Experience value as a function of hedonic- and utilitarian-dominant services

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Abstract:

Purpose: The paper examines the relative importance of dimensions of experience value in four different hedonic- and utilitarian-dominated services.

Design/methodology/approach: The proposed hypotheses are tested using an experimental design. Altogether, four different service experiences, taking place during a tourist weekend trip, were studied using a scenario-based approach. In total, 938 members of a nationally representative online panel in Sweden participated in the study.

Findings: Both hedonic and utilitarian value dimensions are present for the different types of experiences. However, the structures of the value dimensions differ between hedonic- and utilitarian-dominant services. Surprisingly, functional value and value for money were found to have the strongest influence on satisfaction for both types of services.

Research limitations/implications: The design of the experiment allowed us to test different experiences within the same travel setting. The study shows that all services include both hedonic and utilitarian elements, indicating awareness of what attracts tourists during the whole process of experiencing a journey. The findings suggest that further studies on different hedonic- and utilitarian-dominant firms within the different tourism service categories should be performed.

Originality/value: Theoretically, the study only partly confirms the usefulness of the two divergent structures of consumer service value, hedonic and utilitarian, revealed in earlier studies. The study also reveals that functional value affects satisfaction more strongly in both hedonic- and utilitarian-dominant services. Several explanations for this are suggested.

For the tourism industry to enhance experience value and tourist satisfaction, they should therefore focus on delivering functional value during the stay and probably more on emotional value in attracting visitors to travel. The results of the study indicate that it would be more useful to think of the various services as part of a continuum between what is mostly utilitarian at the one end and mostly hedonic at the other.

Keywords: hedonic, utilitarian, experience value, satisfaction

Paper type: Research paper
Introduction

Tourists travel to enjoy themselves. Accordingly, the act of travelling in one’s spare time can predominantly be delineated as a hedonic consumption practice (Hirschman and Holbrook, 1982). However, enjoyment-, fun-, and pleasure-oriented consumption often depends on a number of different features, including utilitarian goods and functional facilities, in addition to the hedonic tenders. This reflects the true nature of tourism, conceptualised by Medlik and Middleton (1973) as a bundle of activities, services, and benefits that constitute the entire tourism experience, resulting in experience value and satisfaction for the tourist. Therefore, various tourist firms propose ways to fill these gaps for visitors. Some firms focus on functional value and value for money, e.g. a budget hotel, others on emotional or knowledge value, e.g. a museum. Further, some focus on both aspects in their services, e.g. an airline company or a restaurant. In this paper, we investigate how the dimensions and effects of experience value might differ for different services in a tourism setting. More specifically, we explore experience value for services with different levels of utilitarian and hedonic content.

In tourism, a number of firms add to the perceived experience value for the tourist, including both thinking and feeling dimensions (Batra and Ahtola, 1990). The thinking and feeling dimensions correspond principally with utilitarian and hedonic values of consumption (Holbrook and Hirschman, 1982). Utilitarian value is delineated as the functional quality and value-for-money elements, while hedonic value includes social, emotional, and epistemic elements. Tourism firms are co-dependent on each other, and almost all firms offer both hedonic and utilitarian value aspects to the customer. Consequently, this study provides theoretical and practical knowledge in terms of how to facilitate enhanced experience value that affects the overall satisfaction for the tourist.

Studies of experiential marketing put forward the inefficacy of theories designed to assess satisfaction with only utilitarian aspects of a service encounter (Bigné et al., 2008; Holbrook and Hirschman, 1982; Petkus Jr., 2004). Deighton (1992) disputed the expectancy-disconfirmation theory by arguing that it does little to explain how satisfaction influences the lived experience. In order to understand both utilitarian and hedonic aspects of consumption, the perceived value construct has been outlined in various contexts (Babin et al., 1994; Holbrook, 1999; Cronin et al., 2000; Sweeney and Soutar, 2001; Sheth et al., 1991; Holbrook, 1999). While Zeithaml (1988) focuses on the utilitarian aspects in her definition of the perceived value: ‘the overall assessment of the utility of a product based on the perceptions of what is received and what is given’ (p. 14), Holbrook (1999) includes hedonic and experiential aspects by defining consumer value as an ‘interactive relativistic preference experience’ (p. 5).

Consumer value is further delineated by Holbrook (1999) as extrinsic or intrinsic, i.e. utilitarian or hedonic, active or reactive, and self-oriented or other-oriented, when a social dimension of the act of consuming is adopted. Babin et al. (1994) discuss value in terms of outcome: ‘(1) utilitarian outcome resulting from some type of conscious pursuit of an intended consequence and (2) an outcome related more to spontaneous hedonic responses captures a basic duality of rewards for much human behavior’ (p. 645). For example, staying at a budget hotel may typically reflect utilitarian value, i.e. being utilitarian-dominant, whereas visiting a museum is generally expected to reflect hedonic value, i.e. being hedonic-dominant. Even so, a utilitarian-dominant firm may offer some sort of hedonic value for the customer, e.g. a coffee bar at the budget hotel. Furthermore, a hedonic-dominant service may, or even must in some cases, offer utilitarian value for the visitor, e.g. a toilet at the museum.
Although the effect of tourist-perceived value of services on overall destination- or trip evaluations is documented (Gallaraza and Saura, 2006; Prebensen et al., 2013a; Williams and Soutar, 2009), few have actually analysed the effect of experience value in different types of services on overall evaluations in the same study. Experiences with various services are expected to differ in terms of perceived value, resulting in different effects on overall evaluation. Accordingly, it should be examined more closely how the relationship might be moderated by the type of service, i.e. whether the service is bought for hedonic or utilitarian reasons.

