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The Effect of Hedonic and Utilitarian Value on Satisfaction and Loyalty of Airbnb Users

Purpose: The purpose of this study was to identify the relationship between customer values, satisfaction, and loyalty in the context of Airbnb.

Design/methodology/approach: The survey questionnaires were developed based upon review of prior studies. The samples were collected from U.S. based Airbnb users. The data was analyzed using structural equation modeling.

Findings: The result of this study indicates that first, Airbnb users' hedonic value has a positive impact on satisfaction and loyalty, while utilitarian value influences only on satisfaction. Second, this study also shows that product involvement plays as a moderating role in the paths between hedonic value and customer satisfaction.

Research limitations/implications: Study findings may help researchers understand the roles of hedonic and utilitarian values and those impacts on satisfaction and loyalty in the context of Airbnb. This study also contributes Airbnb marketers to fulfill users' expectations about this company.

Originality/value: This research contributes to the hospitality literature by expanding the realm of research on Airbnb, which is a unique company applying the sharing economy concept in the lodging industry.

1. Introduction

Recently, the business marketplace has been inundated with new startup companies that follow a novel economic model called the 'sharing economy'. This model began as a new socioeconomic system that allows for shared creation, distribution, and consumption of products and services among individuals (Tussyadiah & Pesonen, 2015). Compared to the traditional business system, this unique trend is viewed as an alternative consumption mode that offers more value for less cost (Botsman & Rogers, 2011; Gansky, 2010; Lamberton & Rose, 2012; Sacks, 2011). First, most sharing economy companies have unique operating systems, in that most transactions are made exclusively online. This setting provides more economic benefits to both the service providers and customers and better accessibility to the services and products (Stephany, 2015). Second, these companies essentially rely on establishing a sense of trust among people (Ufford, 2015). For instance, Airbnb enables hosts and guests to create trust in each other by ensuring that the users establish faith in a provider's reliability and a sense of security during the transaction (Ert, Fleischer, & Magen, 2016; Wirtz & Lwin, 2009). Third, the sharing economy business model enables users to experience a greater number of unique interactions with service providers compared to existing commercial businesses. Because some travelers, for example, prefer the experience of staying in a home rather than a hotel, Airbnb provides distinctive types of accommodation and residential options (Airbnb, 2016; Guttentag, 2015).

Airbnb has become prevalent in the hospitality and tourism industry. This company has grown at a rapid rate and, as a result, travelers have become increasingly comfortable with the 'sharing' of lodgings at the destination. Due to the popularity of the

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sharing economy system, both providers and customers of Airbnb are likely to perceive this company as more affordable and distinctive compared to current lodging options (e.g., hotel companies). In terms of user motivation, its comparably inexpensive prices stimulate travelers' "utilitarian value." (Prebensen & Rosengren, 2015). On the other hand, completely unique experiences at new types of accommodations (e.g., igloos, castles, or tree houses) appeal to their "hedonic value" as well (Miao, Lehto, & Wei, 2014). Consumers' evaluations of hedonic and utilitarian attributes have been extensively explored due to their significant influence on consumer attitudes and behavioral outcomes. Numerous researchers have found that hedonic and utilitarian aspects of consumption are generally related to individuals' emotional and rational attitudes, respectively (e.g., Alba & Williams, 2013; Chaudhuri & Ligas, 2006; Dhar & Wertenbroch, 2000).

In the literature of Airbnb, a majority of scholars have explored the market characteristics and factors behind the popularity of this company. One of the most significant factors is its economic benefit (e.g., cost savings), which is associated with the utilitarian value (Bostman & Rogers, 2011; Gansky, 2010; Lamberton & Rose, 2012). In the actual market place, however, by utilizing diverse distribution channels, marketers of Airbnb have emphasized an enjoyable and entertaining image through diverse visual stimuli (Airbnb, 2016), which is related to the hedonic value. For example, the photos featured in ads employ images of unique houses, focus on users' joyful expressions, relaxing scenery, etc. Presumably, these implicit advertising stimuli focus on arousing users' hedonic value. The varying levels of attention placed on travelers' value between academic (i.e., utilitarian) and industry (i.e., hedonic) lead to questions such as, "Which

value would be more prevalent in users' experiences?" and "What varying factors impact users' experiences?" These questions can be employed to examine the influence of these two values on users' experiences such as customer satisfaction and loyalty.

In addition, in this study, we investigated the moderating level of involvement to understand how hedonic and utilitarian value are distinctively perceived depending on the travelers' involvement. Some studies (Chen, 2008; Knox & Walker, 2003) confirm that the level of involvement moderates the relationship between the hedonic, utilitarian value of the product and post-purchasing behaviors (e.g., satisfaction and loyalty). The concept of product involvement has been utilized to understand consumers' thought processes about the importance or level of interest in products or services. Their thoughts have various impacts on consumption experiences and customer loyalty. In this vein, product involvement enables Airbnb marketers to employ more accurate approaches to serving guests based on their different behaviors (Park & Kim, 2010).

As previously mentioned, we attempted to assess consumer behavior regarding Airbnb by exploring the relationship between hedonic and utilitarian value on customer satisfaction and loyalty. Moreover, in order to understand customers' behavior relative to their previous consumption, we investigated their product involvement level using Airbnb as a moderator. Therefore, the goals of this study were to (1) explore the relationship between hedonic value, utilitarian value, customer satisfaction, and customer loyalty in the context of Airbnb, (2) investigate the relative significance of hedonic and utilitarian value on customer satisfaction and consequent customer loyalty, and (3) examine the moderating role of product involvement on the relationship between hedonic value, utilitarian value, customer satisfaction and customer loyalty. Through examining

the impact of hedonic and utilitarian value on customer attitudes and the moderating role of product involvement, this study will contribute Airbnb marketers to fulfill users' expectations about this unique company.

2. Literature Review

2.1. The Sharing Economy and Airbnb

In the early 2000s, the 'sharing economy' emerged as a new business concept. Bostman (2012, p.11) defines it as "An economic model based on sharing underutilized assets from spaces to skills to stuff for monetary or non-monetary benefits. Currently it is largely discussed in relation to peer-to-peer (P2P) marketplaces but equal opportunity lies in the business-to-customer (B2C) models." This attention led to the rise of numerous companies and organizations applying the 'sharing economy' concept (Lessig, 2008; Sacks, 2011). Examples of businesses that fall within one or more of these definitions are very diverse, including Airbnb (accommodation), Zipcar, Uber (automobile) and Eatwith (dining).

