

Brand's Cool Dimension Effect on Customer Satisfaction and Its Implication to Visual E-WoM

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Abstract

As Word of Mouth (WOM) progress as one of the most potent marketing instruments, millennials are a vital contributor to the growth of eWOM. Considering how powerful eWOM is and the significance of millennials as the generation that derives the transformation of eWOM as the primary source of information for the customer, it is important to know the variables that drive millennial customers desire to provide information about product and service through their own social media account. This study then employed structural equation modeling to analyze the data. This study finds that out of the two, cool factors only hedonic cool is proven to have a positive and significant influence on customer satisfaction. The other finding is that active Visual eWOM activity of customer are positively influenced by customer satisfaction.

Keyword: *Hedonic Cool, Utilitarian Cool, Customer Satisfaction, Visual eWOM*

1. Introduction

Word of Mouth (WOM) has been the focus of numerous researches in the marketing field. One of the pioneering studies in this subject defines WOM or personal influence as a market/product related information exchanging activity among the customer [1]. The definition of WOM since then has evolved to the informal suggestion from and to the customer that normally interactive, brief, and bias-free [2].

Whitler [3] suggested that WOM is the most valuable marketing tools that customers trust the most and most likely will increase sales. Katz and Lazarsfeld [1] believe that it is seven times more effective than newspaper advertisement, four times more effective than direct selling, and two times more effective than radio advertisement. WOM is the primary factor that influences 20 to 30 percent of all purchases [4]. Meanwhile, according to Nielsen [5], 88% of South East Asia's customers believed in WOM and 91% will act based on it. Nowadays the amount of WOM exchange is likely increasing along with the development of digital and mobile platforms [6]. Digital and

mobile growth also transform how WOM is distributed among customers. It used to be that WOM is an oral communication about brand between the customer [7], now WOM doesn't have to be in the form of oral communication anymore. Now the customer can distribute WOM in a digital form known as Electronic Word of Mouth or eWOM for short. Hennig-Thurau et al. [8] define eWOM as all positive or negative expressions about a product or company that is made by the customer, potential customer, or ex-customer directed to several people or institution through the internet.

As its progress one of the most potent marketing instrument, the millennial is a vital contributor to the growth of eWOM. According to [9], 60% of millennials talk about product and service more than the overall population that is only 29%. Furthermore, Smith [10] stated that millennials are more willing to provide information about products and services for their colleagues. In order to be positively talked by millennials through eWOM, product and service must meet several standards. Those standards are, it has to be cool both from its functional (utilitarian) and emotional (hedonic) aspects.

Considering how powerful eWOM is and the significance of millennials as the generation that derives the transformation of eWOM as the primary source of information for the customer, it is important to know the variables that influenced the drives millennials customer desire to provide information about product and service through their own social media account. The social media platform chosen to be the object in this research is Instagram. The primary reason for using Instagram as the object is in recent years Instagram has grown significantly to 22 million users [11] and 89% of its users in Indonesia aged 18 – 34 years old [12].

Considering the characteristic of Instagram as the social media platform that primarily an image sharing social media, therefore in this research the type of eWOM that will be studied will be specific only about Visual Electronic Word of Mouth (V-eWOM). As for the product, this research will use sneakers as a product. This research is expected to give an understanding of the behavior of the millennial regarding their activity of sharing positive expression about products through their social media account. The findings hopefully can be implemented into the company's marketing strategy in order to enhance the company's capability to engage the millennial based customer.

2. Conceptual Foundation

2.1. What is "cool"?

As the word "cool" nowadays might no longer cool, but it is still the best word to describe something that is elusive, an exclusive quality that makes behaviors and objects so hip, desirable, and symbolic of 'being in the know' [13]. Kerner and Pressman [14] said that cool is about achieving relevance—to a particular group, small or large. Gladwell [15] defined cool as doing something that nobody else is doing. A Cool brand can also be defined as one that has a cultural value in it [16]. In this study, we follow Runyan et al. [17] definition of cool that is, an emotion or feeling about a product, which is the hedonic value (hedonic cool) and utilitarian value (utilitarian cool) in nature. The hedonic dimension is defined as the pleasure potential of a product class and utilitarian described as the ability to perform functions in the everyday life of a consumer [18].

Furthermore, Runyan et al. [17] also decided hedonic cool into three aspects (Singular Cool, Personal Cool, and Esthetic Cool) and utilitarian cool into two aspects (Functional Cool and Quality Cool). Singular Cool is achieved when the purchased products are unique enough to make the customer establishes him/herself as a unique individual [17]. Personal Cool products are the kind of products that able to represent the customer's self by transferring it's symbolic meanings to the user [17]. Esthetic Cool according to Runyan et al. [17] is products that are designed to benefit the user's lives and have a well-design appearance. Functional Cool is defined as the consumer's perceived practicality of product usage to fulfill

its intended function [17]. Where Quality Cool is defined broadly as product superiority or excellence if compared to its competition [19].

