Journal of Information Technology and Digital World (ISSN: 2582-418X)
www.irojournals.com/itdw/

How Functional and Psychosocial Benefits Impact Customer Value in Internet Shopping using Means-End Chain Approach

Krithika P[1], S. Vasantha[2*]

[1,2]School of Management Studies, Vels Institute of Science, Technology and Advanced Studies, (VISTAS), Chennai, India

*corresponding Author

E-mail: anu.krithi4@gmail.com[1], vasantha.sms@velsuniv.ac.in[2*]

Abstract

Marketing and strategic management revolve around customer value analysis and management. However, only some know how cognitive capability affects customer value from a functional and psychosocial perspective. Internet apparel services are transforming retail increasingly after Covid. Thus, marketing managers in the rapidly growing apparel industry must be flexible to predict other customer-valued services. This study examines customer value and functional and psychosocial benefits using cognitive capabilities. Exploratory, confirmatory, and structural equation modelling are used to better understand the relationship between functional and psychosocial benefits and customer value. These complicated benefit combinations promote customer value and help develop value generation and its causes. Using the conceptual model, managers can improve cognitive capabilities by understanding how perceived functional and psychosocial benefits affect value generation for various types of customers.

Keywords: Functional benefits, Psychosocial benefits, Terminal value, Instrumental value, Internet shopping.

DOI: https://doi.org/10.36548/jitdw.2023.1.003
Received: 12.02.2023. received in revised form: 12.03.2023, accepted: 07.04.2023, published: 17.04.2023

1. Introduction

Prior studies on internet shopping have focused mainly on determining the attributes of successful internet retailers [1]. Some of this research establish more abstractions like shopping values and information to enhance their ability to predict customer preferences [2]. However, these ideas help improve academic knowledge of the benefits that customers evaluate are crucial when selecting an internet retailer. They will need to tackle the question of the actual reasons of customers or why these benefits are crucial to internet customers when shopping online. Because value is such a strong indicator of future actions, and it has been the subject of substantial study in consumer research [3]. Value is defined as the estimate of what a product can do based on the judgments of the potential gain and the potential offer [4]. According to this definition, value is the satisfaction one derives from a transaction in which one group offers a sacrifice in exchange for another group's benefit. A previous study has used this approach to examine the relationship between overall satisfaction and future purchasing behaviours, finding that a higher perceived value is associated with greater pleasure or more favourable buying behaviours [5]. Customers prefer an estimate of these characteristics and outcomes resulting from their usage to accomplish their goals. This definition is grounded in the principle of attributes' relative significance in achieving a goal [6]. These studies have always derived attribute result values. But this study focuses on functional and psychosocial benefits that influence customer value. The current research proposes that customer value is the driving force behind their desire to shop online. To better understand how the unique benefits of online shopping affect customer value and goal attainment, the current review employs Means-End Chain (MEC) approach as a conceptual model.

2. Conceptual Model

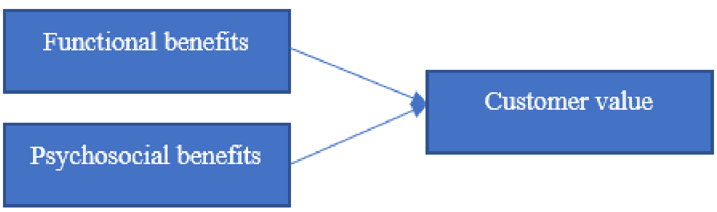

Figure 1. Conceptual Model of Customer Value

Fig.1 denotes the conceptual model of customer value. Goals and purposes are the maximum level of the customer value structure. While the top of the customer value structure may include various factors, this work focuses on those directly related to why people prefer e-shopping. Therefore, the customer value extends the simple purchase of products or essential services because customer perception provides a wide range of intangible benefits (functional and psychosocial). This model believes that customers find value in terms of functional and psychosocial benefits. These benefits make it easier for them to accomplish their instrumental purposes (such as saving money and having a more streamlined experience) and terminal values (for some, going shopping is an exciting and social experience). These benefits positively associate with customer value.