The present study uses the framework of the experience consumption and experiential marketing theories (Carù and Cova, 2003; Holbrook and Hirschman, 1982; Pine and Gilmore, 1999; Schmitt, 1999). However, people value the various elements differently, depending on place and situation. Even though the tourism industry is an excellent example denoting the experience industry (Schmitt, 1999), functional services are of course still important aspects of the tourist experience. No matter how nice the taxi driver is; if your plane leaves at 9 a.m., a nice chat is dominated by time as part of a functional value in that particular situation.

For the various tourism firms and destinations to gain competitive advantages (Pechlaner et al., 2002) and develop successful marketing strategies (Tellis and Gaeth, 1990), the customer experience value, including functional and emotional value, should be acknowledged. Then the firm could focus on developing the value dimensions that are important to the customers and further test the effects on overall satisfaction, in addition to attracting the right customers. In enhancing overall satisfaction for the customers, it is expected that customer loyalty, in terms of positive word of mouth and revisits will increase (Bennett and Rundle-Thiele, 2004; Oliver, 1996; Yu and Dean, 2001).

Following Ryu et al. (2010), who studied the relationship among hedonic and utilitarian value in fast-casual restaurants, the present work explores the relationships among different types of hedonic and utilitarian experience value in four different services in tourism, individually and as a whole. As such, the present work adds to theory by testing and validating the perceived value scale in different tourism service settings. Subsequently, the paper tests value perception impact on satisfaction in four different empirical settings. The study utilises experiments, a method that seems to be underestimated in tourism research.

The purpose of the present work is to examine the relative importance of dimensions of experience value in hedonic and utilitarian dominated services that comprise a tourist journey. More specifically, we explore the dimensionality of experience value and the subsequent effects on overall satisfaction for four services: transport, hospitality, dining, and a visitor centre. In particular, the study aims to answer the following questions:

R1: How do tourists perceive the four services in terms of perceived value?
R2: How does the perceived value affect overall satisfaction for the four services?

**Theoretical background**

*Perceived value of hedonic- and utilitarian-dominant services*
Perceived value is recognised as an important construct for understanding consumer behaviour (Nilson, 1992; Ostrom and Iacobucci, 1995; Sheth et al., 1991; Sweeney and Soutar, 2001). Woodruff (1997) defines customer value as ‘a customer’s perceived preference for and evaluation of those product attributes, attribute performances, and consequences arising from use that facilitate (or block) achieving the customer’s goals and purposes in use situations’ (p. 142). In line with this focus, research has delineated perceived experience value in various tourism contexts, such as hospitality (Al-Sabbahy et al., 2004; Kashyap and Bojanic, 2000), heritage tourism (Chen and Chen, 2010), cruise experiences (Duman and Mattila, 2005; Petrick, 2004), golf tourism (Hutchinson et al., 2009; Petrick and Backman, 2001), dining experiences (Oh, 2000), vacation purchase situations (Sánchez et al, 2006), adventure tourism (Williams and Soutar, 2009), visitor centres and tourist attractions (Prebensen et al., 2013a; Prebensen et al., 2013b), and among timeshare owners (Bradley and Sparks, 2012).

Researchers are continually seeking a more complete understanding of consumer value (Boksberger and Melsen, 2011; Khalifa, 2004; Ulaga and Eggert, 2005). Perceived value is outlined as the results or benefits customers perceive in relation to the total costs they have expended (Baker et al., 1994; Zeithaml, 1988). Butz Jr. and Goodstein (1996) define customer value as the difference between what customers receive in relation to the purchase (benefits, quality, worth, utility) and what they pay (price, costs, sacrifices). This results in a product-related attitude or emotional bond that is used to compare what competitors offer (Gale, 1994). An extensive review of studies on customer perceived value was performed by Ulaga and Eggert (2005). They recognise four characteristics of customer value: (1) customer value is a subjective concept, (2) it is conceptualised as a trade-off between benefits and sacrifices, (3) benefits and sacrifices can be multifaceted, and (4) value perceptions are relative to competition. Therefore, Zeithaml’s (1988) designation of customer value as ‘the trade-off between the benefits and the sacrifices in a market exchange’ (p. 14) is a fundamental perspective in research on perceived value. However, benefits and sacrifices may be seen and appreciated differently in different consumption situations, i.e. whether it is the process of consumption or the result of the consumption process that is valued (Holbrook, 1994).

Perceived value is a subjective construct and subsequently varies between customers and cultures, and at different points of time (Sánchez et al., 2006). Perceived value should thus be considered as a dynamic variable that may change, depending on time, actors, and situations (Holbrook, 1994; Zeithaml, 1988).

Babin et al. (1994) describe utilitarian value as ‘resulting from some type of conscious pursuit of an intended consequence’ (p. 645). Utilitarian behaviour is further identified as functional or task-oriented (Babin et al., 1994; Batra and Ahtola, 1990). Nevertheless, other researchers have argued that consumer value should account for more than simply functional utility (Babin and Attaway, 2000; Babin et al., 1994; Eroglu et al., 2005; Homer, 2008; Lim and Ang, 2008; Voss et al., 2003). As travelling in one’s spare time is pursued in order to enjoy oneself, it is an excellent example of hedonic consumption – regardless of what other motives the tourist may have. Consequently, various goods and services are consumed for a variety of reasons, and intangible and emotional costs and benefits should be acknowledged in order to understand various consumption experiences fully (Babin et al., 1994).