Under these circumstances, people have also become more interested in sharing and renting resources owned by others. As more people have become involved in this new business paradigm, the types of shared resources have expanded to intangible goods and services. (Hamari, Sjoklint, & Ukkonen, 2016). Recently, substantial attention from both industry and scholars has been paid to the sharing economy (Belk, 2014; Matzler, Veider, & Kathan, 2015; Tussyadiah & Pesonen, 2015). In terms of its basic business model, the sharing economy is enabling people to realize the enormous benefits of access to products and services which they do not own. This model is perceived as offering more

value with less cost, suggesting that consumers are motivated to participate in the sharing economy for its economic benefit (Bostman & Rogers, 2011; Gansky, 2010). In addition, the rapid growth of the Internet has played a crucial role in spreading this business model, as it promotes a simple structure of online-based communities and networks with fewer transaction costs. Smartphone platforms (e.g., social media) also facilitate prompt communication among individuals (Bardhi & Exjhardt, 2012; Belk, 2014; Lamberton & Rose, 2012).

In the context of the hospitality and tourism industry, Airbnb has been one of the most prominent companies to experience explosive growth. In the summer of 2015, the company served approximately 17 million guest worldwide, a 350 percent increase from 2010 (Airbnb, 2016). In addition, their targeting of the online community has allowed businesses to operate on a much greater scale and reach a more significant consumer segment (Stephany, 2015). Concomitant with this growth, most of the research focuses on 1) the conceptual development of user behaviors, 2) the online operational issues (e.g., trust, booking system and web interface), and 3) user satisfaction (Ert et al., 2015; Fradkin, Grewal, Holtz, & Pearson, 2015; Zervas, Proserpio, & Byers, 2015). For a more holistic understanding of Airbnb, the limited research domains need to be extended by examining other elements, particularly attitudinal variables. The aim of this study was to investigate the association between hedonic and utilitarian value that Airbnb offers, as well as the resulting levels of involvement, satisfaction, and loyalty.

2.2. Hedonic and Utilitarian Value

In the marketing literature, many studies confirm that product value is a multifaceted concept which features various typologies across diverse consumption contexts (e.g.,

Gallarza, Gil-Saura & Holbrook, 2011; Nambisan & Baron, 2007; Tynan, McKechnie, & Chhuon, 2010). The hedonic and utilitarian value have been widely examined to better understand the consumption process (Jones, Reynolds, & Arnold, 2006; Kronrod & Danziger, 2013; Voss, Spangenberg, & Grohmann, 2003). As noted, hedonic value is more experiential, while utilitarian value involves an informational emphasis and highlights the consumption process itself (Henry, Nigel, Linda, & Kevin, 2004). In terms of consumer experiences, the hedonic dimension of a consumption experience involves the uniqueness of a product or service, or the emotional connection it evokes in the consumer, while utilitarian value is associated with effective, task-specific, and economic facets of the products or services (Overby & Lee, 2006).

To date, many researchers have investigated hedonic and utilitarian value in diverse settings such as online and offline businesses, access-based consumption services and the hospitality industry (Bardhi & Exjhardt, 2012; Finkenauer, Gallucci, van Dijk, & Pollmann, 2007; Overby & Lee, 2006). However, in the context of the sharing economy, the importance of these two types of values to consumer experiences has been inconclusive. For example, Bardhi and Exjhardt (2012) argue that consumers' car sharing experiences are largely based on self-interest and utilitarian value. However, this outcome contrasts with the results of another study by Chen (2008) which shows that hedonic value is at the heart such sharing experiences. In the hospitality and tourism context, the hedonic impact of a consumption experience arises pre- and post- purchase (e.g., Finkenauer et al., 2007). For example, many tourism activities, such as visiting parks or taking cruises, are pursued primarily with hedonic goals in mind (Rigall-I-Torrent & Fluvià, 2011). However, some salient constructs in the utilitarian value are also

indicated in this domain, such as perceptions of accommodation quality, service quality, and convenience (Overby & Lee, 2006).

As previously mentioned, there are varying perceptions of the role of hedonic and utilitarian value with regard to Airbnb. One school of thought, including academics, posits that utilitarian value is at the core of Airbnb. According to this line of thought, travelers are mainly motivated by utilitarian value (e.g., economic benefits, accessibility, and user-friendly booking systems) to choose Airbnb over hotels. However, another school of thought postulates that hedonic value (e.g., local accommodations, interactions with locals, unique travel experiences, etc.) is the predominant motivational driver (Guttentag, 2015; Hamari et al., 2016). Given the various opinions on this subject, it is essential to examine how these different values play a role in users' consumption processes and experiences. The results will help academics and industry practitioners to better understand how these two value systems influence consumer attitudes and experiences.

2.3. Satisfaction and Loyalty

Many researchers have explored the relationships among hedonic value, utilitarian value, satisfaction, and loyalty. Carver and Scheier (1990) posit that product value dictates consumer behaviors, which comprise behavioral intentions of loyalty toward a service provider. Similarly, Bridges and Florsheim (2008) recognize utilitarian and hedonic value as the online consumption goals that guide consumer behavior. For experienced consumers, product value judgments are derived from prior purchasing experiences that facilitate the achievement of consumption goals (Boksberger & Melsen, 2011). In

addition, online repeat purchase decisions are made based on how these value judgments help consumers to accomplish their final purchasing goals.

In the context of Airbnb, Tussyadiah (2016) examines the factors that influence guests' satisfaction, their loyalty, and intent to visit again in the future. Factors that affect guest satisfaction include economic benefit, enjoyment, and amenities. Hamari et al. (2015) argue that the determinants of satisfaction are cost savings, familiarity, trust, utility and loyalty. Furthermore, these studies can be extended to the concept that value of products or services have a strong relationship to customer satisfaction and customer loyalty (Chen & Tsai, 2007; Eid, 2015; Ha & Jang, 2010; Pura, 2005). Eid (2015) argues that customer satisfaction is positively influenced by product value through improving customer loyalty model in diverse service sectors. Pura (2005) indicates that there is a positive direct effect of product value on customer loyalty in the service arena. Based on past literature, in this study, we attempted to reveal which type of value offered by Airbnb is most closely associated with customer satisfaction and future behaviors related to Airbnb. Following this rationale, we proposed the following hypotheses:

H1. Product values will have a positive impact on customer satisfaction to Airbnb.

> *H1a. Hedonic value associated with Airbnb experiences will have a positive impact on customer satisfaction.*

> *H1b. Utilitarian value associated with Airbnb experiences will have a positive impact on customer satisfaction.*

H2. Product values will have a positive impact on customer loyalty to Airbnb.

> *H2a. Hedonic value associated with Airbnb experiences will have a positive impact on customer loyalty.*

H2b. Utilitarian value associated with Airbnb experiences will have a positive

impact on customer loyalty.

H3. Customer satisfaction with Airbnb will have a positive impact on customer loyalty to

Airbnb.