3. Objective

1. To observe how the customer value is affected by the functional benefits.

2. To find out how the psychosocial benefits impact the customer value.

4. Literature review

4.1 Customer Value

In consumption contexts, customer value is a crucial concept driving customer choice and purchasing behaviours [7,8]. Customer behaviour link to the values sought after consumption, suggesting that marketing methods reflecting customer values may prove fruitful. Customer behaviour and value systems have been the focus of previous attempts at modelling [9], with one prominent example being the MEC [10].

A customer's value system reflects his or her values [11]. Based on Rokeach's theory, the customer value gives equal importance to the terminal and instrumental values, which serve as a moral compass for decision-making and dispute resolution in everyday life. Instrumental value links to a person's habits and routines; these include attributes like helpful, responsibility, and honesty. Differences in terminal states link to a person's aspirations and objectives in life, such as equality. This research considers customer value as a combination of instrumental and terminal values.

In this research, the more significant social and psychological benefits are grouped. Consumers may experience and call them "psychosocial benefits." In cases where the benefits to a person's mental well-being cannot be measured, the MEC directly applies to get insight into the connection between the steps one takes when selling and the resulting positive outcome

[12]. Furthermore, MEC has effectively elucidated the theoretical connections between customers' terminal end-state values and their functional and psychosocial benefits.

4.2 Functional Benefits and Customer Value

Functional benefits pertain to instrumental, more tangible outcomes that are directly referring to how product use represents the user to others or self. In supermarkets, functional benefits in terms of offering quality impact customers' value, whereas in hypermarkets, functional benefits (price, offer quality, and confidence) strongly influence customer value.

Consumers' functional benefits are divided into categories of product or service quality [13,6]. The value of functional benefits can be measured in monetary terms or terms of comparative advantage when compared to other options [14]. According to research [15], customers' perceptions of a product's or service's quality and projected performance significantly impact their actions and level of satisfaction with that purchase. The quality, pricing, and availability, customers perceive as being offered by a business are the three functional variables that most directly affect their opinion of the value they receive.

Previous work has attempted to conceptualize customer value because of its complexity [14,6]. Value, as defined by [4], is the consumers' evaluation of the product or service's usefulness because of the consumer's expenses (financial, in terms of both time and energy invested) and benefits.

Hypothesis 1 – Functional benefit influence customer value in internet shopping.

4.3 Psychosocial Benefits and Customer Value

[16] Consumers' internal and external self-perceptions, or "psychosocial benefits," are influenced in several ways. Attributes like competence and independence are examples of psychosocial benefits. Benefits to psychosocial had more impact on one's instrumental and terminal values (customer value).

[12] As consumers buy and use things to achieve their ends, a web of linkages between those products' psychosocial benefits and the ends' underlying values develops. The benefits then become drivers for achieving more long-term goals, such as psychosocial benefits. In the end, they impact instrumental and terminal achieving goals. Values are described as terminal (focused on desired outcomes) or instrumental (related to preferred consumption).

Hypothesis 2 – Psychosocial benefit influence customer value in internet shopping.

5. Methodology

The research has both the primary and conclusion stages. Conclusive research involves collecting 150 data samples from apparel shopping consumers using a structured questionnaire, while an exploratory approach is used broadly for literature review and building survey questions.

The definition of the internet shopping environment is examined as a part of the study's background. After conducting the literature review outlined earlier, 22 statements were devised to include in the final internet retail shopping experience model. After developing this questionnaire, two general managers from the electronic retail industry and three professors educated and published this subject in internet retailing. The Likert scale was used to grade this set of questions from 1 (strongly disagree) to 5 (strongly agree). There was no negative scoring on any of the items. For this study, a sample of 150 apparel customers was used. The apparel customers for this investigation consist of individuals who regularly use, purchase, and shop online for apparel. The sample comprised of internet shoppers who bought apparel items via the internet. In order to get the most out of the survey, internet shoppers who had been purchasing apparel online for more than a year were targeted.

6. Analysis and Results

Table 1 discusses about the EFA factor loadings. The results of a correlation analysis, a factor measure of sampling adequacy, a KMO evaluation of sample adequacy, and a bartlett's test were examined to determine whether or not the dataset was suitable [17]. Strong relationships between many different variables suggested the existence of a framework of the database. The findings were supported by the anti-image correlation, which demonstrated sufficient sampling of variables at the measure level. The value of 0.908 obtained from the KMO test of sample adequacy is above the minimum acceptable value of 0.5. Similarly, a calculated value of 5457.339 for the 231-df version of Bartlett's test with a 5% degree of significance is suggested. These results suggest that EFA would be appropriate.