Following the lead of Hirschman and Holbrook (1982) and Lim and Ang (2008), we delineate that consumption can take place for hedonic as well as utilitarian reasons. Hedonic consumption experience is delineated as the affective response of excitement (O’Curry and
Strahilevitz, 2001; Wakefield and Baker, 1998). Babin et al. (1994) define hedonic value as ‘more subjective and personal than utilitarian consumption and resulting more from fun and playfulness than from task completion’ (p. 646). Holbrook and Hirschman (1982) describe consumers as seekers of ‘fun, fantasy, arousal, sensory stimulation, and enjoyment’, in addition to be ‘problem solvers’ (p. 132). However, the tourism industry services must provide for both types of services in that experiential value is fundamental to travel motivation. The need for utilitarian services and facilities are of course necessary when travelling away from home.

The Ryu et al. (2010) study of fast-casual restaurants reveals that both hedonic value and utilitarian value affect satisfaction; however, utilitarian value showed a stronger effect than hedonic value. As the findings (may) reflect, a fast-casual restaurant serves to meet both utilitarian and hedonic needs, e.g. by having a casual meal relatively fast and with less effort, the service is functional or utilitarian-dominant. The results indicate that there are variations in experience value, dependent on the type of services provided and the subsequent effect on satisfaction.

The Ryu, Heesup and Jang (2010) study uses Babin et al.’s (1994) two-dimensional measure of consumer value. The hedonic dimension includes items such as good feelings, fun and pleasant experiences, joy, excitement, and liking. The utilitarian dimension includes items such as convenience, pragmatic and economic value, quick service, and less waste of money. Hedonic experience may also mirror social and epistemic/authentic and novel experiences, and utilitarian-based consumption may reflect design, neatness, and consistent quality as well as value for money, speed and convenience. Accordingly, we have chosen an extended value scale appropriate for various types of tourism services (Sheth, Newman and Gross, 1991; Williams and Soutar, 2009).

**Perceived experience value in tourism**

Building on Holbrook and Hirschman’s (1982) and further Sheth et al.’s (1991) ideas of the perceived value construct, Sweeney and Soutar (2001), and later Williams and Soutar (2009), view the consumer as a participant in creating experience value of both hedonic and utilitarian value. The main idea within this perspective is that the consumer makes a choice based on many value dimensions, which may vary according to the choice situation (Sheth et al., 1991). Hence, functional value might be of vast importance in buying transportation service, while of less importance when enjoying a rock concert (Sweeney and Soutar, 2001). However, both value dimensions are relevant in both of these examples. Travelling without comfort would not be appreciated, and a rock concert without toilet facilities may ruin the experience for a lot of participants. Hence, Sweeney and Soutar (2001) developed a scale reflecting both hedonic and utilitarian dimensions of consumer perceived value, i.e. functional, emotional, social, and epistemie or novelty value. Functional value is defined as the ‘perceived utility acquired from an alternative’s capacity for functional, utilitarian or physical performance’ (Sheth et al., 1991, p. 160). Sheth et al. view functional value as the primary driver of consumer choice and as more often than not including value for money, quality, reliability, durability, and price. The emotional value reflected the product’s ability to arouse feelings or affective states (Sheth et al., 1991). It is of particular interest in tourist experience settings (Williams and Soutar, 2009) for the reason that emotions to a great extent affect satisfaction evaluations (Otto and Ritchie, 1996). Social value is defined as the ‘perceived utility acquired from an alternative’s association with one or more specific groups’ (Sheth et al., 1991, p. 161), reflecting the need to bond and socialise (Arnould et al., 2002).
Epistemic or novelty value is of extreme importance in experience-related consumption (Weber, 2001) and reflects consumers’ curiosity and the need to learn and to experience diversity within consumption (Sheth et al., 1991).

Results from empirical testing of these scales in tourism contexts reveal slightly different support for the experience value scale (Lee et al., 2007; Prebensen et al., 2013a; Williams and Soutar, 2009), indicating that further testing should be performed. The present work adopts Williams and Soutar’s (2009) scale in order to test tourist perceived experience value.

Experience value effect on satisfaction

The positive relationship between perceived value and customer satisfaction has been confirmed in consumer research (Cronin Jr. et al., 2000; Parasuraman and Grewal, 2000; Woodruff, 1997). Customer satisfaction is defined as ‘an evaluation that the (product) experience was at least as good as it was supposed to be’ (Hunt, 1977, p. 459) and further delineated as the consumers’ judgment of fulfilment (Oliver, 1996). In a study of shopping experiences, Babin et al. (1994) show that both hedonic and utilitarian value influence customer satisfaction. In line with this research, Eroglu et al. (2005) reveal that hedonic value influences customer satisfaction more than utilitarian value in shopping situations. Cronin Jr., et al. (2000) analyse the effects of value perception on satisfaction and deliberate how the consumer decision-making process for service products is best modelled as a complex system in which consumer value perception affects satisfaction. Recently a few tourism studies have acknowledged relationships between experience value and satisfaction (Gallaraza and Soura, 2006; Prebensen, et al., 2013b; Ryu et al., 2010; Williams and Soutar, 2009). The present study views overall satisfaction as a response to an evaluation process; more specifically, satisfaction is regarded as the result of the consumer’s evaluation of the experience value derived from the experiences at various service providers through the experience process.