2.4. Product Involvement

According to many consumer research studies, product involvement plays a

significant role in explaining and moderating relationships among variables (Chen & Tsai,

2008; Olsen, 2007, Rodríguez-Santos & González-Fernández, 2013). Product

involvement denotes consumers' feelings about the importance or relevance of a product

based on their intrinsic needs, values, and interests (Zaichkowsky, 1985). In other words,

when customers purchase products or services, their decision depends on their level of

product involvement (Russell-Benett, 2007). Marketing scholars argue that customers'

product involvement level, as an indicator of motivation, has a significant impact on their

satisfaction and loyalty to a product (Ganesh, Arnold, & Reynolds, 2000; Lai, 2011;

Olsen, 2007). In addition to the positive relationship between product involvement and

brand loyalty, Bartikowski and Walsh (2011) further imply that higher customer loyalty

levels are the result of higher product involvement.

With regard to the effect of product involvement on consumer behavior (e.g., satisfaction

and loyalty), previous researchers imply significant association between product value

and product involvement. According to Zaichkowsky (1985), product involvement can be

defined as the importance a potential customer places on a product based on intrinsic

needs, values, and interests that the consumer believes can be fulfilled by the product.

Research confirms that product involvement affects customers' purchasing behaviors, revealing that they are more likely to exhibit loyalty to a product when they are highly involved in it or the associated company (Bennett et al., 2005; Chen & Tsai, 2008; Tsiotsou, 2006). Researchers have also shown that this aspect has a direct influence on consumer satisfaction levels (Fraering & Minor, 2013) and product value (Lai & Chen, 2011). The level of involvement regarding the products or services of interest plays a critical role in determining consumer evaluations and behaviors (Chen & Tsai, 2008).

Furthermore, many studies of attitudes and behavioral associations reveal the importance of proposing a moderating effect on involvement (Chen & Tsai, 2008; Olsen, 2007; Suh & Yi, 2006). For example, Suh and Yi (2006) clearly identify the moderating role of product involvement which determines the association between customer satisfaction and loyalty. Their results indicate that customer attitudes have a greater influence on loyalty when product involvement is high. In tourism literature, Chen and Tsai (2008) reveal the relationship between perceived value, satisfaction, and loyalty to travel products advertised on TV and explore the moderating role of the level of involvement. Their study indicates that product value has an impact on satisfaction and loyalty. Moreover, the moderating effect of product involvement has been confirmed by the value, satisfaction and loyalty model. Overall, they conclude that the higher the level of involvement, the greater the likelihood that the product value of Airbnb will lead to increased customer loyalty. Based on prior research, we predicted that various levels of product involvement may cause varying effects on customer satisfaction and loyalty. Our hypotheses are stated as follows:

H4. For customers who are highly involved, Airbnb's values will have a stronger effect on customer satisfaction than those who are less involved.

H4a: For customers who are highly involved, Airbnb's hedonic value will have a stronger effect on customer satisfaction than those who are less involved.

H4b. For customers who are highly involved, Airbnb's utilitarian value will have a stronger effect on customer satisfaction than for those who are less involved.

H5. For customers who are highly involved, Airbnb's values will have a stronger effect on customer loyalty than for those who are less involved.

H5a. For customers who are highly involved, Airbnb's hedonic value will have a stronger effect on customer loyalty than for those who are less involved.

H5b. For customers who are highly involved, Airbnb's utilitarian value will have a stronger effect on customer loyalty than for those who are less involved.

[Figure 1 is about here]

3. Research Design and Methodology

3.1. Sample and Data Collection

The data was collected through Amazon Mechanical Turk, an Internet consumer panel that connects researchers with diverse consumers willing to participate in studies for a modest monetary incentive. We focused on U.S. consumers who had used Airbnb within the previous year and possessed IP addresses in the United States. Many researchers have confirmed that Amazon MTurk participants produce reliable results that are consistent with other data collection sources (Goodman, Cryder & Cheema, 2012). In

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this study, we sampled a total of 600 Airbnb users from the United States. Eighty-nine

questionnaires were removed because they were missing important data which would

influence the statistical result. Ultimately, 511 questionnaires were coded for data

analysis, yielding a response rate of 85.2%. In structural equation modeling (SEM),

power is a function of the ratio of the free parameters under observation. In this study,

there were 40 free parameters in the non-nested specification and 80 parameters in the

nested specification. Most researchers (Bentler & Chou, 1987; Hair, 2010; Klein, 2005)

recommend a ratio of 10:1 (or even 20:1), but some suggest that a ratio of 5:1 may be an

acceptable minimum. Based on this power, therefore, the reported ratio in this study of

6.4:1 is acceptable.

3.2. Procedure and Measures

To ensure the suitability of the respondents, the following question was included

at the beginning of the online questionnaire to screen potential participants: "I have used

Airbnb for overnight stays within the last year." All measurement items were adapted

from previous studies. The utilitarian and hedonic value scales were adapted from Voss et

al (2003) and included five seven-point semantic differential scale items. In this survey,

we utilized an involvement scale, developed and adapted by Zaichkowsky, which

contained twenty differential items with seven-point semantic scales (1985). In order to

measure customers' attitudes and behavior toward Airbnb, this survey included

satisfaction and customer loyalty measures. The participants rated their satisfaction using

a 5-point Likert scale (1 = strongly disagree, 5 = strongly agree) (Kim & Moon, 2009;

Ryu, Lee, & Kim, 2012). Then, customer loyalty regarding intension to revisit in the

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future and word-of-mouth recommendations were measured via seven items with a 5-point Likert scale (1 = strongly disagree, 5 = strongly agree). These items were modified from prior studies (Kim & Moon, 2009; Ryu et al., 2012).

4. Results

4.1. Demographic Information

The ages of the respondents ranged from 18 to over 65 years old, with approximately 53.4% in the 25 to 34 age range (n = 273). 53.8% of the respondents were male (*n* = 275) and 45.8% were female (*n* = 234). The most common income range was $50,000 to $59,000, which was reported by 19.0% of the respondents. Approximately 71.8% of the respondents were Caucasian (*n* = 367). Almost half of participants (43.6%) had baccalaureate (four year) degrees (n = 223). Approximately 81.8% (*n* = 418) of the respondents indicated that their purpose for travel was for leisure. Lastly, approximately 62.6% (*n* = 320) of respondents had searched the Internet for information regarding accommodations.

[Table I is about here]

4.2. Data Screening

To check the normality of all variables in this study, we examined the descriptive statistics. According to the skewness index, absolute values greater than 3.0 are extreme, while absolute values higher than 10.0 on the kurtosis index suggest a problem (Kline, 2005). The results denoted that the skewness statistics for all variables of each construct

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ranged from -1.038 to - .428, and the kurtosis statistics ranged from - .509 to 1.929, which indicated that the data did not violate the normality assumption (Kline, 2005). After that, we computed internal consistency reliability, which was utilized to measure the internal homogeneity of the items' scale in this research. Cronbach's alpha coefficients range from .86 to .95. Each construct indicated the following reliability values: hedonic value (.86), utilitarian value (.92), customer satisfaction (.92), customer loyalty (.91), and involvement (.95). These values exceeded the .70 level, which according to Nunnally (1978), indicate internal consistency.