2.2. Customer Satisfaction

Customer satisfaction can be defined as an overall evaluation of the post-consumption experience of products or services in the mind of the customer [20]. In short Oliver [21] synthesize that customer satisfaction can be described as the consumer fulfillment response. This response of fulfillment is a judgment that a product or service features, or the product or service itself, has provided (is providing) a pleasurable level of consumption-related fulfillment [22]. The evaluation process that will lead to the judgment of customer fulfillment (or not) will significantly be affected by the value provided by the product of service both the hedonic value and utilitarian value [23]. Jones et al. [24] also find that both hedonic and utilitarian value is significantly influenced customer satisfaction. Therefore, the hypothesis can be formulated as follows:

Hypothesis 1: Hedonic cool positively affect customer satisfaction

Hypothesis 2: Utilitarian cool positively affect customer satisfaction

2.4. Visual Electronic Word of Mouth

Word of mouth (WOM) has been approved for many years as one of major influence on what people know, feel and do. The research conducted by Buttle [25] has shown WOM is nine times as effective as advertising at changing the unfavorable or neutral perception of a product into a positive one. Visual eWOM is a visually digitized form of WOM it can be defined as an expression about a product or company conveyed by a consumer that is available on the internet [26]. In essence, the Visual eWOM is a form of Electronic Word of Mouth (eWOM). The eWOM activity involves two individuals that are the sender (writer or poster) and receiver (reader or viewer). WOM activity is a result of the post-consumption condition experienced by customers [27]. In case the product or service performance fulfills the expectation of the customer, it might trigger the customers to tell their positive experience to others [28]. Based on this rationale, we propose:

Hypothesis 3: Customer satisfaction positively affect visual eWOM activity

2.5. Research Framework

Based on the research hypotheses constructed earlier, it can be summarized that there will be two types of construct namely first order and second order. The second order variables are hedonic cool and utilitarian cool which consist of three and two dimensions respectively. On the other hand, the variables treated as the first order are customer satisfaction, brand trust, and positive visual eWOM activity. Thus, the research model proposed is:

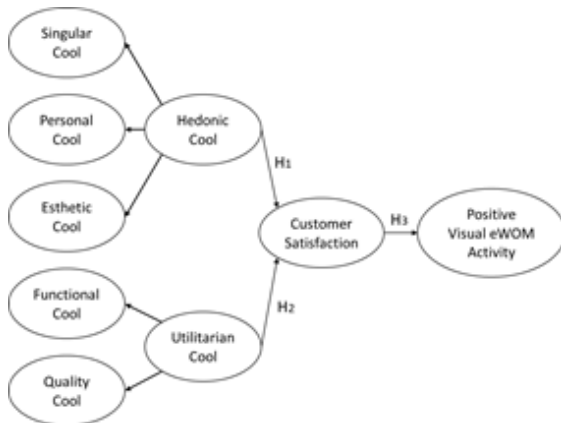


Figure 1. Research Framework

3. Data Analysis Method

This study employed structural equation modeling to analyze the data. The analysis was conducted by using Lisrel 8.5.1. For the SEM analysis, this study adopted the 2 steps approach, wherein the 1st step, the model was being specified for its validity and reliability and in the 2nd step, the structural model was formed and tested [29]. The measurement model would be considered valid if the standardized loading factor ≥ 0.5 and t-value for each indicator ≥ 1.96 [30]. Meanwhile, the measurement model will be deemed reliable for the value of construct reliability (CR) and average variance extracted (AVE) exceeds or equal to 0.7 and 0.5 respectively [30]. For hypothesis testing, this study uses a 95% confidence level where the critical value is ± 1.96 . All of the hypotheses in this study are in the form of positive one-tailed, thus the null hypothesis would be rejected if the t-values for each respective hypothesis exceeds or equals to 1.96.

Besides analyzing the measurement and structural model, this study would also scrutinize the model's goodness of fit. This study would incorporate the standard where the model would be assessed by 3 kinds of categories namely absolute, parsimonious and incremental fit [30]. The model would be considered to have a good fit if at least one criterion from each category fulfills the recommended value.

4. Data Analysis and Result

4.1. Respondent's Profile

The descriptive information of the sample for this study showed that most of the respondents are within the age ranged between 18 and 20 years old (75.6%) and live in Tangerang (51.8%). The gender of the respondents in this study is spread equally, with 54% and 46% for men and women respectively. As for the number of shoes owned, most of them possess 6-10 pairs (42.1%) and 1-5 pairs (39.7%). Their budget to be spent on shoes revolves around Rp. 500.000 – Rp. 1.000.000 (42.1%) and Rp. 1.000.001 – Rp. 1.500.000 (27.4%). Regarding their social media behavior, most of the respondents post 1-3 posts (51.2%) and 4-6 posts (23.1%) in the past week.