Given that customer satisfaction is based on whether or not an experience was at least as good as it was supposed to be (Hunt, 1977), we believe that there should be a correspondence between the type of service (hedonic vs. utilitarian) and the type of value (hedonic vs. utilitarian) needed to induce customer satisfaction. Experience value, such as social, emotional, and epistemic value, reflects hedonic consumption. Functional value and value for money reflect utilitarian consumption. The following two hypotheses are tested in order to confirm results from previous research as outlined above by the various types of services: transport and hospitality reflect more utilitarian-dominant value offers, while dining and visitor attractions reflect more hedonic-dominant type value offers:

H1. Experience value consumption in tourism (for various types of services in tourism, i.e., transport, hospitality, dining, and visitor attraction) includes both hedonic and utilitarian dimensions for both hedonic- and utilitarian-dominant services.

H2. Perceived experience value has a positive impact on customer satisfaction for various types of services in tourism (transport, hospitality, dining, and visitor attraction).

A consumer buys a service in order to fulfil his or her needs and wants. If a tourist chooses to visit a firm, e.g. a restaurant, to enjoy life, have fun or to be social, delineated as a consumer who values hedonic experiences, it is essential that he or she experiences such value. If this is
so, the tourist tends to be more satisfied than if his initial needs are unfulfilled. The same logic goes for a tourist travelling for utilitarian needs and wants. If this tourist experiences utilitarian value, such as value for money or efficiency during the experience, he or she is expected to become more satisfied than if this is not the fact. Utilitarian value should thus correspond more closely to satisfaction for utilitarian-dominant services and hedonic value with satisfaction for hedonic-dominant services. The following two hypotheses reflect this argument:

**H2a.** Utilitarian value has a stronger positive impact on customer satisfaction than hedonic value for utilitarian-dominant services

**H2b.** Hedonic value has a stronger positive impact on customer satisfaction than utilitarian value for hedonic-dominant services

**Method**

The hypotheses were tested in an experimental study of four different service experiences taking place during a weekend trip. In total, 938 members of a nationally representative online panel in Sweden, provided by a research company, participated in the study (56% female/44% male, age range = 16–74 years old, average age = 44.5 years old). The panellists used by the research company are recruited from several different channels (websites, emails, social media, telephone, TV, affiliate marketing) and in accordance with the Esomar guidelines. The company keeps rigorous quality controls in all steps of recruitment, panel management, and sampling. The sample could thus be considered to reflect a demographically representative sample of Swedes.

More important; given the experimental design of our study, each participant was randomly allocated to one of the four scenarios, which ensures comparability between conditions and rules out the effects of participant background (Shadish et al., 2002).

**Procedure**

All participants read a role-play scenario in which they were asked to imagine themselves going on a weekend trip to London. The scenario was text-based, and similar scenarios appear frequently in the service literature (Bitner, 1990; Söderlund and Rosengren, 2008). Scenarios have the advantage that they allow for a systematic manipulation of variables and context that are difficult to study in a real-life setting.

**Stimuli design**

Our choice of hedonic- and utilitarian-dominant services was based on a pre-test in which a convenience sample (n=32) was asked to answer questions about several different service experiences likely to be encountered during a weekend trip. More specifically, participants were asked: While travelling abroad for vacation some of the experiences we have are mainly functional (serves as a mean to something) whereas others are more hedonic (enjoyable in themselves). How would you characterise [type of service]? Answers were given on a scale where 1 = mostly utilitarian and 7 = mostly hedonic. This pre-test showed that air travel (M=2.81, lower than all others at p<.01) and hotels (M=4.88, lower than dining and visitor
attractions at p<.05) were perceived as the most utilitarian and dining (M=5.75) and visitor attractions (M=5.74) were perceived as the most hedonic (both higher than air travel and hospitality at p<.05).

It should be noted that although hospitality was rated as significantly more utilitarian than dining and visitor attractions, it still scored above the scale midpoint and was thus rated as more hedonic than utilitarian. This finding led us to use a budget hotel setting in the main study to ensure that the hospitality scenario used in the main study was perceived as more utilitarian (see manipulation checks presented below).

Based on the pre-test, we developed four different scenario descriptions. All scenarios included the same opening paragraph outlining the context for the study (i.e. a weekend trip to London). The general details of the trip were the same for all, but each participant was then randomly allocated to a more detailed description of one of the services and asked to answer questions about it. To ensure that participants could relate to the scenario and avoid idiosyncratic effects due to previous experience with certain service providers, we used generic descriptions of the services. Thus no specific service providers were used. Before launching the study, two experienced researchers (not involved in the current project) proofread the scenarios and minor adjustments were made based on their feedback (see Appendix 1 for the actual scenarios used).

Measures

Perceived experience value was operationalized using Williams and Soutar’s (2009) scale of experience value with answers given on a scale where 1 = do not agree, 7 = agree completely. The Williams and Soutar’s scale was created based on previous research proposing and testing different perceived value scales (i.e., Sheth et al., 1991). To fully cover the different dimensions of perceived value in experiential consumption, Williams and Soutar (2009) included five different dimensions of value (all items are available in Table 1).

