



## The Effect of Utilitarian Value and Hedonic Value on Customer Loyalty with Customer Satisfaction As an Intervening Variable: Empirical Evidence from Indonesia

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### **Abstract**

The purpose of this study was to build an understanding of the influence of utilitarian values and hedonic values on customer satisfaction and customer loyalty at hypermarket in Pamekasan Regency, Jawa Timur Province, Indonesia. Type of research is Explanatory Research. Data collection using a questionnaire. The sampling technique used purposive sampling. The number of samples was 250 consumers and data analysis used the Structural Equation Model (SEM) with AMOS software. The results of this study indicate utilitarian value and hedonic value have a positive and significant effect on customer satisfaction and customer satisfaction has a positive and significant effect on customer loyalty and Demographic variables have a significant differences on each variable partially.

**Keywords:** *Utilitarian Value; Hedonic Value; Customer Satisfaction; Customer Loyalty*

### **Introduction**

Hypermarkets have made the retail market in Indonesia grow (especially in Pamekasan Regency). Hypermarket is an attractive place, and makes it easier for consumers to shop (Kesari and Atulkar, 2016), thus making consumers flock to shop at retail stores. Consumers who are in large supermarkets get emotional satisfaction when shopping (Wakefield and Baker, 1998) are very affected by hedonic value. Pleasure and satisfaction that consumers seek. The retail store as a whole for the value of hedonistic shopping is a form that is shown to have a positive or negative effect on loyalty and engineering intentions (Rayburn and Voss, 2013), Zainurrafiqi, 2017). Customer loyalty (Thaichon et al., 2014,

Zainurrafiqi et al., 2020) occurs when consumers make purchases on an ongoing basis from time to time and have a good attitude towards retail stores that provide goods or services (Zainurrafiqi, 2018). Enjoyment, fantasy, emotions and feelings in hedonic shopping values in the modern retail environment (Anderson et al., 2014 and Zainurrafiqi and Ria, 2018).

Hedonism is becoming increasingly important for consumers to motivate and attract consumers to visit retail stores regularly (To et al., 2007). Hedonistic nature is related to satisfaction in experiencing sensory stimuli, fantasy, entertainment and pleasure (Babin et al., 1994). Currently, traditional Indian consumers visit hypermarkets and supermarkets in shopping that promote hedonic value (Arnold and Reynolds, 2003). Research by Velitchka and Barton, (2006) shows that consumers who prioritize obtaining shopping value and the results of the shopping process itself, without having to buy certain products or services.

In general, it is believed that consumers shop not only about their needs but also to seek satisfaction in the shopping process (Babin et al., 2005), Pramita et al., 2020, Hadi et al., 2021, Amar et al., 2020, Woro et al., 2020,). Consumer satisfaction is defined as happiness, satisfaction, and pleasure in getting service or service (Thaichon and Quach, 2015). Therefore, these retail stores are increasingly competing to serve consumers with a variety of entertainment and performances (Wakefield and Baker, 1998 and Surya et al., 2020), and this process is recognized as the main competitive tool. Currently, retailers, from online service providers to traditional retail stores, are more focused on promoting hedonistic values in shopping (Babin et al., 1994). They create new and interesting ideas, such as one-day sales discounts, promotional activities, free shipping, online transactions, as part of purchasing goods, etc.

(Yuen and Chan, 2010), shows that loyal customers are an important asset for consumers who will sell again, compared to customers who move, they buy proportionately more goods, and they are willing to spend more money than loyal customers. Researchers Thaichon and Quach, (2015) believe that customer loyalty is an important factor in the success of all companies, because attracting new customers in this competitive environment is more expensive and less profitable than retaining existing customers (Thaichon et al., 2014., and Zainurrafiqi, et al., 2020). Retailers routinely use regular promotional activities, so that they play an important role in encouraging consumers to buy the various products offered based on the explanation above, the purpose of this study is to find out and analyze the role of Utilitarian Value and Hedonic Value on Customer Satisfaction and Customer Loyalty, and the different trait of demographic variable on those variables.