Table 1. EFA factor loadings

Constructs	Items	Mean	Std. Dev	α	EFA loadings
Psychosocial Benefits (PSB)	PSB1	3.8932	.668	.877	.697
	PSB2				.694
	PSB3				.698
	PSB4				.630
	PSB5				.709
	PSB6				.703
	PSB7				.630
	PSB8				.646
	PSB9				.700
Functional Benefits (FB)	FB1	4.0480	.775	.855	.800
	FB2				.742
	FB3				.782
	FB4				.781
	FB5				.682
	FB6				.726
Customer Value (CV)	CV1	3.967	.793	.876	.706
	CV2				.706
	CV3				.749
	CV4				.690
	CV5				.754
	CV6				.743
	CV7				.700

Tables 2 and 3 describe the CFA goodness of fit results and CFA- CR and AVE results, respectively. The CFA goodness-of-fit statistics show that the conceptual model is satisfactory. CMIN/DF = 2.929, therefore the fit is good enough. The goodness-of-fit indices (GFI, CFI, and IFI) were all closer to 1.000 (GFI=0.913, CFI=0.925, and IFI=0.925). Root Mean Square

Error of estimate (RMSEA) was less than 0.042. For this conceptual model, all these results confirmed the model's validity in Tables 2 and 3.

Table 2. CFA Goodness-of-fit Results

Fit indices	**$\chi 2$ /df**	**GFI**	**CFI**	**IFI**	**TLI**	**RMR**	**RMSEA**
Recommended	<$\chi 2$ /df	0.90	0.90	0.90	0.90	0.08	0.08
Measured	2.929	.913	.925	.925	.916	.042	.058

Table 3. CFA- CR and AVE Results

Constructs	Items	CR >0.60	AVE >0.50
Psychosocial Benefits (PSB)	PSB1	0.885	0.461
	PSB2		
	PSB3		
	PSB4		
	PSB5		
	PSB6		
	PSB7		
	PSB8		
	PSB9		
Functional Benefits (FB)	FB1	0.887	0.567
	FB2		
	FB3		
	FB4		
	FB5		
	FB6		
Customer Value (CV)	CV1	0.884	0.521
	CV2		
	CV3		
	CV4		
	CV5		
	CV6		
	CV7		

Table 4. Hypothesis Results

Hypothesis	Structural path	Standard regression weights (SRW)	T-value	Results
H1	FB → CV	.75	9.92 (p = .00)	SUPPORTED
H2	PB → CV	.81	10.49 (p = .00)	SUPPORTED

Table 4 shows the findings of the hypothesis test, structural path, SRWs, and p-values. The conceptual model was analysed with the use of SEM. Good fits are represented by fit indices that fall within the acceptable range. The structural model fit indicators are displayed in Table 4. Nevertheless, to evaluate the study's hypothesis, the p-value and the std regression weights must be computed. Customers place a higher value for both functional and psychosocial benefits, as found in the study's findings. Customer value was used as the dependent variable in a standard regression, yielding weights of 0.75 ($p = .00$) and 0.81 ($p = .00$). The findings also indicate that the independent variable of functional and psychosocial benefits significantly affects the customer value of an internet retail apparel purchase.

7. Practical Implications

The MEC cognition standpoint of functional and psychological benefits on value creation cannot replace existing procedures; in fact, it neither arises apart from these variables. Rather, it supplements and extends on value-oriented approaches by providing mechanisms that link value strategies to functional and psychosocial benefits. This connection should be noted by academics and practitioners in the domains of strategy and marketing for a variety of reasons. To begin, the emphasis on the value of the consumer has always been at the centre of strategic practice, that explains why the managerial cognitive perspective to the MT is particularly important. The study's concentration on the internet shopping sector also has the potential to widen the applicability of its results and enable their adoption in other industries. This allows scholars to investigate the effects of managerial cognition in sectors of the business similar to the internet shopping market. Second, this behavioural managing method integrates strategic management concept and implementation with cognitive and social psychology. Third, by adopting this precise model of customer value creation, companies can design acceptable pairings of perceived benefits for their offerings and services. Furthermore, the pairings of perceived benefits that provide value are determined by the benefits (functional and psychosocial) and whether or not consumers purchase for the service.