To capture our main dependent variable, satisfaction, we used the three satisfaction items employed in several national satisfaction barometers (Johnson et al, 2001), which we adapted to the specific service experience investigated. How satisfied or dissatisfied are you with the [service experience]? (1 = very dissatisfied, 10 = very satisfied), To what extent does this [service experience] meet your expectations? (1 = not at all, 10 = totally), and Imagine a [service situation] that is perfect in every respect. How near or far from this ideal do you find this [service situation/weekend trip]? (1 = very far from, 10 = cannot get any closer).

Cronbach’s alpha was >.882 for all experiences, suggesting high reliability of the scale.

Results

Before the data was analysed, it was screened with regard to length of time the participants spent on answering our questions. More specifically, as comprehension of the scenario description was necessary, we screened out participants who used less than one minute
answering the study (n=5). Similarly, participants who spent too much time on the study were likely to forget about the scenario. Therefore we also excluded participants who spent more than 15 minutes on the study (n=65). This means that a total of 70 participants were excluded from the initial sample, and thus our remaining analyses are based on a sample size of 868 participants.

A combination of exploratory factor analysis and regression analysis was used to test the hypotheses. The analyses were first performed on all four experiences jointly and then broken down for the hedonic and utilitarian-dominant services, respectively. In line with the result from the pre-test, air travel (M=3.7) and hotel (M=3.8) were perceived as the most utilitarian, and dining (M=4.2) and visitor attraction (M=4.9) were perceived as the most hedonic. Most important for our purposes, both utilitarian-dominant services were perceived as significantly more utilitarian as both hedonic-dominant services, and vice versa (all ps <.01).

To test the value scale for all services combined, the 20 perceived value items from Williams and Soutar’s (2009) study were subjected to principal component analysis (PCA) using SPSS Version 21. The Kaiser-Meyer-Oklin value was .94 and Bartlett’s Test of Sphericity reached statistical significance (p<.01), supporting the factorability of the correlation matrix. PCA revealed the presence of four factors with eigenvalues exceeding 1, explaining 53.1%, 14.2%, 8.5%, and 6.3% of the variance, respectively. The first factor dealt primarily with functional value, the second with novelty value, the third with value for money, and the fourth with social value. In the initial solution, the items on emotional value were found to cross-load on factors dealing with functional and novelty value. Step-wise removal of these items showed that the four factors remained stable after all items on emotional value had been removed. In this model, however, one of the novelty value items (novelty1) loaded on both novelty and social value and was therefore removed.

The final four-component solution is shown in Table 2. It included 15 items and explained a total of 84.8% of the variance, with Factor 1 (value for money) contributing 49.4%, Factor 2 (functional value) contributing 17.6%, Factor 3 (social value) contributing 10.5%, and Factor 4 (novelty value) contributing 7.2%. The rotated solution revealed a clear structure, with all components showing a number of strong loadings and all variables loading substantially on only one component (please refer to Table 2).

The results show that both hedonic (social and novelty value) and utilitarian (functional value and value for money) dimensions of value are clearly separate dimensions. Thus experience value consumption in tourism (the whole process of a tourist experience) includes both hedonic and utilitarian dimensions. Although emotional value did not come through as a distinct factor in our analysis, it is interesting to note that these items cross-loaded with both functional value and social value, suggesting that in fact, emotions are part of both the utilitarian and the hedonic value of such experiences.

To test H1, the procedure was then repeated for the hedonic- and utilitarian-dominant services separately. In order to maintain comparability between the two, we used the items of
the final model identified above in this analysis. An overview of the results can be found in Table 3.

Please insert Table 3 approximately here

For the utilitarian experiences, The Kaiser-Meyer-Oklin value was .91 and Bartlett’s Test of Sphericity reached statistical significance (p<.01), supporting the factorability of the correlation matrix. PCA revealed the presence of three factors with eigenvalues exceeding 1, explaining 48.4%, 21.9%, and 10.9% of the variance, respectively. The rotated solution revealed a clear structure, with all components showing a number of strong loadings and all variables loading substantially on only one component (please refer to Table 3). The first factor dealt primarily with functional value, the second with value for money, and the third included items regarding both social and novelty value.

For the hedonic experiences, The Kaiser-Meyer-Oklin value was .91 and Bartlett’s Test of Sphericity reached statistical significance (p<.01), supporting the factorability of the correlation matrix. PCA revealed the presence of three factors with eigenvalues exceeding 1, explaining 52.4%, 15.4%, and 10.5% of the variance, respectively (please refer to Table 3). The first factor dealt primarily with functional value, the second with value for money, and the third social value. Interestingly, for hedonic experiences novelty value loaded on the same factor as value for money.

The analyses suggest that the structure of experience value dimensions differs between utilitarian and hedonic experiences. For utilitarian experiences, the utilitarian value dimensions of function value and value for money are distinct, whereas the hedonic value dimensions are not. Social value and novelty value load on a common hedonic value dimension. For hedonic experiences, on the other hand, the structure of value is different. Whereas the functional and social value dimensions are clearly distinguishable, value for money goes together with novelty value. This result seems to indicate that the experiential/hedonic aspects of such experiences are integral to judgments of value for money.

Our results thus suggest that both hedonic and utilitarian value dimensions are present for both types of experiences, but that the structures of the value dimensions differ. This supports H1.

