



# The Impact of Hedonic, Utilitarian Value, and Perceived Quality Toward Customer Loyalty in Cosmetic Industry

*Kussudyarsana<sup>1</sup>, Naisha Rahma Indraswari<sup>2</sup>*

*<sup>1,2</sup>Faculty of Economics and Business, Universitas Muhammadiyah Surakarta, Indonesia*

*\*Corresponding author. Email: kus165@ums.ac.id*

This study examined hedonic value, utilitarian value, perceived quality and customer satisfaction and their impact on consumer loyalty. Data collected used questionnaires with Likert scale 1-5 to measure respondents' responses. The sampling method used in this research was purposive sampling. Data collection was carried out on people who live in Surakarta Residency by distributing questionnaires online using Google Form. Data collection was carried out on February 15, 2021 to February 28, 2021 with a total 157 respondents. The findings of this study confirm that hedonic value has no effect on customer satisfaction and customer loyalty. Utilitarian values have an influence on customer satisfaction and customer loyalty. Meanwhile, perceived quality has a direct influence on customer satisfaction and has no effect on consumer loyalty.

**Keywords:** *Utilitarian, Hedonic Value, Customer Loyalty.*

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*\*Correspondence:*

*Kussudyarsana*

*kus165@ums.ac.id*

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## INTRODUCTION

Cosmetics is one of Indonesian promising business sectors in the era of the industrial revolution 4.0. In 2018, around 797 large and small and medium enterprises exist in cosmetic industries (Ministry of Industry of Indonesia, 2020). The Ministry of Industry places the cosmetic industry as a main strategic industries sector in the 2015-2035 (Puspasari et al., 2019).

Maintaining loyalty is challenging task in cosmetic industries. Loyalty involves a dynamic process, where consumers will make purchases on an ongoing basis which is the main goal of the company. Many players involved in this business, include domestic and foreign countries (Puspasari et al., 2019). This situation make consumers have many choices of products and brands. Therefore, companies should focus on defending and expanding their market and of course they should develop customer satisfaction and loyalty.

Consumer loyalty is reciprocal rewards that are mutually beneficial to consumers and companies. Companies that understood the source of their consumer loyalty have several advantages, including increased revenue, increased profitability, cost savings and others (Russo et al., 2016). Therefore, manufacturers should pay more attention to aspects that can create loyalty, including customer satisfaction.

Today's companies may not be able to simply launch their goods or services without contributions from consumers. Market that was previously driven by manufacturing companies has shifted to a consumer-driven market (Huang et al., 2019). With this a complete understanding of the concept of loyalty highlights the need to build consumer loyalty as a long-term investment and the need for companies to establish good relationships with consumers (Rauyrueen & Miller, 2007).

Studies on consumer loyalty have been carried out by many researchers in the field of marketing. Studies on loyalty generally examine the determinants of loyalty. For example the study of Rodríguez et al., (2020) which revealed that in the context of e-fashion research that confirmed the relationship between customer satisfaction and loyalty. However, studies are still open about how this satisfaction can be formed.

A study of how satisfaction is formed in a particular industry, such as cosmetics, needs to be done. One of them is by investigating the values needed by consumers. Consumer values play an important role in determining the long term relationship with company (Mudrajat et al., 2017). These values include hedonic and utilitarian values. Hedonic value is a value that is related with pleasure or pain of person activities (Fitriani et al., 2020) Hedonistic behavior is behavior which motivates people to seek pleasure (Tanojohardjo et al., 2014). While, utilitarian value is value that is emphasized on the investigation of product's function (Fitriani et al., 2020). Yoo and Park, (2016) suggested that utilitarian value refers to whether a mass-produced product

will suit the aesthetic and functional preferences of a consumer.

Previous studies indicate a diverse finding about the connection between consumer value and loyalty. White and Tong, (2019) found that the impact of hedonic values on loyalty was not supported even though the two variables were significantly correlated. Evaluations by consumers show that most of the use of the benefits of the end experience and satisfaction is the main point of customer loyalty. It means that loyalty was connected with utilitarian value rather than hedonic value. Shopping is a hedonic activity that produces positive feelings and improves one's mood so that it can help one's feeling condition and maintain one's emotional balance (Routledge, 2018: 42).