4.3. Measurement Model

This study utilized Structural Equation Modeling (SEM) with Amos 17 to test the relationship among the four elements in the proposed model. The measurement model was made up of five correlated theoretical constructs, including hedonic value (four items), utilitarian value (four items), satisfaction (four items), loyalty (five items), and involvement (nine items). We tested these variables to determine how this structural model fit the data. First, to test a measurement model, we conducted a CFA (Confirmatory Factor Analysis) of a five-factor model applying a Maximum Likelihood (ML) method. As a result, the Chi-square for this model became significant (χ^2= 684.670, df = 236, $p < .001$) and the χ^2 / df value of 2.90 falls within an acceptable ratio of 3 or less (Kline, 2005). Moreover, other fit statistics also indicated that the measurement model fit the data well (CFI = .96, TLI = .95, RMSEA = .06) (McDonald and Ho, 2002).

[Table II is about here]

As seen in Table III, the CFA results show the properties of the measurements in detail. We evaluated the convergent validity using the factor loadings in the measurement model. These standardized factor loadings were greater than .40 (Ford, MacCallum, & Trait, 1986). Table III indicates that all constructs showed acceptable degree of composite reliability, which ranged from .76 to .95. Furthermore, AVE values of all constructs ranged from .50 to .82 which was above the suggested .50 threshold (Bagozzi & Yi, 1988; Fornell & Larcker, 1981; Hair, 2010). We also compared the AVE percentages to the squared correlations between constructs to calculate the discriminant validity (Hair, 2010). Moreover, the AVE values were generally higher than the squared correlations between the two constructs, verifying the discriminant validity of the constructs (Fornell & Larcker, 1981).

[Table III is about here]

To examine the existence of common method bias among the variables in this study, we performed one-factor test by following a technique which has been utilized by other scholars (Harman, 1967; Podsakoff & Organ, 1986). All participant self-report variables containing the five hedonic value items, the five utilitarian value items, the four satisfaction items and seven loyalty items, were entered into a fundamental-components factor analysis. According to this procedure, common method bias is present if a single factor becomes prominent during the factor analysis or one general factor is determined explaining more than 50% of the covariation. (Podsakoff & Organ, 1986). In this study,

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however, the analysis indicated a four-factor structure, in which a factor explained 49%

of the covariation. Thus, no general factor was apparent.

4.4. Results from the Structural Model

We estimated the structural analysis utilizing the maximum likelihood (ML)

method, the results of which are shown in Table IV. Overall, in the proposed model, the

goodness-of-fit statistics revealed that the model reasonably fit the data ($\chi^2 = 341.907$, df

$= 111$, p $< .001$, $\chi^2/df = 3.08$, CFI $= .97$, TLI $= .96$, RMSEA $= .06$) (McDonald & Ho,

2002).

[Figure 2 is about here]

[Table IV is about here]

First, in terms of the Hypothesis 1a, the association between hedonic value and

customer satisfaction was supported by the path coefficient of .26 ($t = 5.46$, $p < .001$),

indicating that hedonic value had a significant impact on customer satisfaction. Second,

for the Hypothesis 1b, the association between the utilitarian value and customer

satisfaction was also supported by the estimate of .22 ($t = 6.36$, $p < .001$). This result

showed that utilitarian value was a significant antecedent of customer satisfaction. For

Hypothesis 2a, the result revealed that hedonic value exerted a significant influence on

loyalty, supporting H2a by a significant estimate of .11 ($t = 3.40$, $p < .001$). Hypothesis

2b, anticipating the association between utilitarian value and customer loyalty, was not

supported by the estimation of .03 ($t = 1.25$, $p > .05$). Lastly, Hypothesis 3 was supported

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by a path coefficient of .77 (t = 16.78, p < .001), indicating that customer satisfaction was a significant predictor of customer loyalty.

4.5. The Moderating Effect of Product Involvement

In order to assess the moderating role of involvement, we conducted a multiple group analysis. Prior to this, the participants were divided into two groups, high-involvement (n= 285) and low-involvement (n=226), using a mean-splits method. We also utilized this method to gather samples on each sub-scale and found significant differences between these groups, which will be discussed in detail.

[Table V is about here]

Figure 3 provides details about the parameter estimates for the model, and Table VI shows the results of the hypothesis testing. From Hypotheses 4a through 5b, two out of four hypotheses were supported. To examine the different impacts between high involvement group and low involvement group, we performed a measurement invariance test. A non-restricted model was first generated (χ^2= 604.778, df = 226, p < .001). We then compared this model to the full-metric invariance model (χ^2= 612.876, df = 230, p < .001) that constrained all factor loadings as equal across the high and low involvement groups. Findings indicated no significant chi-square difference between these two models (χ^2 (4) = 8.098, p = .088), thus supporting full-metric invariance (see Table V).

[Table VI is about here]

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In order to determine where the statistical differences in the associations occurred, we compared each of the path coefficients to the high and low involvement groups. We examined each path in Hypotheses 4 (4a and 4b) and 5 (5a and 5b) (see Table VI). First, we evaluated the statistical differences of association between hedonic value and customer satisfaction. The chi-square difference between the constrained model ($\chi^2 =$ 609.86, $df = 227$, p < .001) and the unconstrained model ($\chi^2 = 604.778$, df = 226, p < .001) was significant ($\Delta\chi^2 = 5.08$, $\Delta df = 1$, $p < .05$). This outcome revealed that the impact of hedonic value on customer satisfaction was significantly different between the two groups, meaning that in terms of hedonic value, the high involvement group had more impact on customer satisfaction than the low involvement group, which supported H4a. Furthermore, we analyzed the relationship between utilitarian value and customer satisfaction across involvement levels. According to the result, there was no significant chi-square difference ($\Delta\chi^2 = .56$, $\Delta df = 1$, $p < .05$) between the constrained model ($\chi^2 =$ 605.34, $df = 227$, p < .001) and the unconstrained model ($\chi^2 = 604.778$, df = 226, p < .001). It means that the relationship between utilitarian value and customer satisfaction was not significant across involvement groups. Hence, H4b was not supported.

We also investigated the differential relationship between hedonic value and customer loyalty in relation to the high and low involvement groups. As a result, the chi-square difference between constrained model ($\chi^2 = 605.37$, $df = 227$, p < .001) and the unconstrained model ($\chi^2 = 604.778$, df = 226, p < .001) was not significant ($\Delta\chi^2 = .59$, $\Delta df = 1$, $p < .05$). It means that the impact of hedonic value on customer loyalty was not significantly different between the two groups. Thus, Hypothesis 5a was not supported.

