging, zoo and coffee shops. Such industries' primary focus is to provide customers with delightful experiences. Holbrook and Hirschman (1982) extended the traditional information processing model of consumer behavior to incorporate a hedonic component including exploratory behavior, daydreams, fun, and learning by association. Some studies also introduce the secondary experience sector, which includes manufacturing or service firms that use experiences as add-ons. Companies in this group mainly use traditional offering to sell their product and services whereas experiential value is used to accomplish the sale. In this broader experiential perspective, value may vary across evaluation contexts such as Point of purchase, preparation and consumption in the home (Zeithaml 1988). Based on their past experience, customers tend to reuse the product or service.

More and more businesses are focusing their positioning on promising a specific type of pleasurable customer experience rather than on product/service attributes. In this line, Shaw and Ivens (2005) found that more than four-fifths of a group of managers believed that customer experience would be the new competitive battleground for brand. For a business to attract and retain customers, it is essential to provide customer value.

Lexhagen Maria (2008) states the customer value is typically built on experiential perception and is the result of direct or indirect interaction during the consumption process. An experiential value scale (EVS) is the only one scale based on Holbrook's (1994) further the theory developed by Mathwick et al. (2001) for measuring these four sub-dimensions of customer experiential value in retail environment.

Aesthetics (visual appeal and entertainment): This value has two major features. One is perceived experience through the senses (e.g., sight, hearing, taste, and touch), which may offer immediate satisfaction to consumers. The other one is through entertainment or dramatic effects.

Playfulness (escapism): This value is formed by customers themselves, and is inner, initiative and self-oriented experience. It is when users temporarily leave real life while performing a certain activity. The playful value shows potential amusement and the emotional worth of the shopping process.

Excellence: This value is described as consumer appreciation of a service provider who demonstrates expertise and offers a reliable service performance. It is associated with whether service providers are meeting its promises given to its customers.

Efficiency: This value reveals the utilitarian aspects of shopping, and defines active investment in economic, temporal, behavioral, psychological resources and feelings or emotions that yield rewards. What consumer is receiving in the return exchange process?

Ethics: involves doing something for the sake of others. A concern for how the consumption will affect others or how they will react to it.

Spirituality: to lose oneself in the other (other being some divine power or some cosmic force, or mystical entity or an inner being) and thereby produce a sense of exaltation or magical experience. Spiritual value is pursued for its own sake and as an end in itself.

Status: consumption is adjusted, to affect those that the consumer wishes to influence. The consumption is focused on how it affects one’s image as perceived by other people.

Esteem: a more passive version of status where the consumption is focused on a reactive appreciation of one’s own consumption and how it might potentially affect one’s public image.

<table>
<thead>
<tr>
<th>Self-oriented</th>
<th>Extrinsic</th>
<th>Intrinsic</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Active</td>
<td>Efficiency</td>
</tr>
<tr>
<td></td>
<td>Reactive</td>
<td>Excellence</td>
</tr>
<tr>
<td>Other-oriented</td>
<td>Active</td>
<td>Status</td>
</tr>
<tr>
<td></td>
<td>Reactive</td>
<td>Esteem</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(output/input, convenience)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Quality)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Success, impression management)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Reputation, materialism, possessions)</td>
</tr>
</tbody>
</table>
Empirical evidence from the existing body of literature indicate that trust plays an important role in helping buyers to overcome perceptions of risk and uncertainty in the use and acceptance of the products they purchase (Wang & Benbasat, 2005). While trust is a broad and multi-faceted concept that has been widely studied in many disciplines, the current study adopts Chinomona and Cheng, (2013) definition of trust. Trust in this study refers to “the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party” (Chinomona & Cheng, 2013). Among some of the behavioral outcomes of trust identified in the retailing literature especially brand trust are brand loyalty, brand attachment, purchase intention and impulsive buying (Hong & Cho, 2011; Chinomona, 2013).

3. Objective:
   - What are the major factors affecting customer online trust.
   - To identify the relationship between perceived experiential value and customer trust.

4. Hypothesis:
The perceived experiential value positively impact customer trust.

5. Research Methodology:
The research design is descriptive in nature for the study. The sampling technique that is used for the study is simple random sampling. A group of respondent who were using travel websites were selected through simple random then the questionnaire was distributed and response was collected to avoid any bias in the research. Survey method of primary data collection using questionnaire adopted for collection of primary data through field survey. Secondary data’s collected from books, journal, newspaper and websites.

