Consumers' Willingness to Pay a Price Premium for Integrated Products: A Moderated Mediation Model of Hedonic Value and Perceived Quality

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Consumers are increasingly attuned to integrated products, packed with myriad functionality for 'work' and 'play.' Consumers may evaluate these integrated offerings along the dimensions of hedonic versus utilitarian values, and these products' communication messaging and positioning may emphasize either the hedonic or utilitarian features. The present research examines the role of perceived hedonic vs. utilitarian values of integrated products vis-à-vis self-image congruence and perceived quality on consumers' willingness to pay a price premium for these integrated offerings. Using empirical data from two studies, the results show that self-image congruence and willingness to pay a price premium exhibit a positive relationship that is mediated by perceived quality, and the strength of the mediated link varies by the levels of perceived hedonic vs. utilitarian value an individual places on an integrated product. The findings contribute to understanding the antecedents of consumers' willingness to pay premium prices for integrated offerings.

Keywords: hedonic value, utilitarian benefit, self-image congruence, perceived quality, integrated product, integrated features, willingness to pay a price premium, moderated mediation

INTRODUCTION

Our contemporary marketplace is characterized by products that not only offer functional values but also emphasize experiential and emotional appeals to create more meaningful experiences with and for consumers (Ebrahim et al., 2016; Pina & Dias, 2021). For example, electronic products (e.g., smartphones) often offer the hybridity of both functional and emotional appeals. The hybridity of integrated capabilities includes productivity functionality (e.g., organization tools such as calendar, contacts, file, and folder system), connectivity functionality (e.g., chat, messaging applications, navigation applications), and entertainment functionality (e.g., games, drawing applications). Furthermore, with the advancement of artificial intelligence (AI) and Web3, integrated and multi-faceted functionality is further enhanced in smartphones, including mobile payment, voice assistant, translation, and facial recognition. These integrated multi-functional products—products possessing features that cut across more than one product category (Rajagopal & Burnkrant, 2009)—mean that consumers do not need to own, and carry, multiple devices to accomplish a myriad of activities.

Yet, integrated products are marketed with varied levels of hybridity and are positioned differently at varied degrees of 'work' versus 'play' orientation. Manufacturers and brands may emphasize and deliberately communicate different levels of utilitarian and hedonic benefits to customers. For consumers, the multitude of attributes and functions included in an integrated product often leads to ambiguity in describing integrated products (Morel, 2006) and difficulty in evaluating their potential use and value of each attribute (Nunes, 2000). The uncertainty around the value derived from and placed upon these integrated products by consumers raises a practical question of whether the (seemingly increased) integrated benefits may influence, and in what manner, a consumer's willingness to pay for integrated products. While willingness to pay a price premium is taken to be relevant for all brands and products, the linkage of integrated offerings and price premium (WTPPP) is understudied (Anselmsson et al., 2014). In light of this background, we aim to contribute to understanding the effect of an individual's perceived utilitarian-vs.-hedonic benefits of an integrated product on their willingness to pay a higher price for an integrated product.

We endeavor to extend knowledge on consumer evaluation of products beyond attitudinal evaluation and purchase intention. We also address the importance of, and call for, investigating antecedent variables of WTPPP (e.g., Jones & Taylor, 2007; Meyer & Shankar, 2016; Tsiotsou, 2006). Using empirical evidence, this research contributes to our knowledge about consumers' evaluation of integrated products by directly examining the relationship between product-related context variable (Malär et al., 2011) of perceived utilitarian-vs.-hedonic benefits on consumers' WTPPP.

In the subsequent sections, we review the existing literature by drawing upon the body of research related to self-congruence theory, perceived quality, hedonic benefits, and WTPPP. We then discuss the research method, analyses, and results. Finally, we discuss our research contributions and suggest additional and future research.