Finally, according to the results of the chi-square difference between the constrained model (χ^2 = 606.83, df = 227, p < .001) and the unconstrained model (χ^2= 604.778, df = 226, p < .001), we found the relationship between utilitarian value and customer loyalty to be insignificant ($\Delta\chi^2$ = 2.05, Δdf = 1, p > .05) across the high and low involvement groups; thus, Hypothesis H5b was unsupported.

[Figure 3 is about here]

4.6. Alternative models

In this research, we compared two models, the hypothesized model and the alternative model. The latter was tested against the hypothesized model (see Table VII). The alternative model which showed acceptable fit values across all samples is presented in Figure 4. However, this model was not rigorous enough to accommodate all the current variables that have been established in prior studies. As shown in Figure 4, the alternative model demonstrates that hedonic value and utilitarian value concurrently predicted customer loyalty only through customer satisfaction (χ^2 /df = 2.58, CFI=.95, TLI=.94, RMSEA = .08).

[Table VII is about here]

[Figure 4 is about here]

5. Conclusion

5.1. Discussion

In this study, we examined the association among hedonic, utilitarian value, customer satisfaction, and customer loyalty in the context of Airbnb. We also analyzed the moderating role of the level of involvement of Airbnb users' involvement between hedonic and utilitarian value and customer satisfaction, between hedonic and utilitarian value and customer loyalty. Overall, this research showed that hedonic value and utilitarian value significantly influenced customer satisfaction. On the other hand, utilitarian value did not have significant impact on customer loyalty, while hedonic value influenced customer loyalty. These results indicated that Airbnb's functional value of meeting or exceeding the expectations of guests does not guarantee that they will revisit Airbnb in the future.

In addition, the results based on the level of a customer's product involvement revealed that the relationships between hedonic, utilitarian value, customer satisfaction and customer loyalty showed similar outcomes to the proposed model. To be specific, both hedonic and utilitarian value had a direct impact on the satisfaction of high and low involvement customers. However, hedonic value influenced customer loyalty, while the utilitarian value had no such effect. In addition, hedonic value had an indirect impact on customer loyalty through customer satisfaction. The result also indicated that the level of involvement moderated the association between hedonic value and customer satisfaction. Hence, it can be concluded that Airbnb's hedonic value is more likely to be satisfied with in the high involvement group rather than in the low involvement group. Also, similar to the proposed model, regardless of involvement, customer loyalty was not affected by utilitarian value.

5.2. Theoretical Implications

The results suggest meaningful theoretical implications for researchers. First, this study expanded the measurement of hedonic and utilitarian value by supporting the scale's reliability and validity in the context of Airbnb. It also confirmed the direct effects of hedonic and utilitarian value as antecedents of customer satisfaction and loyalty. Thus, this research will provide a stepping stone for future researchers who wish to expand knowledge of customer attitudes, particularly in the context of Airbnb. Second, the study focused on different contextual findings of hedonic and utilitarian value. In terms of product value, prior studies have revealed that in restaurant sector, the effect of utilitarian value on satisfaction and loyalty is stronger than that of hedonic value (Ha & Jang, 2009; Ryu et al., 2010). However, the results of this study, in contrast to previous studies, demonstrated that hedonic value had a stronger impact on customer satisfaction and customer loyalty. The contradicting results imply that the impact of the two values vary depending on context and setting. Thus, further research is needed to investigate the impact of these two values in various settings to increase the external validity and generalizability of the findings. Third, the results of this study did not fully confirm the moderating role of involvement on hedonic and utilitarian value, customer satisfaction, and customer loyalty. The results will provide meaningful implications for future researchers in that we found one optimal path between hedonic value and customer satisfaction to be stronger in the low involvement group. According to our results, for hedonic value, customer satisfaction appeared to be stronger when guests were more highly involved with Airbnb. In this sense, our study partially confirmed the moderating role of involvement, and this result could be valuable for understanding the relationship

between hedonic/utilitarian value and post purchasing behaviors in the context of the

sharing economy within the hospitality industry.

5.3. Managerial Implications

This study provides some meaningful managerial implications. First, the results

show that Airbnb marketers should focus on both hedonic and utilitarian value when they

develop advertisements or other promotional activities. As previously mentioned, current

Airbnb's advertising strategies are focused on hedonic rather than utilitarian value due to

the assumption that potential customers are fully aware of Airbnb's utilitarian value (e.g.,

low cost experience). Most people who perceive Airbnb as a reasonably priced

counterpart to hotels are more likely to be motivated by the utilitarian aspects of Airbnb.

Due to hotels' continuous efforts to compete, however, Airbnb's utilitarian value has

been attenuated and diluted. For example, according to a recent market report (Griswold,

2016), in their twenty largest markets in the U.S, renting an entire home through Airbnb

costs approximately as much as a hotel room. On average, the daily rate for an Airbnb

rental is 160.47 dollars compared to 163.90 dollars for a hotel room. Considering our

research results and the recent reactions of those in the hotel industry, it would be wise

for Airbnb executives to emphasize the company's utilitarian value in order to maintain

its competitive edge over the hotel industry. For instance, adding functional information

such as specific prices or accessibility of accommodations to a visual format will be

effective for attracting a wide variety of travelers. Second, this study explores the

differences between the two involvement groups. The results indicated that Airbnb's

hedonic value appeals more to highly involved customers. This is due to the unique

characteristics of this company, such as its non-standard business model. In response to Airbnb's popularity, those in the hotel industry have attempted to create Airbnb-like lodgings by designing unique accommodations that appeal to customers' hedonic value, such as offering local experiences and connectivity to other users (Glusac, 2016).

The findings indicate some ways in which this distinctive company could improve its marketing strategies. Although Airbnb hosts all over the world provide many different types of lodging, mismatching with the diversity, Airbnb currently provides controlled information and visual stimuli that could be presented in a more dynamic way. This company should diversify its marketing strategies to reflect potential and current levels of customer involvement. Park and Kim (2010) argue that the high-involvement group is more likely to seek others' experiences and recommendations as a main information source. Therefore, we suggest that Airbnb create a new user-based platform that enables customers to share their experiences through creative and hedonic modes such as photos and videos. The current platform for reviews and information posted by users are generally text-based and utilitarian. To appeal to more highly involved customers, we suggest utilizing hedonic value-related contents. Third, the results indicated that utilitarian value did not have significant influence on loyalty under any conditions. This means that Airbnb's potential users are likely to switch alliances easily depending on their preferences. Due to competition with hotel companies, attracting repeat customers with high brand loyalty is a crucial marketing task. In this sense, Airbnb executives must consider creating a loyalty program in order to build long-term relationships with its users. Providing financial benefits (e.g., a mileage program) and establishing social bonds, for example, are ways to attract repeat customers.