Another factor that may effect on loyalty is perceived quality. García-Fernández et al., (2018) in his research concluded that perceived quality is one of the components that affect consumer satisfaction. Meanwhile, according to Hague and Hague (2018) consumer satisfaction as a result of the role of consumer experience in generating emotions that are activated by the left brain in consumers which later leads to consumer loyalty (Roy et al., 2019). Consumer satisfaction is certainly a factor that will often arise when consumer loyalty is discussed. Sürücü et al. (2019) shows the perceived quality perception as a result of a comparison between what is received and what is expected by consumers. If the quality received is in accordance with what is expected, then customer satisfaction will be obtained. When someone is satisfied with what they bought, the tendency to repurchase will be great.

In this evaluation process, the quality of the purchased product or service will be assessed by consumers by comparing it with other alternatives (Sürücü et al., 2019). Sürücü et al. (2019) explains that the perception of quality is sometimes collected by consumers through the use of previous consumption of a particular product or service.

According to some of the descriptions above, this research examined the factors that influence consumer loyalty. The research objectives were: (1) To analyze the effect of perceived quality on consumer satisfaction; (2) To analyze the effect of hedonic value on consumer satisfaction; (3) To analyze the effect of utilitarian values on consumer satisfaction; (4) To analyze the effect of consumer satisfaction on B2C consumer loyalty.

## METHOD (FOR RESEARCH ARTICLE)

This study used the quantitative analysis. The data was collected technique used questionnaires using a with Likert scale 1-5 to measure respondents' responses. The sampling method used in this research was purposives sampling. Where the respondents' criteria used include: (1) B2C consumers or final consumers of cosmetic products; (2) purchased the same cosmetic product more than twice; (3) cosmetic consumers are people who are domiciled in Surakarta Residency.

To analyze the effect of perceived quality, hedonic value and utilitarian value on consumer loyalty in the cosmetic industry in Indonesia with consumer satisfaction as an intervening variable either simultaneously or partially, the Partial Least Square (PLS) approach is used using the smartPLS ver 3.3.3 software. PLS is a Structural Equation Modeling (SEM) equation model with a variance basis. In this study, the data obtained were divided into 2 models: the inner model and the outer model, followed by hypothesis testing.

The samples obtained in this study were distributed through social media using the Google Form tool. A total of 174 questionnaires were obtained with 17 respondents not meeting the requirements. Based on the data obtained, it is known that there are more female respondents than male respondents. With a total of 147 or 94% of female respondents and 10 or 6% of male respondents. The age of respondents who have purchased cosmetic products is dominated by respondents aged between 18-24 years with a total of 78 respondents. This number dominates 50% of all respondents. Ages 25-29 years occupy the second position with a total of 56 respondents followed by ages 30-35 years with a total of 13 respondents and ages over 35 years with a total of 10 respondents. Respondents with the latest education Bachelor or S1 with a total of 81 respondents occupy the top position in this questionnaire. This number has a percentage of 52% of the total respondents. SMA/SMK/equivalent education has a total of 41 respondents followed by Diploma, Postgraduate and Doctoral with a total of 27, 6 and 2 respondents.

Respondents with an operational job profile dominate the purchase of cosmetics with a total of 39 respondents. Furthermore, respondents with a student/college and self-employed job profile have the same number of 31 respondents. Furthermore, the respondents with the job profile of housewives had 28 respondents, followed by professional and managerial job profiles with 24 and 4 respondents respectively.

## RESULTS AND DISCUSSION

Table 1 shows that the age of respondents who have purchased cosmetic products is dominated by respondents aged between 18-24 years with a total of 78 respondents. This number dominates 50% of all respondents. Ages 25-29 years occupy the second position with a total of 56 respondents followed by ages 30-35 years with a total of 13 respondents and ages over 35 years with a total of 10 respondents.

[Table 1 about here.]

[Table 2 about here.]