## ***Theoretical Review and Hypotheses***

### **Utilitarian Value**

The utilitarian perspective is based on the assumption that consumers are rational problem solvers (Bettman, 1979). Consequently, the utilitarian perspective emphasizes functional thinking, product-centered, and research focuses on the consumer's decision process. Consumption is understood as a way to achieve predetermined goals. Hence, consumers are viewed as utility calculators. Buyers experience utilitarian value when their task-related needs are met. Therefore, utilitarian value is characterized as instrumental and extrinsic (Holbrook, 1999). Saving money and convenience contribute to utilitarian value. Monetary savings reduce the difficulty of paying (Chandon et al., 2000); therefore, utilitarian value can be increased when the customer can find a product that is being discounted or when the price is deemed to be lower than the price at a competing store. The impact of utilitarian value on customer satisfaction is evident in the previous retail literature (El-Adly and Eid, 2017). From the above discussion, we propose the following hypothesis.

H1: Utilitarian Value has a significant effect on Customer Satisfaction.

## Hedonic Value

Hedonic consumption refers to aspects of consumer behavior that are related to the multisensory, fantasy and emotional aspects of a person's experience with a product (Hirschman and Holbrook, 1982). Compared to utilitarian values, hedonic values are abstract and subjective. Entertainment and exploration are thought to contribute to hedonic value. Many researchers have compared today's shopping experiences with those provided by amusement parks or theaters (Wolf, 1999). Themed environments, shows or other events, contests, in-store restaurants, benches and the overall shop atmosphere make the shopping experience more entertaining and thus provide hedonic customer value (Turley and Milliman, 2000). The hedonic value that is manifested through entertainment is a reaction to aesthetic features. For some, the mere act of "being in the store" creates positive emotions, and hence value. Hedonic value also determines customer satisfaction (Lucia-Palacios et al., 2016). The results showed that hedonic value has a significant effect on customer satisfaction (Avcilar and Özsoy, 2015). The higher the value received by the customer based on a pleasant experience and pleasure, the more satisfied the customer will be (Chunmei and Weijun, 2017). From the above discussion, we propose the following hypothesis:  
H2: Hedonic Value has a significant effect on Customer Satisfaction.

## Customer Satisfaction

Satisfaction is defined as a user's evaluation of social commerce based on their needs and expectations (Oliver, 1980), referring to the user's positive emotional state that comes from service use (Hsu and Lin, 2015). Satisfaction reflects the user's subjective evaluation that results when comparing usage experience with previous expectations about social trading sites (Oliver, 1980). Overall customer satisfaction refers to an evaluation of many similar purchasing experiences with a store or brand. This corresponds to "an overall evaluation based on total purchasing and consumption experience with goods or services over time" (Anderson et al., 1994) and is a key factor for loyalty.

## Customer Loyalty

Satisfaction is defined as a response to the evaluation process (Fornell, 1992). More specifically, it is seen as the result of a consumer's evaluation of the value obtained from the shopping process (Cronin, et al., 2020). In other words, customers are satisfied if the retailer's ability to meet customer norms and expectations (Zeithaml et al., 1996). Loyalty is an attitude that refers to positive feelings towards a brand other than repurchasing from time to time (Yuen and Chan, 2010). The importance of creating loyalty is to enable customer retention in the profit segment by providing customer satisfaction (Thaichon and Quach, 2015).

H3: Customer Satisfaction has a significant effect on Customer Loyalty

The differences between demographic variables with Utilitarian Value, Hedonic Value, Customer Satisfaction and Customer Loyalty.

In order to study the relationship between Utilitarian Value, Hedonic Value, Customer Satisfaction and Customer Loyalty in more depth, the study analyzed the influence of this relationship from several internal and external variables: education level, age and gender of the respondent. According to (Jimenez-Jimenez and Valle, 2010) there is a positive effect between demographic variable and the laten variable. This study makes the following hypotheses:

H4: Variabel demografi berpengaruh signifikan terhadap Utilitarian Value, Hedonic Value, Customer Satisfaction dan Customer Loyalty.