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5.4. Limitations and Future Research

We have identified some limitations in this study, suggesting that further research should be conducted. First, this study validates the research framework adopted from previous studies in the context of Airbnb. Considering the unique characteristics of Airbnb, future scholars should expand and deepen this research model by incorporating other meaningful variables such as perceived risk and privacy. In addition, future researchers could investigate other potential moderating variables such as socioeconomic characteristics, because hedonic and utilitarian motivations vary depending on guests' demographic status. Second, this study did not classify the types of Airbnb services so the findings may not be completely valid under certain circumstances. Future scholars should expand on the research model by considering different aspects of Airbnb services (e.g., room type, room rate, and locations). Third, the results of this study cannot be generalized to other sectors in lodging industry. Thus, future researchers should compare Airbnb lodgings to hotels, and bed & breakfasts to uncover more comprehensive implications for the lodging industry.

Lastly, the proposed hypothetical SEM model was tested among samples of residents who live in the United States. Thus, the results may not be generalizable to other regions. Additionally, Airbnb provides rooms or houses in more than 191 countries all over the globe, which means that consumers can experience wide-ranging travel through this company. Hence, a more expansive study regarding the impacts of cultural differences is needed in the future. This might help marketers to develop a more effective plan for expanding their business. Furthermore, repeating this study with a larger and

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more diverse sample range would be highly valuable. This could be accomplished by

comparing individual consumer value within diverse ethnic groups, which would lead to

more wide-ranging and useful results.

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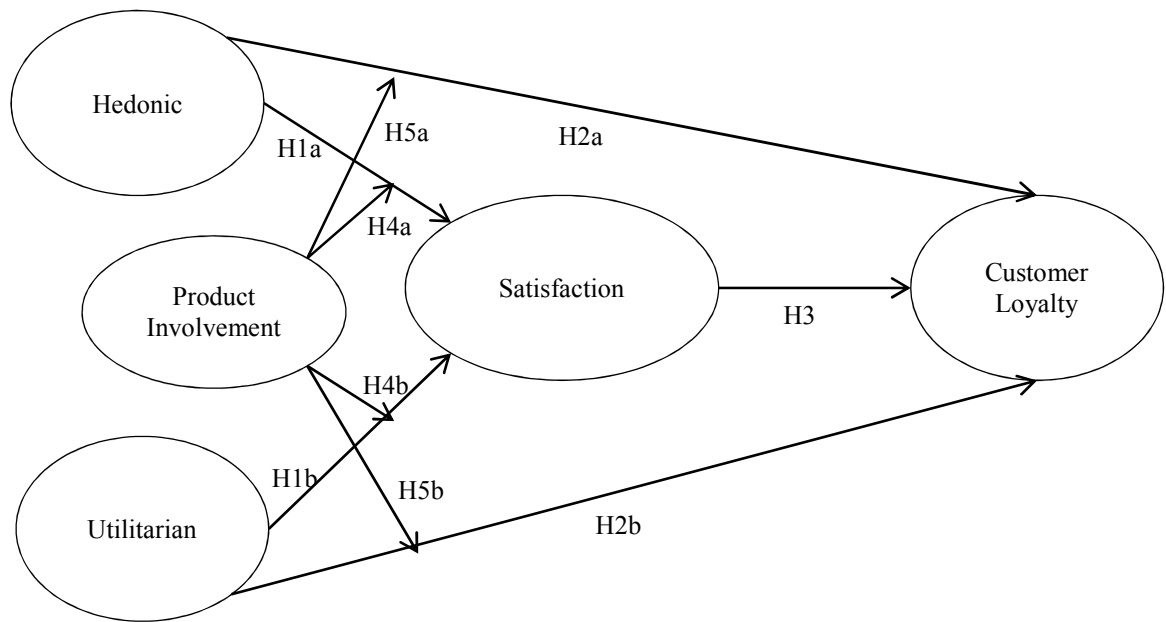
Figure 1.
Research Conceptual Framework

Table I.
Characteristics of respondents (N=511)

Demographic Characteristics	Descriptive	Frequency	Percentage
Gender	Male	275	53.8
	Female	234	45.8
Age[a]	18—24	80	15.7
	25—34	273	53.4
	35—44	95	18.6
	45—54	35	6.8
	55—64	21	4.1
	Over 65	7	1.4
Education Level	High school or less	36	7.0
	Some college or associate (2 year) degree	145	28.4
	Baccalaureate (4 year) degree	223	43.6
	Graduate studies/post-graduate studies	105	20.5
Ethnicity	White/Caucasian	367	71.8
	Hispanic/Latino American	26	5.1
	American Indian/Native American	11	2.2
	African American	44	8.6
	Asian	48	9.4
	Pacific islander	2	.4
	Multi-racial or mixed race	9	1.8
	Prefer not to answer	2	.4
Annual Household Income[bc]	$0—19,999	64	12.5
	$20,000—29,999	32	6.3
	$30,000—39,999	86	16.8
	$40,000—49,999	42	8.2
	$50,000—59,999	97	19.0
	$60,000—69,999	25	4.9
	$70,000—79,999	50	9.8
	$80,000—89,999	23	4.5
	$90,000—99,999	23	4.5
	$100,000+	62	12.1
Travel purpose	Leisure	418	81.8
	Business	67	13.1
	Other	25	4.9

Note: [a]years old, [b] U.S. Dollars; [c] 2015 household income

Table II.
Descriptive information for items

Dimension	Items	Mean	SD	Factor loading (t-value)	Cronbach's Alpha
Utilitarian (7-Likert semantic scale [a])	Ineffective / Effective	5.47	1.46	.85 (—)	.92
	Not Functional / Functional	5.40	1.47	.80 (21.20)	
	Unnecessary / Necessary	5.25	1.57	.85 (21.51)	
	Impractical / Practical	5.53	1.47	.91 (23.93)	
Hedonic (7-Likert semantic scale [a])	Not fun / Fun	5.44	1.30	.77 (—)	.86
	Dull / Exciting	5.46	1.25	.88 (21.21)	
	Not delightful / Delightful	5.41	1.29	.80 (21.07)	
	Not Enjoyable / Enjoyable	5.23	1.38	.78 (20.02)	
Satisfaction (5-Likert scale [b])	I would be pleased to have stayed at Airbnb during my trip.	4.02	.80	.89 (—)	.92
	I would enjoy staying at Airbnb during my trip	4.03	.81	.86 (27.98)	
	I would be pleased to have stayed at Airbnb.	4.03	.82	.84 (25.07)	
	I would be satisfied with my overall experience at Airbnb during my trip	4.05	.77	.87 (26.59)	
loyalty (5-Likert scale [c])	I would like to choose Airbnb again as my accommodation in near future.	4.00	.87	.83 (—)	.91
	I am willing to stay at Airbnb in the future.	4.04	.84	.79 (22.83)	
	I would encourage others to stay at Airbnb.	4.14	.83	.83 (25.80)	
	I would recommend Airbnb to stay during the trip.	4.01	.83	.81 (22.89)	
	I would say positive things about Airbnb to others.	4.07	.78	.80 (21.07)	