In table 2 respondents with an operational job profile dominate the purchase of cosmetics with a total of 39

respondents. Furthermore, respondents with a student/college and self-employed job profile have the same number of 31 respondents. In addition, the respondents with the job profile of housewives had 28 respondents, followed by professional and managerial job profiles with 24 and 4 respondents respectively.

In term of convergent validity testing, the authors eliminated 1 indicator due to the loading factor value less than 0.5. According to Chin et. al (1998) if there is a value below 0.5, it must be eliminated. Regard with, AVE value of hedonic value, utilitarian value, perceived quality, consumer satisfaction and consumer loyalty has met the criteria  $> 0.5$ . So it can be concluded that every variable that exists in this study has a good convergent validity value. The discriminant validity test was carried out by testing the crossloading value. The result confirmed cross loading value on the variable that were greater than the crossloading value on other variables.

[Figure 1 about here.]

[Table 3 about here.]

In term reliability test, a variable is said to be reliable when it meets the composite reliability and Cronbach's alpha values greater than 0.70 (Ghozali and Latan, 2015: 76-77). The composite reliability and Cronbach's alpha values presented in table 3 have met the reliability criteria, which are greater than 0.70.

[Table 4 about here.]

Based on the data in table 4, it can be seen that there are 3 hypotheses that have not met the hypothesis testing criteria and 4 hypotheses that have met the hypothesis testing criteria. H1 and H4 have an interpretation that the hypothesis has a positive and insignificant effect, so it can be concluded that the hypothesis has not met the requirements for testing the hypothesis. H6 has an interpretation that the hypothesis has a negative and insignificant effect, so it can be concluded that the hypothesis does not meet the requirements for hypothesis testing. While H2, H5, H6 and H7 have an interpretation that the hypothesis has a positive and significant effect. So it can be concluded that H2, H5, H6 and H7 have fulfilled the requirements for testing the hypothesis.

[Table 5 about here.]

From the data in table 5, the R-square value of consumer loyalty is 0.566 and customer satisfaction is 0.791. Where the R-square value means that the percentage of consumer loyalty is explained by hedonic values, utilitarian values, perceived quality and consumer satisfaction of 56.6%.

Meanwhile, consumer satisfaction is explained by the hedonic value, utilitarian value and perceived quality of 79.1%.

Utilitarian values have an influence on consumer satisfaction. This result is in contrast to that of Mudrajat et al. (2017) where the utilitarian value has no significant effect on consumer satisfaction. Consumers in making a purchase of a product will be more inclined to the products they already have before. When previous purchases give a positive impression where the benefits of the product have met consumer needs, then customer satisfaction will be fulfilled automatically. Cosmetic products in everyday life are important preparations. Cosmetic products are used by consumers from opening their eyes in the morning and resting at night. Utilitarian value or value of benefits will be felt when what consumers 'need' are met.

Based on the results of the analysis that has been carried out in this study, the hedonic value cannot be a predictor of consumer satisfaction. The hedonic value in the research conducted by Mudrajat et al. (2017) found that the hedonic value has a positive and significant effect on consumer satisfaction. This is of course different from the findings in this study. Hedonic values are values that are closely related to one's pleasure, luxury and emotionality (Mudrajat et al., 2017). The hedonic value contained in cosmetics for some people will attract them to buy it. Attractive packaging, attractive aroma and discounted prices can indirectly affect a person's hedonic component. But in the end, customer satisfaction will only be achieved when one's expectations are met. Purchases based on hedonic values during product consumption have changed the emotional aspect of a consumer. These changes tend to reduce consumer satisfaction with purchased products.

The next finding is that perceived quality has an influence on consumer satisfaction. This is different from the findings of Janita and Miranda (2013) where he found that perceived quality does not have a positive and significant relationship with consumer satisfaction. The findings in this study are supported by the findings of García-Fernández et al. (2018) where perceived quality can affect customer satisfaction significantly positively. Because of this, the perception of quality from the consumer's point of view needs to be built for cosmetic products. It can be confirmed that the higher the perceived quality, the higher the consumer satisfaction.