A structured questionnaire was used for this research. The questionnaire consists of two sections, the first section consists of demographic questions and the second consist of the factors to measure the perceived experiential value and trust. The Total 200 responses were collected which were having no missing data’s. This research was analyzed through correlation and multiple regressions by using SPSS 20.0 software.

6. Data Analysis and Interpretation
CORRELATION ANALYSIS BETWEEN EXPERIENTIAL VALUES, TRUST.
To find out the relationship between the experiential value factors and trust correlation analysis was performed.

<table>
<thead>
<tr>
<th>Experiential value</th>
<th>Trust</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Aesthetic</td>
<td>0.439(**)</td>
</tr>
<tr>
<td>Overall Playfulness</td>
<td>0.318(**)</td>
</tr>
<tr>
<td>Overall CROI</td>
<td>0.431(**)</td>
</tr>
<tr>
<td>Service Excellence</td>
<td>0.703(**)</td>
</tr>
<tr>
<td>Ethics</td>
<td>0.461(**)</td>
</tr>
<tr>
<td>Spirituality</td>
<td>0.204(**)</td>
</tr>
<tr>
<td>Status</td>
<td>0.371(**)</td>
</tr>
<tr>
<td>Esteem</td>
<td>0.199(**)</td>
</tr>
<tr>
<td>Overall Experiential Value</td>
<td>0.637(**)</td>
</tr>
</tbody>
</table>

Note:
1. ** Denotes significant at 1% level
2. * Denotes significant at 5% level

From the table it is clear that, factors of experiential value have significant correlation with customer trust. This indicates the existence of correlation among the aesthetics, playfulness, CROI, service excellence; ethics, spirituality, status and esteem have correlation with trust. The above table shows...
that among the factors of experiential value, the service excellence is highly correlated with the trust followed by the ethics and aesthetics. Trust in the online shopping is crucial for consumers to feel empowered in making decision. It is considered that the positive outcome of trust is purchase intention and loyalty.

MULTIPLE REGRESSION ANALYSIS OF CUSTOMER TRUST ON EXPERIENTIAL VALUE FACTORS

Regression is the determination of statistical relationship between two or more variables. In simple regression two variables are used. One variable (independent) is the cause of the behavior of another one (dependent). When there are more than two independent variables the analysis concerning relationship is known as multiple correlations and the equation describing such relationship is called as the multiple regression equation. Regression analysis is concerned with the derivation of an appropriate mathematical expression is derived for finding values of a dependent variable on the basis of independent variable. It is thus designed to examine the relationship of a variable Y to a set of other variables \( X_1, X_2, X_3, \ldots \ldots \ldots, X_n \). The most commonly used linear equation is

\[ Y = b_1 X_1 + b_2 X_2 + \ldots \ldots + b_n X_n + b_0. \]

Here Y is the dependent variable, which is to be found. \( X_1, X_2, \ldots \) and \( X_n \) are the known variables with which predictions are to be made and \( b_1, b_2, \ldots b_n \) are coefficient of the variables.

In this study, the dependent variable is loyalty; Independent variables are experiential value factors discussed as follows:

Dependent variable : Trust(Y)

Independent variables:
1. Aesthetics (\( X_1 \))
2. Playfulness (\( X_2 \))
3. CROI (\( X_3 \))
4. Service excellence (\( X_4 \))
5. Ethics (\( X_5 \))
6. Spirituality (\( X_6 \))
7. Status (\( X_7 \))
8. Esteem (\( X_8 \))

Multiple R value : 0.747

R Square value : 0.5580

F value : 93.745

P value : <0.001**

Table Variables in the Multiple Regression Analysis

<table>
<thead>
<tr>
<th>Variables</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t-value</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>1.996</td>
<td>0.857</td>
<td>2.328</td>
<td>0.020</td>
</tr>
<tr>
<td>( X_1 )</td>
<td>0.146</td>
<td>0.032</td>
<td>0.169</td>
<td>4.525</td>
</tr>
<tr>
<td>( X_2 )</td>
<td>0.488</td>
<td>0.033</td>
<td>0.050</td>
<td>1.444</td>
</tr>
<tr>
<td>( X_3 )</td>
<td>0.361</td>
<td>0.036</td>
<td>0.368</td>
<td>9.913</td>
</tr>
<tr>
<td>( X_4 )</td>
<td>0.101</td>
<td>0.054</td>
<td>0.065</td>
<td>1.866</td>
</tr>
<tr>
<td>( X_5 )</td>
<td>0.631</td>
<td>0.050</td>
<td>0.550</td>
<td>12.638</td>
</tr>
<tr>
<td>( X_6 )</td>
<td>0.141</td>
<td>0.085</td>
<td>0.069</td>
<td>1.657</td>
</tr>
<tr>
<td>( X_7 )</td>
<td>0.227</td>
<td>0.032</td>
<td>0.228</td>
<td>7.087</td>
</tr>
<tr>
<td>( X_8 )</td>
<td>0.061</td>
<td>0.054</td>
<td>0.036</td>
<td>1.121</td>
</tr>
</tbody>
</table>