8. Conclusion

This research has developed a complete customer value model that included functional and psychosocial benefits. The conceptual analyses show that both the functional and psychosocial benefits affect customer value when customers are willing to buy clothes online. The SEM findings further demonstrate the complexity of the factors involved in the connection between functional and psychosocial advantages and customer value generation. These findings teach several vital implications for marketing and strategic management industries. Even though the rare rise of apparel attributes assisting with strategic change is becoming more critical, the strategic management needs to know how functional and psychosocial benefits affect customer value creation from this point of view. The results of this study help fill in this knowledge gap. Moreover, the recommended MEC model of cognitive abilities and the possible effects of functional and psychosocial benefits on customer value can help businesses create customer value by giving the right benefits. The empirical results show that the apparel industry expands the cognitive skills of managers. This result gives managers a more comprehensive range of strategic options and ways to avoid traditional ways.

References

[1] Muylle, S., Moenaert, R., & Despontin, M. (2004). The conceptualization and empirical validation of web site user satisfaction. Information and Management, 41(5), 543–560.

[2] Novak, T. P., Huffman, D. L., & Duhachek, A. (2003). The influence of goal-directed and experiential activities on online flow experiences. Journal of Consumer Psychology, 13(1–2), 3–16.

[3] Ha, J., & (Shawn) Jang, S. C. (2010). Perceived values, satisfaction, and behavioral intentions: The role of familiarity in Korean restaurants. International Journal of Hospitality Management, 29(1), 2–13.

[4] Zeithaml, V. A. (2015). Consumer Perceptions of Price, Quality and Value: A Means-End Model and Synthesis of Evidence. October.

[5] Hyun, S. S., & Han, H. (2012). A model of a patron’s innovativeness formation toward a chain restaurant brand. International Journal of Contemporary Hospitality Management, 24(2), 175–199.

[6] Woodruff, R. B. (1997). Customer value: The next source for competitive advantage. Journal of the Academy of Marketing Science, 25(2), 139–153.

[7] Jones, M. A., Reynolds, K. E., & Arnold, M. J. (2006). Hedonic and utilitarian shopping value: Investigating differential effects on retail outcomes. Journal of Business Research, 59(9), 974–981.

[8] Park, C. (2004). Efficient or enjoyable? Consumer values of eating-out and fast-food restaurant consumption in Korea. International Journal of Hospitality Management, 23(1), 87–94.

[9] Rokeach, M. (1973), The Nature of Human Values, The Free Press, London.

[10] Gutman, J. (2012). Categorization Processes. Journal of Marketing, 46(2), 60–72.

[11] Huber, F., Herrmann, A., & Morgan, R. E. (2001). Gaining competitive advantage through customer value-oriented management. Journal of Consumer Marketing, 18(1), 41–53.

[12] Robert G. Cooper. (2011). An exploratory investigation into the hierarchical linkages between salespersons' sales call activities and customers' psychosocial benefits and terminal values". Journal of Indian Business Research, 34(1), 1–5.

[13] Sweeney, J. C., & Soutar, G. N. (2001). Consumer perceived value: The development of a multiple item scale. Journal of Retailing, 77(2), 203–220.

[14] Sheth, J. N., Newman, B. I., & Gross, B. L. (1991). Why We Buy What We Buy: A Theory of Consumption Values: Discovery Service for Air Force Institute of Technology. Journal of Business Research, 22(2), 159–170.

[15] Wang, Y., po lo, H., Chi, R., & Yang, Y. (2004). An integrated framework for customer value and customer-relationship-management performance: A customer-based perspective from China. Managing Service Quality: An International Journal, 14(2), 169–182.

[16] Volkan Polat. (2022). CUSTOMER BENEFITS AND SHARING BEHAVIOUR IN VIDEO STREAMING SERVICES: THE MEDIATION EFFECT OF VALUE CREATION. Marketing and Management of Innovations, 4511(8.5.2017), 2003–2005.

[17] Malhotra, N. K., & Birks, D. F. (2007). an Applied Approach. In Open Journal of Business and Management: Vol. Vol. 4 (Issue Prentice Hall.) http://capitadiscovery.co.uk/cardiffmet/items/240307%0Awww.pearson.com/uk