## Research Methods

### Research Framework

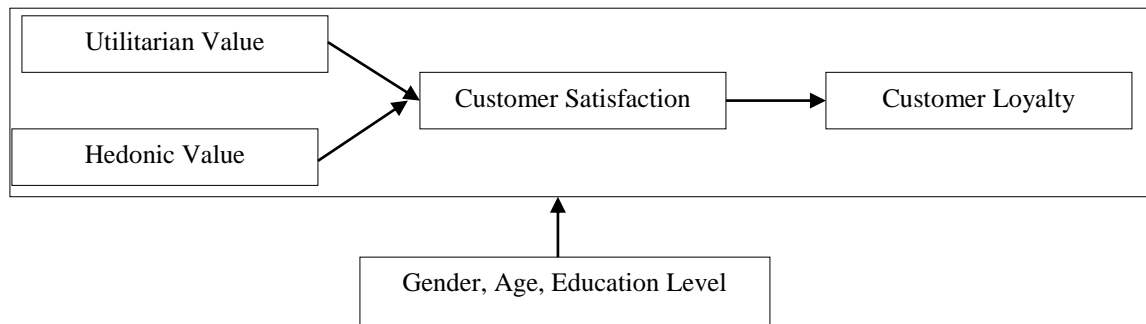


Fig. 1 Research Framework

### Measures

The variables in this study were measured by a Likert scale with a range from 1 to 7 where 1 was equal to "Strongly Disagree" and 7 equal to "Strongly Agree". The variables studied consisted of exogenous variables and endogenous variables. The exogenous variables include Utilitarian Value which are adopted from (Chunmei and Weijun, 2017; Sweeney and Soutar, 2001; Chiu et al., 2012); and Evelina et al., 2020) and Hedonic Value which are adopted from (Sweeney and Soutar, 2001; Arnold and Reynolds, 2003); and Evelina et al., 2020), while the endogenous variables are Customer Satisfaction are adopted from (Sureshchandar et al., 2002) and Customer Loyalty are adopted from (Bloemer and Schroder, 2006). This study uses SEM for variables between linear relationships between variables, hypothesis testing and causal relationships using AMOS software.

### Result

Data analysis used AMS software with the Structural Equation Model (SEM) method. There are two stages in the Structural Equation Model (SEM). The first stage is the Measurement Model and the second stage is the Structural Model (Kaplan, 2020).

#### a. Measurement Model

##### Goodness Fit Indices

Tabel 1 The Measurement Model Fit Result

| Index   | Result  |
|---|---------|
| Chi-square ( $\chi^2$ )                         | 490.748 |
| Chi-square DF                                   | 172     |
| Chi-square ( $\chi^2/df$ )                      | 2.85    |
| Goodness of Fit (GFI)                           | 0.95    |
| Adjusted Goodness of Fit (AGFI)                 | 0.91    |
| Root Mean Square Error of Approximation (RMSEA) | 0.07    |
| Root Mean Square of Residual (RMR)              | 0.02    |
| Normed fit index (NFI)                          | 0.94    |
| Non-normed Fit Index (NNFI)                     | 0.93    |
| Comparative fit index (CFI)                     | 0.97    |

Source: Research Data (Processed, 2020)

Based on Table 1, the following results are obtained, namely  $\chi^2 / df$ -ratio is 2.85, which is at interval 2-3, which means that the model has met the criteria so that the model can be accepted. As for the assessment of GFI, NFI, NNFI, and CFI, namely the value obtained is greater than or close to 0.9, this means that the calculations related to GFI, NFI, NNFI, and CFI have met the model requirement criteria so that it can be concluded that the model is acceptable. Adapyn regarding the calculation of RMSEA obtained a value of 0.07, so it can be concluded that this value is still acceptable because according to (MacCallum et al., 1996) a ring value for the RMSEA between 0.05 and 0.10 is acceptable. So, the overall measurement has met the standardization of the assessment on the measurement model fit indices.

### Validity and Reliability Test on the Measurement Model

Reliability testing in this study has met the criteria for standardization requirements related to variable testing. The variables in this study were tested using Standardized Loading and Composite Reliability. The calculation of Composite Reliability is shown in Table 2 where a value between 0.8 and 0.9 is obtained. (Fornell and Larcker, 1981) the value of Composite Reliability is acceptable if it is greater than 0.60.

Validity testing in this study uses Confirmatory Factor Analysis in order to measure the value of Convergent Validity. Table 2 presents the following information, the first is the t-value, the second is related to the Standardized Loading value, and based on the calculations in table 4, it can be concluded that for all variables in this study are significant, namely a value greater than 1.96 is obtained. This proves that the path coefficient in this study is significant, so it can be concluded that all the indicators in this study have met the standardized requirements for calculating Convergent Validity (Anderson & Gerbing, 1988).