H2 was tested based on linear regression analysis in SPSS. More specifically, we regressed the different value dimensions on satisfaction. The value dimensions were indices of the four factors identified in the initial factor analysis (cf. Table 1). In addition, we included an index of emotional value using Williams and Soutar’s (2009) four items. The reliability of all indices was good (all Cronbach alphas >.850). The analysis was first performed on all experiences jointly, and then for hedonic versus utilitarian experiences separately. Therefore, to ensure comparability between the analyses, we used the overall factor solution rather than the solutions specific to utilitarian and hedonic experiences, respectively. Given the cross-loadings of emotional value in the initial factor analysis, we also checked for multicollinearity, which was not a problem in the analyses (all CIs<20, all VIFs<5). Please refer to Table 4 for an overview of the results.
Overall, the four value dimensions explained 68% of the variance in satisfaction (p<.01). As indicated by the beta values, functional value (std beta=.44, p<.01) was the most important driver of satisfaction, followed by emotional value (std beta=.31, p<.01) and value for money (std beta=.26, p<.01). The effects of social value and novelty value were not significant.

The analysis was then repeated for utilitarian and hedonic experiences separately. For utilitarian experiences, the model explained 63% of the variance (p<.01). Functional value was the most important (std beta= .55, p <.01) driver of satisfaction, followed by emotional value (std beta=.27, p<.01) and value for money (std beta=.10, p<.01). Again, neither social nor novelty value had any significant impact on satisfaction. For hedonic experiences, the model explained 74% of the variance (p<.01). As hypothesised, emotional value had the strongest impact (std. beta= .42, p<.01), followed by functional value (std beta=.33, p<.01) and value for money (std beta=.20, p<.01). Again, neither social nor novelty value had any significant impact on satisfaction.

Please insert Table 4 approximately here

Our analyses suggest that all in all, both utilitarian and hedonic value dimensions influence satisfaction, supporting H2. Furthermore, functional value and value for money were found to be the only value dimensions influencing satisfaction for our utilitarian experiences, thus supporting H2a. However, although hedonic aspects as such are more important for hedonic experiences than utilitarian, our results indicate that functional value and value for money are more important than novelty value for hedonic experiences, thus leading us to reject H2b. It should, however, be noted that novelty loaded together with value for money in the factor analysis for hedonic experiences only – suggesting that the discriminant validity between the two might be low.

Discussion

The current study analyses both hedonic- and utilitarian-dominant services of four different service types. These four services were studied with the aim of acknowledging different dimensions of experience value for all four services together as well as for utilitarian and hedonic dominated services separately. Similar analyses were also performed to assess how experience value affects overall satisfaction.

The results from the present study support hypotheses H1, H2, and H2a, whereas H2b was rejected. When it comes to H2b, the fact that emotional value had the strongest effect was in line with our hypothesis, but the strong effects of functional value and value for money were not. Still, further research is needed to understand better what drives satisfaction in hedonic-dominant services – as the novelty dimension loaded together with value for money dimension in the factor analysis for hedonic experiences only – suggesting that the discriminant validity between the two might be low.
The results of the current study provide both theoretical and practical contributions. At the outset, the results pinpoint the importance of comprising different types of firms proposing utilitarian- or hedonic-dominant services in analysing experience value and satisfaction in tourism. Theoretically, the study confirms the usefulness of two divergent structures of consumer service value, hedonic and utilitarian, revealed in earlier studies (Babin et al., 1994; Ryu et al., 2010).

First of all, functional value seems to outperform other value elements when it comes to significance of the structure of experience value. Second, emotional value was found to cross-load on factors dealing with functional and novelty value. Third, for utilitarian-dominant experiences, the utilitarian value dimensions of functional value and value for money are distinct, whereas the hedonic value dimensions are indistinct as social value and novelty value load on a common hedonic value dimension. On the other hand, the value structure for hedonic-dominant experiences is different. Whereas the functional and social value dimensions are clearly distinguishable, value for money goes together with novelty value, suggesting that the experiential/hedonic aspects of such tourist experiences are integral to judgments of value for money. When controlling for different types of service experiences, then the results disclose somewhat different findings in terms of hedonic (emotional, social, and novelty value) and utilitarian (functional value and value for money) dimensions.

The results provide both theoretical and practical contributions. At the outset, the results pinpoint the importance of including different types of firms that propose utilitarian or hedonic-dominant services when analysing experience value and satisfaction in tourism.

**Theoretical implications**

Theoretically, the study confirms the usefulness of two divergent structures of consumer service value, hedonic and utilitarian, revealed in earlier studies (Babin et al., 1994; Ryu et al., 2010). However, by comparing hedonic and utilitarian types of service experiences, the present work adds to research by presenting somewhat altered results.

First, functional value seems to outperform other value elements when it comes to significance of the structure of experience value in both utilitarian- and hedonic-dominant services. Second, emotional value was found to cross-load on factors dealing with functional and novelty value. Third, for utilitarian experiences, the utilitarian value dimensions of functional value and value for money are distinct, whereas the hedonic value dimensions are indistinct as social value and novelty value load on a common hedonic value dimension. For hedonic experiences, on the other hand, the value structure is different. Whereas the functional and social value dimensions are clearly distinguishable, value for money goes together with novelty value, suggesting that the experiential/hedonic aspects of such tourist experiences are integral to judgments of value for money.