The hedonic value has no significant effect on consumer loyalty. Contrary to the results found in this study, the study of Chang et al. (2014) found that a high hedonic value will lead to a sense of joy and cheerfulness which will increase consumer loyalty over time. However, the results of this study confirm the findings of White and Tong (2019) where the hedonic value has no effect and cannot predict consumer loyalty. It can be concluded that the emotional component of consumers cannot be a predictor of consumer loyalty. A person's emotional state will always change. In addition, the findings in this study further confirm the functional values of consumers. Hedonic motivation created by one's emotions, both internal and external factors, greatly influences consumer loyalty (Santoso, 2016).

The utilitarian value variable has a positive and significant effect on the consumer loyalty variable. Contrary to the results found in this study, the study of Chang et al., (2014) found that a high utilitarian value will lead to a sense of self-confidence and security that the longer it will eliminate consumer loyalty. However, the results of this study confirm the findings of Santoso, (2015) where utilitarian values have an influence and can strongly predict consumer loyalty. The role of utilitarian values on consumers in buying a product is stated to be very strong. Functional values like this will significantly affect consumer loyalty.

Perceived quality has no significant effect on consumer loyalty. These results do not confirm the positive and significant effect of perceived quality on consumer loyalty in the research of Ahmad et al., (2016). Perceived quality will encourage consumers to fulfill expectations, but consumer behavior in spreading positive sentences and repurchasing will not necessarily be carried out.

The variable of consumer satisfaction has a positive and significant effect on the variable of consumer loyalty. Many studies on consumer satisfaction have been carried out. One of them is Abumalloh et al., (2020) which confirms consumer satisfaction will affect consumer loyalty. In certain cases Janita and Miranda (2013) show the opposite result, consumer satisfaction does not have a positive and significant effect on consumer loyalty. It is important for cosmetic companies to ensure that their consumers are satisfied with the products they have. With satisfied consumers, the greater the consumers will become consumers who spread positive words and recommend products.

In testing the mediation effect, it is concluded that consumer satisfaction is not an intermediary component that bridges the relationship between hedonic values and consumer loyalty. With this, consumer satisfaction has a no mediation role in this relationship. This also explains the presence or absence of consumer satisfaction, the hedonic value has no effect on consumer loyalty. The results of this test contradict the research conducted by Husna and Lubis (2019) where the hedonic component has a significant positive relationship to consumer loyalty through consumer satisfaction. Meanwhile, according to Chang et al. (2014) a high hedonic value in a product will cause excitement and joy in consumers which over time will increase this will trigger an increase in consumer loyalty.

The utilitarian value variable has a positive and significant effect on the consumer loyalty variable through the consumer satisfaction variable. This result means that consumer satisfaction is a component that bridges the relationship between utilitarian values and consumer loyalty. With this, consumer satisfaction has a partial mediation role in this relationship. This also confirms the existence of consumer satisfaction, utilitarian values will affect consumer loyalty. But without consumer satisfaction, utilitarian values can affect consumer loyalty. This finding is in line with the results of Yoo and Park's research (2016) which confirms that consumer satisfaction is an intermediary component of the relationship between utilitarian values and consumer loyalty. It is very important for cosmetic companies in

producing their products to prioritize the value of the benefits of the product which will then increase consumer satisfaction and consumer loyalty.

Consumer satisfaction has a mediating role in the relationship between perceived quality and consumer loyalty. With this, customer satisfaction has a full mediation role in the relationship. This also confirms the existence of consumer satisfaction, perceived quality will affect consumer loyalty. without customer satisfaction, perceived quality will not have a direct influence on consumer loyalty. This result is different from the findings of Janita and Miranda (2013) where he found that consumer satisfaction is not an intermediary component of the relationship between

perceived quality and consumer loyalty. However, Susanti et al. (2019) had similar results to this study.

## **CONCLUSIONS**

Based on the results of the analysis in this study, it can be concluded: The hedonic value has no effect on consumer satisfaction and consumer loyalty. The utilitarian value has a positive and significant effect on consumer satisfaction and consumer loyalty. Perception of quality has a positive effect on the variable of consumer satisfaction. While the perception of quality has no influence on the consumer loyalty variable.