Table 2 Scale Composite Reliability and Convergent Validity Analysis

| Construct (F) and Indicators (V)                           | Standardized Loading | t value | Indicator Reliability | Composite Reliability |
|--|----------------------|---------|-----------------------|-----------------------|
| <i>Utilitarian Value (F1)</i>                              |                      |         |                       |                       |
| V1 Product offerings                                       | 0,82                 | 19,75   | 0,70                  | 0.79                  |
| V2 Product information                                     | 0,84                 | 24,25   | 0,83                  |                       |
| V3 Monetary savings  | 0,81                 | 18,54   | 0,61                  |                       |
| V4 Convenience   | 0,89                 | 28,89   | 0,98                  |                       |
| <i>Hedonic Value (F2)</i>                                  |                      |         |                       |                       |
| V5 Adventure Shopping                                      | 0,67                 | 23,51   | 0,82                  | 0.89                  |
| V6 Social Shopping   | 0,61                 | 17,63   | 0,68                  |                       |
| V7 Gratification Shopping                                  | 0,64                 | 22,24   | 0,76                  |                       |
| V8 Idea Shopping   | 0,69                 | 25,69   | 0,86                  |                       |
| V9 Role Shopping   | 0,68                 | 24,51   | 0,80                  |                       |
| V10 Value Shopping   | 0,65                 | 21,75   | 0,71                  |                       |
| <i>Customer Satisfaction (F3)</i>                          |                      |         |                       |                       |
| V11 Core service or service product                        | 0,82                 | 25,45   | 0,58                  | 0.87                  |
| V12 Human element of service delivery                      | 0,84                 | 27,36   | 0,70                  |                       |
| V13 Systematization of service delivery: non-human element | 0,81                 | 17,16   | 0,48                  |                       |
| <i>Customer Loyalty (F4)</i>                               |                      |         |                       |                       |
| V14 Intention to stay                                      | 0,84                 | 38,27   | 0,82                  | 0.92                  |
| V15 Peripheral purchase                                    | 0,82                 | 35,52   | 0,84                  |                       |

Source: Research Data (Processed, 2020)

### Discriminant Validity

The higher the correlation coefficient between the 2 variables, it is possible that there is an indication that discriminant validity cannot be fulfilled. Therefore, in this study selected "Utilitarian

Value" and "Customer Satisfaction", "Utilitarian Value" and "Customer Loyalty", with correlation coefficients of 0.72 and 0.81, with a p-value <0.05 to prove that the two pairs of variables have discriminant validity.

The test results in Table 3 show that the different chi-square values between tests and the unidimensional measurement model for 1 pair are significant. It can be concluded that these variables are different. Broadly speaking, all measures have shown that discriminant validity has been met because the largest correlations between variables differ significantly.

Table 3 Discriminant Validity Analysis

|   | Correlation Coefficient |            | Unidimensional Measurement Model | Measurement Model | The difference | P value |
|---|-------------------------|------------|----------------------------------|-------------------|----------------|---------|
| <i>Utilitarian Value</i><br>↔ Customer Satisfaction | 0.88***                 | Chi-square | 823,67                           | 298,87            | 524,80         | < 0.05  |
|   |                         | DF         | 128                              | 127               | 1              |         |
| <i>Utilitarian Value</i><br>↔ Customer Loyalty      | 0.73***                 | Chi-square | 572,85                           | 178,95            | 393,90         | < 0.05  |
|   |                         | DF         | 122                              | 121               | 1              |         |

Source: Research Data (Processed, 2020) \*\*\*p<0.001

## Structural Model

In order to test the Research Hypothesis, this study uses Structural Equation Model (SEM) analysis. Overall, the test results for the goodness fit of structural model can be seen in Table 6. The Chi-square ( $\chi^2$ ) / df-ratio value is 2.58 according to (Schumacker & Lomax, 2004). Normally the accepted ring values for chi-square are 1 to 3. GFI and NNFI are still accepted because they are greater than 0.8 and close to 0.9. RMSEA is still accepted because its value is equal to or less than 0.1. Overall, the requirements for the goodness fit indices of structural model in the structural model have been accepted. RRFI structural model must be greater than 0.9, close to 1 is better. RPR is to detect structural models to parsimony degree. Ring values ranging from 0.0 to 1.0, the greater the better the goodness of fit. RRFI is very useful for selecting a model that simultaneously maximizes fit and parsimony in the structural portion of the model. With a higher RRFI value, it is more necessary. This can be seen in Table 4 RRFI = 0.97, of RPR = 0.33, and RPF = 0.49, this structural model shows the goodness of fit and parsimony.