Note: ** Denotes significant at 1% level
The multiple correlation coefficient is 0.747 measures the degree of relationship between the actual values and the predicted values of the Adjustment. Because the predicted values are obtained as a linear combination of Aesthetics, playfulness, CROI, Service excellence, Ethics, Spirituality, Status, Esteem as the independent variables and R square value is significant at 1 % level.

The coefficient of Determination R-square measures the goodness-of-fit of the estimated Sample Regression Plane (SRP) in terms of the proportion of the variation in the dependent variables explained by the fitted sample regression equation. Thus, the value of R square is 0.558 simply means that about 55.80 % of the variation in adjustment is explained by the estimated SRP that uses Aesthetics, playfulness, CROI, Service excellence, Ethics, Spirituality, Status, Esteem as the independent variables and R square value is significant at 1 % level.

The multiple regression equation is

\[ Y = 1.996 + 0.146X_1 + 0.488X_2 + 0.361X_3 + 0.101X_4 + 0.227X_5 + 0.141X_6 + 0.631X_7 + 0.061X_8 \]

Here the coefficient of \( X_1 \) is 0.146 represents the partial effect of Aesthetics on Adjustment, holding the other variables as constant. The estimated positive sign implies that such effect is positive that adjustment score would increase by 0.146 for every unit increase in aesthetics and this coefficient value is significant at 1% level. The coefficient of \( X_2 \) is 0.488 represents the partial effect of playfulness on Adjustment, holding the other variables as constant. The estimated positive sign implies that such effect is positive that adjustment score would increase by 0.488 for every unit increase in playfulness and this coefficient value is not significant at 5% level. The estimated positive sign implies that such effect is positive that adjustment score would increase by 0.146 for every unit increase in aesthetics and this coefficient value is significant at 1% level. The coefficient of \( X_3 \) is 0.361 represents the partial effect of CROI on Adjustment, holding the other variables as constant. The estimated positive sign implies that such effect is positive that adjustment score would increase by 0.361, 0.631 and \( X_7 \) is 0.227 represents the partial effect of Ethics, Service excellence and status on Adjustment, holding the other variables as constant. The estimated positive sign implies that such effect is positive that adjustment score would increase by 0.227 for every unit increase in Ethics, Service excellence, Spirituality and Esteem on Adjustment, holding the other variables as constant. The estimated positive sign implies that such effect is positive that adjustment score would increase by 0.141 and \( X_8 \) is 0.061 represents the partial effect of playfulness, Service excellence, Spirituality and Esteem on Adjustment, holding the other variables as constant. The estimated positive sign implies that such effect is positive that adjustment score would increase by 0.101, 0.141 and 0.061 for every unit increase in playfulness and this coefficient value is not significant at 5% level.

Based on standardized coefficient, ethics (0.550) is the most important factors to extract adjustment score, followed by CROI (0.368), status (0.228). While doing any transaction online customer want a safe, secure, confidential fair and honest deal from the website that why ethics is the most important factor customers are looking for while doing shopping online.

7. Findings
This study tries to identify major factors that significantly impact the formation of consumer trust in using website. Most respondents in this study believed trust in the online retailer influenced their perceived risk of transaction and their intention to conduct a transaction. They were more likely to purchase the product if they assumed that the seller was capable of providing a secure purchase environment and good quality service. So the different factors which influence the customer trust were identified, among those ethics was considered as most influencing factor followed by service excellence and efficiency of the website. If the website is capable of resolving any issues customer is having during their transaction, the websites is giving the competitive prices, prompt in providing any kind of solution then it helps in creating the trust towards the websites in customer mind.

8. Conclusion:
The key role of trust in any relationship is commonly recognized across disciplines. Specifically, in the marketing discipline. Customers trust has been regarded as a critical factor in a marketing in which the customer trust is depending on their perception towards the websites. Research on perceptions of experiential value and on perceptions of trust suggests that Customers’ perceived experiential value
and trust are closely related. Perceptions of ethics is highly correlated to trust may means ethics of the websites if perceived positively it can create the feeling of trust in customers, but. Thus, the existence of consumer trust in online transaction tends to mitigate consumer perceptions of risk and increase intentions to transact online.

9. References


