

## WHAT CONSUMERS VALUE: RELATIONSHIPS AND UTILITY

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### ABSTRACT

This research aims to integrate theoretical contributions in customer satisfaction and relationship marketing research to determine if and to what degree relationship stages impact the relationship between functional utility, experiential utility and customer satisfaction. Functional utility is gained by benefits that solve externally generated consumption-related problems, and experiential utility is derived from benefits that provide sensory pleasure, variety or cognitive stimulation. Understanding the need for these two distinct types of utility allows a firm to develop identify specific marketing mix elements that can cultivate stronger relationships with customers.

Using a sample of over 1,400 retail consumers, the authors demonstrate the positive impact of functional and experiential utility on customer satisfaction. More importantly, findings reveal that the relative impact of functional utility on product satisfaction decreases over relationship stages while the relative impact of experiential utility increases. These findings offer significant theoretical and managerial contributions. Theoretically, this research provides initial empirical evidence for the effects of functional and experiential utility as defined by Park, Jaworski, and MacInnis (1986) and relationship stage defined by Dwyer, Schurr, & Oh (1987) on overall customer satisfaction. Managerially, the findings support that business investments aimed at increasing experiential utility continue to impact customer satisfaction and retain their value over time.

References available upon request.