Table 4 Structural Model Goodness Fit Indices

|            |    | Combined Model |      |      |      |      |      |      | Structural Model |             |             |             |
|------------|----|----------------|------|------|------|------|------|------|------------------|-------------|-------------|-------------|
| Chi-square | DF | $\chi^2/df$    | GFI  | AGFI | CFI  | NFI  | NNFI | RMR  | RMSEA            | RRFI        | RPR         | RPF         |
| 185,79     | 72 | 2,58           | 0.85 | 0.82 | 0.91 | 0.93 | 0.86 | 0.02 | 0.05             | <b>0.97</b> | <b>0.33</b> | <b>0.49</b> |

Source: Research Data (Processed, 2020)

## Hypothesis Testing

Table 5 presents information related to the results of hypothesis testing, The results of the path coefficient related to the influence of Utilitarian Value → Customer Satisfaction are 0.78; Hedonic Value → Customer Satisfaction is 0.45; Customer Satisfaction → Customer Loyalty is 0.90. Furthermore, "Customer Satisfaction" as the dependent variable, the value of r<sup>2</sup> is 0.79; and "Customer Loyalty" with the value of r<sup>2</sup>, namely 0.87. According to (Kline, 2016) the category of influence size r<sup>2</sup> is small 0.02, medium 0.13, large 0.26. So it can be concluded that Customer Satisfaction and Customer Loyalty have a very high level of contribution. The results of the path analysis can be seen in Table 5.

Table 5 Structural Model Path Coefficient

| Dependent Variable    | Independent Variable  | Standardized path coefficient | t value | Square Multiple Correlation ( r2) |
|-----------------------|-----------------------|-------------------------------|---------|-----------------------------------|
| Customer Satisfaction | Utilitarian Value     | 0,78                          | 8,43*   | 0,79                              |
|                       | Hedonic Value         | 0,45                          | 4.69*   |                                   |
| Customer Loyalty      | Customer Satisfaction | 0,90                          | 28.79*  | 0,87                              |

Source: Research Data (Processed, 2020) \*p<0.001

## Variance Analysis

Analysis of variance includes t-test, ANOVA, and Scheffe test. This study uses t-test analysis related to gender to test for differences between each observed latent variable, namely Utilitarian Value, Hedonic Value, Customer Satisfaction, Customer Loyalty. ANOVA analysis consists of Gender, Age and Education Level. ANOVA examines the difference in the effect of demographic variables on each of the observed latent variables. Furthermore, the Scheffe test was used after analysis of variance differences. Based on the analysis of variance differences, it can be seen a list of groups that have significant differences.

## Variance Analysis of Gender

The analysis of variance test for gender used t-test analysis because it only had two groups of differences, male and female.

Table 6 Analysis of the t-test for Gender

| Variable              | Code Name | Indicator  | Gender |        | t Value     | P Value      |
|-----------------------|-----------|--|--------|--------|-------------|--------------|
|                       |           |  | Male   | Female |             |              |
| Utilitarian Value     | V1        | Product offerings                                      | 4.28   | 4.27   | <b>2.23</b> | <b>0.02*</b> |
|                       | V2        | Product information                                    | 5.27   | 5.28   | <b>1.24</b> | <b>0.53</b>  |
|                       | V3        | Monetary savings                                       | 5.65   | 5.89   | 1.53        | 0.67         |
|                       | V4        | Convenience  | 5.37   | 5.44   | 1.02        | 0.31         |
| Hedonic Value         | V5        | Adventure Shopping                                     | 4.38   | 4.30   | 1.32        | 0.72         |
|                       | V6        | Social Shopping  | 4.26   | 4.19   | 2.37        | 0.01**       |
|                       | V7        | Gratification Shopping                                 | 5.29   | 5.28   | 2.04        | 0.02*        |
|                       | V8        | Idea Shopping  | 5.31   | 5.20   | 1,21        | 0.62         |
|                       | V9        | Role Shopping  | 4.27   | 4.30   | 1.37        | 0.72         |
|                       | V10       | Value Shopping   | 4.31   | 4.41   | 1.28        | 0.63         |
|                       | V11       | Core service or service product                        | 4.71   | 4.48   | 1.27        | 0.50         |
| Customer Satisfaction | V12       | Human element of service delivery                      | 5.43   | 5.35   | 1.28        | 0.40         |
|                       | V13       | Systematization of service delivery: non-human element | 4.26   | 4.51   | 2.21        | 0.02*        |
| Customer Loyalty      | V13       | Intention to stay                                      | 5.30   | 5.28   | 1.09        | 0.37         |
|                       | V14       | Peripheral purchase                                    | 5.38   | 5.43   | 2.37        | 0.01**       |