4.2. Validity and Reliability

As can be seen from Table 1, all variables are considered valid. This can be seen from t-values for each indicator, all scoring above 1.96, and the score of standardized loading factor, which exceeds 0.5. All variables are also reliable, as, from the calculation of construct reliability (CR) and average variance extracted (AVE), the scores fall above the minimum standard, which is 0.7 for CR and 0.5 for VE

Table 1 – Validity and Reliability Analysis Result

Variable	Dimension	Indicators	T-Values	SLF	CR	AVE
Hedonic Cool	Social Cool	SC1	11.02	0.77	0.836	0.563
		SC2	10.95	0.77		
		SC3	12.28	0.83		
		SC4	8.27	0.62		
	Personal Cool	PC1	10.51	0.76	0.787	0.650
		PC2	12.94	0.85		
Emotional Cool	Emotional Cool	EC1	7.22	0.57	0.749	0.503
		EC2	10.75	0.78		
		EC3	10.48	0.76		
Utilitarian Cool	Functional Cool	FC1	10.59	0.77	0.780	0.640
		FC2	12.51	0.83		
	Quality Cool	QC1	11.11	0.78	0.766	0.621
		QC2	11.49	0.80		
-	-	CS1	9.49	0.70	0.761	0.515

Customer Satisfaction		CS2	10.22	0.73		
		CS3	10.20	0.73		
Visual E-WoM	-	WM1	14.10	0.88	0.826	0.615

4.2. Path Analysis and Goodness of Fit

A structural equation modeling was conducted to test overall model fitness as well as to test the research hypothesis. This analysis was conducted by using Lisrel 8.5.1 software. The result is summarized in Table 3. For absolute fit, this study used the Normed chi-square indices, where the score is 1.84 which indicates it fulfill the recommended value of < 3 . Then, for Incremental fit, this study used NFI indices, which stated that the model would be considered good if the score falls between 0 and 1. For this study, the score of NFI is 0.89 or in other words, fulfills the recommended value. As for parsimonious fit, this study used PNFI indices in which the model would be deemed good and acceptable if the score also falls between 0 and 1. The PNFI score for this study is 0.65 thus it is considered as a good fit.

For hypothesis testing, this study used a 5% significance level in which a path would be considered significant if the p-value less than 0.05. As can be seen in Figure 2, 2 out of 3 paths have been significantly supported. As for the path from utilitarian value to satisfaction (UC \rightarrow CS), the null hypothesis could not be rejected as the p-value is more than 0.05.

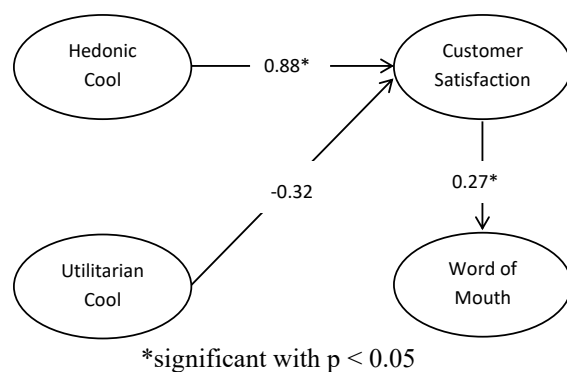


Figure 2 – The Structural Model

5. Discussion & Research Limitation

5.1 Discussion

In terms of what drives the customer to be satisfied, the findings in this research are similar to the study conducted by Purwanto [31] that finds that only hedonic values or in this case are called hedonic cool is significantly influencing customer satisfaction. The argument is that

customers currently have their own expectation of the adequate level of product quality and product functionality and it has become a mandatory thing for a brand to fulfill. For a brand not to meet those minimum standards is outrageous and out of ordinary. The result of this kind of thinking is that meeting those utilitarian criteria has become an obligation for the customer that it will no longer affects their satisfaction towards the product. Another thing that might explain this is that millennials view sneakers as a fashion item or a lifestyle as the rise of sneakers popularity in Indonesia is brought by the American urban street style. As stated by Okada [32] for the people who view a product or in this case is a pair of sneakers as a fashion statement the functionality aspect of it becomes secondary. The study by Chitturi et al. [33] also finds that hedonic values give customers a greater level of satisfaction compared to its utilitarian values. On the contrary according to Yoh et al. [34] when it comes to athletic footwear the utilitarian values are more influential than the hedonic values. So, the logic is upholding that if footwear is to be perceived by the user as a fashion article the sole driver of those user's satisfaction is hedonic cool aspects of the articles.

In regard to Positive eWOM Activity, this study has found that it is positively affected by customer satisfaction. Wolny & Mueller [35] stated that customer with a higher level of satisfaction is more likely to be more active in post consumption engagement about the brand via the internet. These kind behaviors can be amplified as the hedonic cool aspects of the products increase the level of satisfaction. What most fascinating is that on contrary to popular believe, Hennig-Thurau et al. [8] found that a satisfied customer with positive emotion is more likely to actively go to the internet to create positive eWOM than a customer with negative emotion. This is important as the ability to share customer positive eWOM in the form of visual information is becoming extremely easy with the currently available technology at almost every customer's disposal.

5.2 Research Limitation

As an early stage study, this research has not yet covered many areas. Several advancements that could be made is to make the hedonic cool dimension and utilitarian cool dimension as an

individual variable. It will enable the research to further explain what is affecting a product to be considered cool or not, and whether it will affect customer behavior. Another

improvement that could be made is to compare how it will work across different kinds of products not only limited to fashion items.

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