These results reveal the importance of emphasising utilitarian value in addition to hedonic value in tourism. Functional elements are valued for all types of services in addition to having impacting on overall satisfaction. Functional value seems thus to be vital for tourists to enjoy themselves. One reason for this finding could be that people in Sweden travel a lot. As such their travel experience provides a platform for comparison with other tourist experiences. They search for a certain functional quality and do not want to pay more than the
travel is worth, i.e. value for money. If the functional value were regarded as low, it would impact negatively on overall satisfaction for both utilitarian- and hedonic-dominant services.

The result that social value does not impact significantly on overall satisfaction may be related to the type of travel. The social value dimension includes elements that frame oneself, such as ‘help me meet like-minded people’, ‘enable me to create’… and ‘impress other people’. Consequently, it can be discussed whether a weekend trip to London is a proper way for Swedish to enhance their social self (Belk, 1988). In other studies in the Nordic countries, i.e. in Norway, the social value dimension has explained a rather limited degree of the variance of the perceived tourist experience (Prebensen et al, 2013a). It can be speculated that the social value dimension may be treated differently in tourism than in other types of consumption. Travelling with one’s family and friends should be reflected by socialisation through play and fun. In addition, meeting new friends and socialising would probably be more relevant in tourism than in traditional consumer behaviour such as shopping.

In summary, the results reveal that both utilitarian and hedonic value dimensions influence satisfaction. Functional value, value for money, and emotions were found to influence satisfaction for our utilitarian experiences. Furthermore, although hedonic aspects are more important for hedonic experiences than utilitarian, our results indicate that functional value is slightly more important than emotions for hedonic experiences. Value for money was also shown to effect overall satisfaction for hedonic experiences. This research offers insight into the intricate interrelationship between perceived experience value and satisfaction, showing the differential effects that hedonic and utilitarian value can have. A broader view of these results suggests an important interrelationship between hedonic and utilitarian value and satisfaction. While the tourism industry has focused on facilitating enhanced emotional value for the customer, the results here suggest that overall satisfaction is influenced by utilitarian aspects for both utilitarian and hedonic-dominant services.

Practical implications

The tourism industry, including its various branches, should acknowledge and seek to positively affect customers’ perceptions of both hedonic and utilitarian values in ensuring satisfaction. Based on the present study, it can be claimed that even though most people travel for hedonic reasons, the utilitarian dimensions are highly relevant in tourism. They effect overall satisfaction to a great extent for both hedonic- and utilitarian-dominant services in tourism. The study results in the present work indicate that tourism firms and destination companies may focus on emotional elements in attracting customers to visit, though they should focus on utilitarian as well as emotional aspects during the stay.

The results imply that, for the tourism industry as a whole, both the utilitarian and hedonic aspects of value should be kept in mind. As people travel to enjoy themselves, the tourism actors should emphasise facilitation of the customer’s experience of enjoyment in various ways. As the results from the present work suggest, the utilitarian dimension, i.e. functional value and value for money, is of utmost importance to ensure value for the customer. Since utilitarian aspects, if not delivered as promised, may reduce satisfaction, quality standards should be recognised and delivered. Tourists today have more and more travel experience and knowledge making them qualified to compare different services. As functional value and value for money are also shown to effect satisfaction, all types of tourist firms should ensure certain quality standards in addition to motivating customers to partake in and involving themselves in emotional value creation processes during the journey. In line
with the new service dominant logic (Vargo and Lusch, 2004), value comes into the
customer’s mind when the customer is partaking in creating such value. Based on the present
results, it can be speculated whether a firm should focus on the utilitarian aspects when
facilitating tourist emotional experiences. Due to travel experience and the ability to compare
standards, etc., functional value and value for money are fundamental for the tourist to be
satisfied with both types of service experiences. A firm could then develop promotional
strategies where both value aspects are present. In addition, emotional value should be in
mind for all tourism firms. It can, however, be speculated that for utilitarian-dominant firms,
emotions may be delivered through comfort and ease (Wakenfield and Baker, 1998), while in
hedonic-dominant services, tourists should be involved in creating emotional value (Vargo
and Lusch, 2004). Hedonic-dominant firms would benefit from implementing involvement
strategies focusing on interest, fun, and knowledge, and ensuring utilitarian value through
standards and quality instructions.

Due to the fact that all firms have both hedonic and utilitarian product elements, it can
be discussed whether this dichotomy is proper in tourism settings. Perhaps it would be more
useful to think of the various services in terms of a continuum, with mostly utilitarian at the
one extreme and mostly hedonic at the other (in our setting, the continuum would be for: Air
tavel < Hotel < Restaurant < Museum). However, since they all are relevant elements for the
overall travel experience, they should all be included to understand fully experience value and
potential differential effects on overall satisfaction.

**Limitations and further research**

The results of the current study are subjected to several limitations. Although the
experimental design allowed us to test different experiences within the same travel setting, the
scenarios might not have been as vivid as intended, which could have resulted in utilitarian
aspects of value becoming more important. Still, if anything, this should have attenuated the
differences between predominantly utilitarian and hedonic experiences. Our finding that the
dimensions of value and the impact of value on satisfaction differ between the two types of
experiences can thus be said to be robust. Still, empirical validation using more naturalistic
settings and real utilitarian and hedonic experiences are needed in order to understand better
how this will function in a real-life setting. We hope that the current study will lead more
researchers to take an interest in these issues and see the great potential in working with
natural experiments in order to get there.