Source: Research Data (Processed, 2020)

\* $\alpha < 0.05$ , \*\* $\alpha < 0.01$ , \*\*\* $\alpha < 0.001$

This analysis aims to determine whether there are differences in behavior between men and women in response to each variable. Table 6 shows the results of the Gender test. The results show that there are significant differences in behavior between men and women, namely the Product offerings

indicator on the Utilitarian Value variable, the Social Shopping indicator on the Hedonic Value variable and the Systematization of service delivery: non-human element indicator on the Customer Satisfaction variable and the Peripheral purchase indicator on the Customer Loyalty variable. . with a t value greater than 1.96 and a P value below 0.05. This shows that the relationship between the sexes of men and women is not the same in shopping at hypermarkets and it appears that there is a significant difference in the effect on each of the latent variables.

### Variance Analysis of Age

Table 7 The results of Scheffe's test show that there are significant differences in behavior related to the age of customers, namely the Product offerings and Monetary savings indicators in the Utilitarian Value variable, the Adventure Shopping and Idea Shopping indicators on the Hedonic Value variable, and the Intention to stay indicator. This variable of Customer Loyalty shows that the younger the age of the consumer, the higher the assessment is related to Utilitarian Value, Hedonic Value and Customer Loyalty. Furthermore, the results can be seen in Table 7.

Table 7 ANOVA Results for Age

| Variable              | Code Name | Indicators   | Age<br>(in years) |            |            |          | F Value | P Value | Scheffe's Test    |
|-----------------------|-----------|--|-------------------|------------|------------|----------|---------|---------|-------------------|
|                       |           |  | ≤30<br>1          | 31-40<br>2 | 41-50<br>3 | ≥50<br>4 |         |         |                   |
| Utilitarian Value     | V1        | Product offerings                                      | 5.58              | 5.72       | 5.78       | 5.64     | 4.30**  | 0.002   | 3>4<br>2>4        |
|                       | V2        | Product information                                    | 4.47              | 4.70       | 4.32       | 4.41     | 2.03    | 0.29    | -                 |
|                       | V3        | Monetary savings                                       | 5.58              | 5.72       | 5.78       | 5.64     | 4.30**  | 0.002   | 3>4<br>2>4        |
| Hedonic Value         | V4        | Convenience  | 4.62              | 4.40       | 4.48       | 4.56     | 2.07    | 0.30    | -                 |
|                       | V5        | Adventure Shopping                                     | 4.24              | 3.27       | 3.24       | 2.48     | 6.10**  | 0.003   | 1>4<br>2>4        |
|                       | V6        | Social Shopping  | 4.50              | 4.41       | 4.63       | 4.34     | 2.08    | 0.51    | -                 |
|                       | V7        | Gratification Shopping                                 | 4.51              | 4.39       | 4.57       | 4.35     | 2.04    | 0.47    | -                 |
|                       | V8        | Idea Shopping  | 3.36              | 2.47       | 2.64       | 2.40     | 4.32**  | 0.008   | 2>4               |
| Customer Satisfaction | V9        | Role Shopping  | 5.51              | 5.42       | 5.39       | 5.41     | 1.04    | 0.63    | -                 |
|                       | V10       | Value Shopping   | 4.39              | 4.42       | 4.52       | 4.37     | 2.01    | 0.72    | -                 |
|                       | V11       | Core service or service product                        | 4.50              | 4.41       | 4.63       | 4.34     | 2.08    | 0.51    | -                 |
|                       | V12       | Human element of service delivery                      | 4.41              | 4.30       | 4.47       | 4.20     | 1.05    | 0.43    | -                 |
| Customer Loyalty      | V13       | Systematization of service delivery: non-human element | 4.92              | 4.47       | 4.28       | 4.31     | 2.20    | 0.42    | -                 |
|                       | V13       | Intention to stay                                      | 4.69              | 4.42       | 4.47       | 4.28     | 3.52*   | 0.008   | 1>2<br>1>3<br>1>4 |
|                       | V15       | Peripheral purchase                                    | 4.57              | 4.51       | 4.62       | 4.73     | 1.04    | 0.57    | -                 |