Note: [a] Hedonic value and utilitarian value: $1 — 7$, [b] Satisfaction: $1 —$ not at all satisfied, and $5 —$ very satisfied.
[c] Loyalty: $1 —$ strongly disagree, and $5 —$ strongly agree.
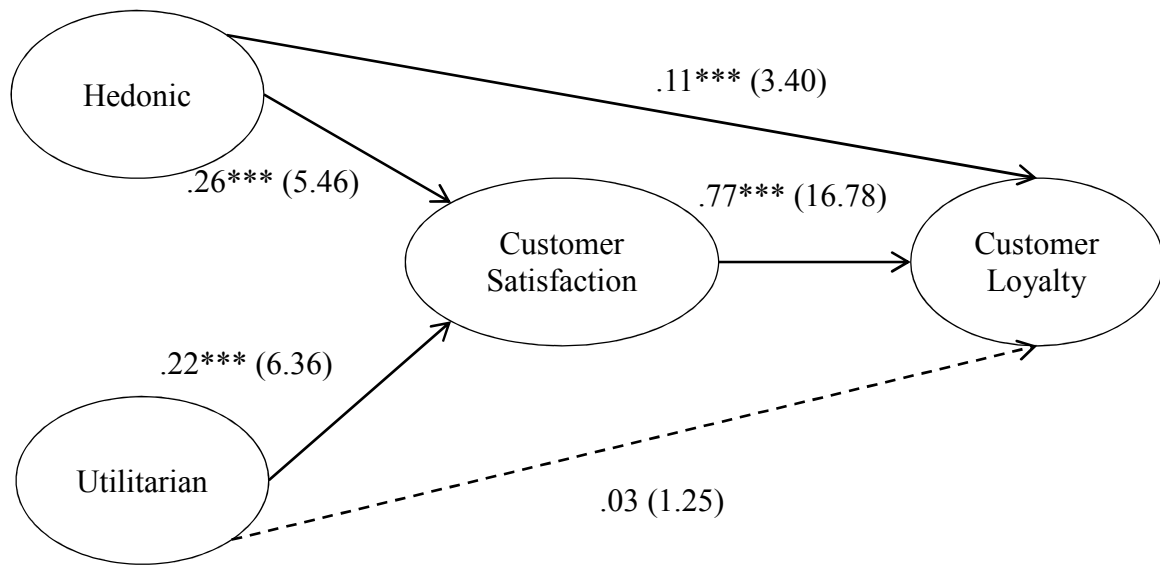
Table II.
Descriptive information for items (Cont'd)

Dimension	Items	Mean	SD	Factor loading (t-value)	Cronbach's Alpha
Involvement	Not needed / Needed	5.19	1.40	.77 (—)	.95
(7-Likert	Non-essential / Essential	5.16	1.45	.77 (24.65)	
semantic	Unimportant / Important	5.32	1.40	.85 (24.11)	
scale [a])	Of no concern / Of concern	5.18	1.41	.78 (19.07)	
	Does not matter / Matters to me	5.37	1.39	.85 (21.31)	
	Irrelevant / Relevant	5.40	1.39	.86 (21.63)	
	Worthless / Valuable	5.48	1.42	.85 (21.29)	
	Insignificant / Significant	5.33	1.36	.83 (20.71)	
	Means nothing to me / Means a lot to me	5.14	1.42	.75 (18.18)	

Note: [a] Involvement: 1 — 7.

Table III.
Measure correlations, squared correlations, AVE, CR

	Utilitarian	Hedonic	Satisfaction	Loyalty	Involvement	AVE	C.R
Utilitarian	1.00					.51	.76
Hedonic	.75 (.56)	1.00				.55	.79
Satisfaction	.66 (.43)	.64 (.41)	1.00			.82	.95
Loyalty	.67 (.45)	.70 (.49)	.91 (.82)	1.00		.75	.94
Involvement	.87 (.75)	.68 (.46)	.55 (.30)	.60 (.36)	1.00	.50	.90

Note. All correlations were significant at 0.001 level; Model measurement $\chi^2 = 684.670$, df = 236, p < .001, χ^2/df = 2.90, CFI = .96, TLI = .95, RMSEA = .06

.11*** (3.40)

Hedonic

.26*** (5.46)

Customer
Satisfaction

.77*** (16.78)

Customer
Loyalty

.22*** (6.36)

Utilitarian

.03 (1.25)

Note. *** p < .001, ** p < .01
Figure 2.
The result of the structural model

Table IV.
Structural parameter estimates.

Hypothesis path	Standardized path coefficients(t-value)	Result
H 1a: Hedonic value $\rightarrow$ Customer Satisfaction	.26 (5.46 ***)	Supported
H 1b: Utilitarian value $\rightarrow$ Customer Satisfaction	.22 (6.36 ***)	Supported
H 2a: Hedonic value $\rightarrow$ Customer loyalty	.11 (3.40 ***)	Supported
H 2b: Utilitarian value $\rightarrow$ Customer loyalty	.03 (1.25)	Not supported
H 3 : Customer Satisfaction $\rightarrow$ Customer loyalty	.77 (16.78 ***)	Supported

Note: χ^2 = 341.907, df=111, p < .000, χ^2/df = 3.080, CFI = .97, TLI = .96, RMSEA = .06
*** p < .001, ** p < .01

Table V.
The Chi-square differences test of involvement moderating effect

| Model	Chi-square statistics	Chi-square differences	Full-metric invariance
Non-restricted model	$\Delta\chi^2$=604.778 (Δdf = 226), p < .001	$\Delta\chi^2$= 8.098, Δdf = 4, p > .05 (insignificant)	Supported
Full-metric Invariance	$\Delta\chi^2$=612.876 (Δdf = 230), p < .001		

Table VI.
The path estimates between high- and low-involvement groups

Path coefficients	Fit of the model with the path		Chi-square differences	Standardized loading (t-value)		Sig. of chi-square
	Baseline model (Freely estimated)	Nested model (Constrained to be equal)		High Involvement	Low Involvement	
H 4a: HV → CS	$\chi^2 (226) = 604.78$	$\chi^2 (227) = 609.86$	$\Delta\chi^2 (1) = 5.08$, $p < .05$	.36 (4.74***)	.14 (2.14 *)	Supported
H 4b: UV → CS	$\chi^2 (226) = 604.78$	$\chi^2 (227) = 605.34$	$\Delta\chi^2 (1) = .56$ $p > .05$	.30 (3.45 ***)	.22 (4.72 ***)	Not supported
H 5a: HV → CL	$\chi^2 (226) = 604.78$	$\chi^2 (227) = 605.37$	$\Delta\chi^2 (1) = .59$, $P > .05$	.08 (2.00 *)	.13 (2.20 *)	Not supported
H 5b: UV → CL	$\chi^2 (226) = 604.78$	$\chi^2 (227) = 606.83$	$\Delta\chi^2 (1) = 2.05$, $P > .05$	.07 (1.41)	-.02 (-.52)	Not supported