A limitation of the present study could be placed in the type of vacation this study
illustrates, i.e. a short trip to London including a budget hotel. Accordingly, value for money,
for instance, is expected to be of importance. Other studies including other scenarios should
therefore be undertaken. Furthermore, the scenarios should be tested on tourists from different
backgrounds, such as travel experiences, economic situations, and quality of life. In fact, there
should be ample opportunities for tourism research to complement current approaches relying
mainly on survey methodologies with the type of experimental approaches commonly used in
service research (Bitner, 1990; Söderlund and Rosengren, 2008) as they allow for a more
detailed assessment of causality.

All in all, the present work shows the importance of acknowledging the tourist trip as a
process where different types of firms offer and deliver various types of services. Further
studies on the different types of services and their effects on overall satisfaction should be
performed. Not only would such study results pinpoint the ambiguity of the different
experiences, they would also show the importance of networking and collaboration to help ensure certain levels of service quality of the trip experience as a whole.
Literature


<table>
<thead>
<tr>
<th>Type of value</th>
<th>Item</th>
<th>Label</th>
</tr>
</thead>
<tbody>
<tr>
<td>Functional value</td>
<td>This [service experience] has a consistent level of quality</td>
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</tr>
<tr>
<td></td>
<td>This [service experience] is well formed</td>
<td>functional2</td>
</tr>
<tr>
<td></td>
<td>This [service experience] has an acceptable standard of quality</td>
<td>functional3</td>
</tr>
<tr>
<td></td>
<td>This [service experience] is well organized</td>
<td>functional4</td>
</tr>
<tr>
<td>Value for money</td>
<td>The price paid for this [service experience] is reasonable</td>
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</tr>
<tr>
<td></td>
<td>The prices for [service experience] are acceptable</td>
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</tr>
<tr>
<td></td>
<td>This [service experience] represents “value” for money</td>
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</tr>
<tr>
<td></td>
<td>This [service experience] is correctly priced</td>
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<tr>
<td>Emotional value</td>
<td>This [service experience] gives me a feeling of wellbeing</td>
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<tr>
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<td>This [service experience] is exciting</td>
<td>emotional2</td>
</tr>
<tr>
<td></td>
<td>This [service experience] is stimulating</td>
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<tr>
<td></td>
<td>This [service experience] makes me happy</td>
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<tr>
<td>Social value</td>
<td>This [service experience] helps me to meet like-minded people</td>
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<tr>
<td></td>
<td>Participating in this [service experience] enables me to create a good impression</td>
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</tr>
<tr>
<td></td>
<td>Participating in this [service experience] enables me to impress other people</td>
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<td>Participating in this [service experience] makes me feel more socially accepted</td>
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<td>Novelty value</td>
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<td>---------------</td>
<td>-------------------------------------------------</td>
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</tr>
<tr>
<td></td>
<td>This [service experience] provides</td>
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</tr>
<tr>
<td></td>
<td>authentic/genuine experiences</td>
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<tr>
<td></td>
<td>This [service experience] is educational</td>
<td>novelty3</td>
</tr>
<tr>
<td></td>
<td>This [service experience] is unique</td>
<td>novelty4</td>
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</table>
Table 2. Exploratory factor analysis: dimensions of experience value (all)

<table>
<thead>
<tr>
<th>Item</th>
<th>Extraction</th>
<th>Factor 1</th>
<th>Factor 2</th>
<th>Factor 3</th>
<th>Factor 4</th>
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</table>

*Note: Factor loadings < .40 suppressed*
Table 3. Results hypothesis 1 (exploratory factor analysis, utilitarian and hedonic services)

<table>
<thead>
<tr>
<th>Item</th>
<th>Utilitarian Extraction</th>
<th>Factor 1</th>
<th>Factor 2</th>
<th>Factor 3</th>
<th>Hedonic Extraction</th>
<th>Factor 1</th>
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<th>Factor 3</th>
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<td>social3</td>
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<td>0.902</td>
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<tr>
<td>social4</td>
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<td>0.880</td>
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<td>0.468</td>
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</tbody>
</table>

Note: Factor loadings < 0.40 suppressed
Table 4. Results hypotheses 2a and b (regression analyses).

<table>
<thead>
<tr>
<th>IV:</th>
<th>Model 1. All experiences (R²=.68, p&lt;.01)</th>
<th>Model 2. Utilitarian experiences (R²=.63, p&lt;.01)</th>
<th>Model 3. Hedonic experiences (R²=.74, p&lt;.01)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DV: Satisfaction</td>
<td>Std. Beta t-value p</td>
<td>Std. Beta t-value p</td>
<td>Std. Beta t-value p</td>
</tr>
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<td>IX_functional</td>
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<td>.551 12.420 .000</td>
<td>.327 8.571 .000</td>
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<tr>
<td>IX_valueformoney</td>
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<td>.099 2.620 .009</td>
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<td>IX_social</td>
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<td>-.025 -5.36 .592</td>
<td>-.043 -1.557 .120</td>
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<td>IX_novelty</td>
<td>-.030 -.963 .336</td>
<td>-.034 -.643 .521</td>
<td>.031 .806 .420</td>
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<td>IX_emotions</td>
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<td>.271 4.887 .000</td>
<td>.422 8.305 .000</td>
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</tbody>
</table>