Source: Research Data (Processed, 2020)

\*  $\alpha < 0.05$ , \*\*  $\alpha < 0.01$ , \*\*\*  $\alpha < 0.001$

### Variance Analysis Education Levels

The average educational level of hypermarket consumers in Pamekasan Regency consists of junior high school, Senior high school, and bachelor degree graduates. The variance difference for some indicators is significant. The results of Scheffe's test show that there are significant differences in



behavior related with education levels of customers, namely the Product information and Monetary savings indicators on the Utilitarian Value variable, the Idea Shopping indicator on the Hedonic Value variable, and the Human element of service delivery indicator on the Customer variable. Satisfaction, it shows that consumers with a higher level of education tend to pay higher attention regarding Utilitarian Value, Hedonic Value and Customer Satisfaction. Table 8 shows the overall results of the ANOVA test.

Table 8 ANOVA Results for Education Level

| Variable              | Code Name | Indicators   | Education Average      |                        |              | F Value  | P Value | Scheffe's Test    |
|-----------------------|-----------|--|------------------------|------------------------|--------------|----------|---------|-------------------|
|                       |           |  | Junior High School (1) | Senior High School (2) | Bachelor (3) |          |         |                   |
| Utilitarian Value     | V1        | Product offerings                                      | 5.35                   | 5.42                   | 5.39         | 0.48     | 0.45    | -                 |
|                       | V2        | Product information                                    | 4.35                   | 4.40                   | 4.92         | 7.34**   | 0.005   | 3>2<br>3>1        |
|                       | V3        | Monetary savings                                       | 5.43                   | 5.87                   | 6.35         | 8.28***  | 0<.004  | 3>1<br>2>1        |
| Hedonic Value         | V4        | Convenience  | 4.40                   | 4.25                   | 4.53         | 1.20     | 0.42    | -                 |
|                       | V5        | Adventure Shopping                                     | 5.56                   | 5.51                   | 5.63         | 0.91     | 0.51    | -                 |
|                       | V6        | Social Shopping  | 5.41                   | 5.28                   | 5.30         | 1.87     | 0.23    | -                 |
|                       | V7        | Gratification Shopping                                 | 4.44                   | 4.53                   | 4.61         | 1.32     | 0.31    | -                 |
| Customer Satisfaction | V8        | Idea Shopping  | 5.20                   | 5.43                   | 5.91         | 13.53*** | <.0001  | 3>2<br>3>1<br>2>1 |
|                       | V9        | Role Shopping  | 2.46                   | 2.54                   | 2.61         | 2.10     | 0.19    | -                 |
|                       | V10       | Value Shopping   | 5.55                   | 5.58                   | 5.37         | 0.77     | 0.38    | -                 |
|                       | V11       | Core service or service product                        | 4.65                   | 4.58                   | 4.61         | 2.20     | 0.72    | -                 |
|                       | V12       | Human element of service delivery                      | 5.21                   | 5.52                   | 5.87         | 13.15*** | <.0001  | 3>2<br>3>1<br>2>1 |
| Customer Loyalty      | V13       | Systematization of service delivery: non-human element | 5.64                   | 5.53                   | 5.64         | 1.24     | 0.71    | -                 |
|                       | V15       | Peripheral purchase                                    | 4.52                   | 4.63                   | 4.55         | 1.65     | 0.43    | -                 |

Source: Research Data (Processed, 2020)

\*  $\alpha < 0.05$ , \*\*  $\alpha < 0.01$ , \*\*\*  $\alpha < 0.001$

## Discussion

### Utilitarian Value has A Significant Effect on Customer Satisfaction (H1 Supported)

Based on Table 5, the findings of data analysis, namely Utilitarian Value, have a significant effect on Customer Satisfaction (coefficient = 0.78,  $t = 8.43$ ,  $p < 0.001$ ). These results are consistent with the results of research by (Evelina et al., 2020) that Utilitarian Value has a significant effect on Customer Satisfaction. This shows that Utilitarian Value plays an important role in influencing Customer Satisfaction.