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**Conflict of Interest Statement:** The authors declare that the research was conducted in the absence of any commercial or financial relationships that could be construed as a potential conflict of interest.

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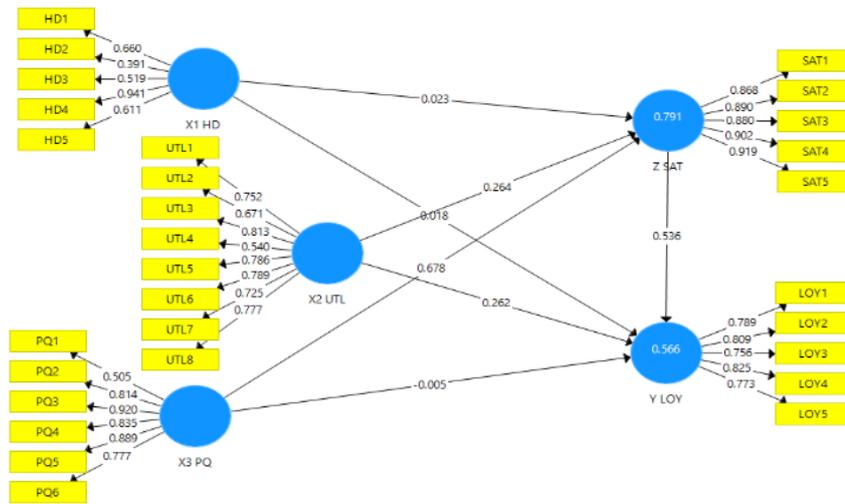


Figure 1 | Outer Model

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**TABLE 1** | Respondent base on Age

<b>Age</b>	<b>Quantity</b>	<b>%</b>
18-24	78	50%
25-29	56	36%
30-35	13	8%
>35	10	6%
<b>Total</b>	<b>157</b>	<b>100%</b>

**TABLE 2** | Respondents Based on Professions

<b>Job</b>	<b>Number</b>	<b>Percentage</b>
Students	31	20%
Housewife	28	18%
Selfemployed / Entrepreneur	31	20%
Profesional	24	15%
Civil cervant, etc	39	25%
Executive/Leader	4	3%
<b>Total</b>	<b>157</b>	<b>100%</b>

**TABLE 3** | Reliability Test

<b>Variables</b>	<b><i>Cronbach's Alpha</i></b>	<b><i>Composite Reliability</i></b>
Hedonic value	0,734	0,798
Utilitarian value	0,877	0,904
Perceived quality	0,881	0,913
Customer Loyalty	0,851	0,893
Customer satisfaction	0,936	0,951

**TABLE 4** | Hypothesis testing

<b>Hypothesis</b>	<b>Influence</b>	<b>Path Coefficient</b>	<b>T-Statistics</b>	<b>P-Values</b>	<b>Results</b>
H <sub>1</sub>	Hedonic Value → Consumer Satisfaction	0,023	0,656	<b>0,512</b>	<b>Ditolak</b>
H <sub>2</sub>	Utilitarian Value → Consumer Satisfaction	0,263	4,254	0,000	Diterima
H <sub>3</sub>	Quality Perception → Consumer Satisfaction	0,678	11,868	0,000	Diterima
H <sub>4</sub>	Hedonic Value → Consumer Loyalty	0,019	0,274	<b>0,785</b>	<b>Ditolak</b>
H <sub>5</sub>	Utilitarian Value → Consumer Loyalty	0,261	3,270	0,001	Diterima
H <sub>6</sub>	Quality Perception → Consumer Loyalty	-0,005	0,037	<b>0,971</b>	<b>Ditolak</b>
H <sub>7</sub>	Consumer Satisfaction → Consumer Loyalty	0,536	3,820	0,000	Diterima

**TABLE 5** | R-square

<b>Variable</b>	<b><i>R Square</i></b>
Customer Loyalty	0,566
Customer Satisfaction	0,791