Note: *** $p < .001$, ** $p < .01$, * $p < .05$
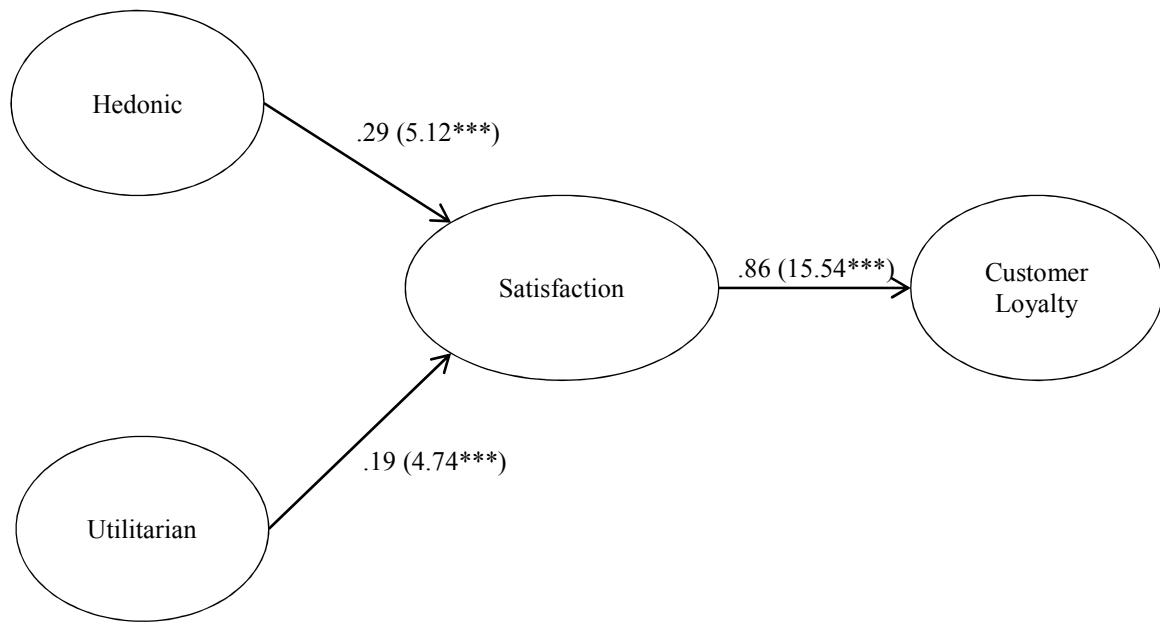Note: HV=hedonic value, UV=utilitarian value, CS=customer service, CL=customer loyalty

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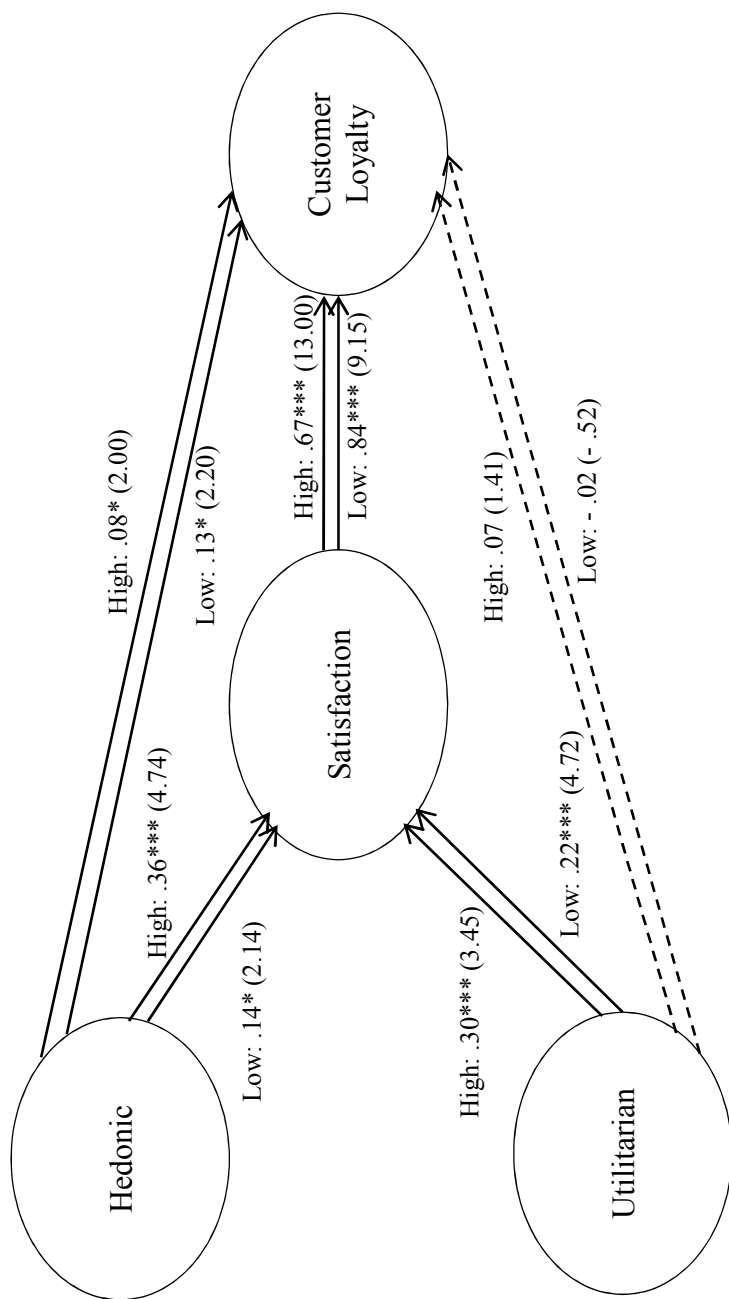
Note. *** p < .001, ** p < .01, * p < .05

Figure 3. Structural model by level of involvement

Table VII.
Comparison of measurement models

Model	χ^2	df	χ^2/df	$\Delta\chi^2$	CFI	TLI	RMSEA
Hypothesized model	341.907	111	3.08		.97	.96	.06
Alternative model	296.206	115	2.58	45.701	.95	.94	.08

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Note. *** p < .001, ** p <.01, * p < .05
Figure 4. Alternative model