### Hedonic Value has a Significant Effect on Customer Satisfaction (H2 is Supported)

Based on Table 5, the findings of data analysis indicate that Hedonic Value has a significant effect on Customer Satisfaction (coefficient = 0.45,  $t = 4.69$ ,  $p < 0.001$ ). These results are consistent with previous empirical research by (Evelina et al., 2020), it is concluded that Hedonic Value has a significant effect on Customer Satisfaction.

### **Customer Satisfaction has a Significant Effect on Customer Loyalty (H3 Supported)**

Based on Table 5, the findings of data analysis indicate that Customer Satisfaction has a significant effect on Customer Loyalty (coefficient = 0.90,  $t = 28.79$ ,  $p < 0.001$ ). These findings are consistent with the results of research by (Wu and Wang, 2012) and (Yap et al., 2012). This study supports that Customer Satisfaction has a significant effect on Customer Loyalty. This shows that Customer Satisfaction plays an important role in influencing Customer Loyalty.

### **Analysis of Variance of Demographic Variables in Each Variable (H4 Is Supported Partially)**

In this study, analysis of variance (ANOVA) is to analyze the effect of demographic variables on each variable. Demographic variables consist of gender, age and education level. The first observed variable is Utilitarian Value consisting of Product offerings, Product information, Monetary savings, Convenience, the second variable is Hedonic Value consisting of Adventure Shopping, Social Shopping, Gratification Shopping, Idea Shopping, Role Shopping, Value Shopping, the third variable, namely Customer Satisfaction consisting of Core service or service products, Human elements of service delivery, Systematization of service delivery: non-human elements, and the fourth variable, namely Customer Loyalty consisting of Intention to stay, Peripheral purchase.

#### **Variance Gender Analysis in Each Variable**

Based on Table 6, The findings in this study are that there are significant differences in behavior between men and women. This shows that the relationship between the sex of male consumers and female consumers is not the same in hypermarkets. This can be seen in the Product offerings indicator for the Utilitarian Value variable, where the male consumer is giving higher attention than female consumers regarding the Product offerings indicator for the Utilitarian Value variable, and also on the Social Shopping indicator for the Hedonic Value variable. but different in indicator Systematization of service delivery: non-human element on the Customer Satisfaction variable and the Peripheral purchase indicator on the Customer Loyalty variable, where female consumers pay higher attention than male consumers

#### **Variance Age Analysis in Each Variable**

Based on Table 7, The age group with a range of 41-50 years and the age group with a range of 31-40 years were significantly higher than those above 50 years on the indicators of Product offerings and Monetary savings for the Utilitarian Value variable.

The age group with a range  $\leq 30$  and the age group with a range of 31-40 years were significantly higher than those over 50 years old on the Adventure Shopping indicator for the Hedonic Value variable. And the age group in the 31-40 range is significantly higher than the age over 50 years on the Idea Shopping indicator for the Hedonic Value variable.

The age group with a range of  $\leq 30$  is significantly higher than the age group with a range of 31-40, 41-50 and over 50 years of age on the Intention to stay indicator for the Customer Loyalty variable.

#### **Variance Education Level Analysis in Each Variable**

Based on Table 8, Significantly, the high level of education tends to pay more attention to the indicators of Product information and Monetary savings for the Utilitarian Value variable.

Significantly, the high level of education tends to pay more attention to the Idea Shopping indicator for the Hedonic Value variable.

Significantly, the high level of education tends to be higher in paying attention to the Human element of service delivery indicator for the Customer Satisfaction variable.

### **Conclusion**

The results of this study indicate that Utilitarian Value have a positive and significant effect on Customer Satisfaction, Hedonic Value have a positive and significant effect on Customer Satisfaction and Customer Satisfaction has a positive and significant effect on Customer Loyalty and Demographic variables have a significant difference on each variable partially

### **Suggestions**

This study only focuses on hypermarkets in Pamekasan district, so the results of this study cannot be generalized to other companies. Future research can expand the results by analyzing other cities and including large companies. The purpose of this research is to dig deeper into the role of Utilitarian Value and Hedonic Value in a certain period of time and its effects on Customer Satisfaction and Customer Loyalty. However, the effects of some variables may change over time, causing the results to change too. Therefore, this study suggests that further research can develop a research model in order to obtain more comprehensive results / information.

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