LITERATURE REVIEW

The Importance of Consumers' Willingness to Pay a Price Premium

Willingness to pay a price premium (WTPPP) for a product by its target market is an imperative parameter for market success of a company, brand, or product (e.g., Mizik & Jacobson, 2004). It forms the basis of pricing (Ding et al., 2005), and is a key indicator of brand value, brand equity, and competitive advantage (Aaker, 1996; Jacobson & Aaker, 1987; Netemeyer et al., 2004; Srinivasan et al., 2002). Some scholars (see Doyle, 2001) even argue that a price premium is the most important way to create shareholder value due to the lack of direct investments required to charge a higher price. Indeed, empirical evidence has supported the notion that "price premium may be the best single measure of brand equity available" (Aaker, 1996, p. 107; see also: Agarwal & Rao, 1996; Ailawadi et al., 2003).

Generally, consumers are more willing to pay more for their preferred brands (e.g., DelVecchio & Smith, 2005; Rao & Monroe, 1996). According to Rao and Monroe (1996), when a product can charge a higher price than the minimum average price of comparable alternatives, a price premium is the difference between the high price and that of the competitive product. From a consumer's perspective, willingness to pay is the highest amount a consumer is willing to give up in exchange for a given quantity of a product (Dwivedi et al., 2018).

Research on behavioral pricing indicates that the analysis of consumers' willingness to pay is a key indicator of behavioral intention (see Wertenbroch & Skiera, 2002). For practitioners, understanding factors affecting WTPPP can inform product decisions, positioning, and communication of their features and attributes vis-à-vis consumer segments. Further, in the context of integrated products, where offerings combine product features that cut across more than one product category (Rajagopal & Burnkrant, 2009), the success of such products may be hinged on whether or not the values placed by consumers on those features may affect and result in their willingness to pay a price premium.

Self-Image Congruence

Existing research shows that consumers' consumption of products is not only for the products' functional and utilitarian benefits but also symbolizes their attributes, personality, lifestyle, motivations,

social signals, and status (e.g., Belk, 1988; Hirschman & Holbrook, 1982; Levy, 1959; Palazon & Delgado-Ballester, 2013; Sirgy, 1982). According to the self-congruity theory (Sirgy, 1985 and 1986), consumers use their product consumption to define, maintain, reinforce, and enhance their self-concept and self-image. The widely accepted theoretical explanation for self-congruity theory is based on a pronounced social psychological dynamic in which individuals strive to maintain cognitive consistency in their beliefs and behaviors (Aronson, 1968; Festinger, 1957; Heider, 1946 and 1958). In early research on the self, scholars generally make two distinctions of the self in the form of "actual" and "ideal" (e.g., Belch & Landon, 1977; Dolich, 1969; Grubb & Hupp, 1968; Hamm & Cundiff, 1969; Landon, 1974). Actual self-image may be defined as an individual's perception of what she or he is like, whereas ideal self-image refers to how an individual would like to be.

This body of research also suggests the importance of congruence between an individual's self-image and pre-purchase evaluations, preferences and choice, satisfaction, perceived quality, attitude, and loyalty (Dolich, 1969; Ekinci et al., 2008; Ekinci & Riley, 2003; Ericksen & Sirgy, 1992; Ibrahim & Najjar, 2008; Jamal & Al-Marri, 2007; Jamal & Goode, 2001; Kwak & Kang, 2009; Kressmann et al., 2006; Landon, 1974; Malhotra, 1981; Sirgy, 1985; Sirgy et al., 1997; Sirgy et al., 2000). Technology product users are likewise susceptible to self-image congruence; for example, users of Android versus Apple products are often perceived to be distinctive in attributes (Borreli, 2016; van Buskirk, 2010). However, due to the hybridity and multi-functionality of integrated technology products, consumers' evaluation of brand personality can become less straightforward (Fournier, 1998).

In the existing literature, self-image congruence is commonly measured through the use of semantic differential scales to evaluate respondents' ratings of self-image and of product/brand user image (Dolich, 1969; Malhotra, 1981; Sirgy et al., 1997). Self-image congruence occurs when there is cognitive match between a consumer's self-concept and a product or brand image, or a perceived stereotype of a generalized user group of a product or brand (Sirgy, 1986; Sirgy et al., 1997; Sirgy et al., 2000; Sirgy & Su, 2000). Further, the cognitive match can and does occur for consumer's self-image congruence even when one does not ultimately proceed with a purchase or use decision of a product or brand. However, evidence is lacking for self-image congruence and WTPPP, specifically for an integrated product. Because consumers are found to be willing to pay more for products that exhibit cognitive unity, and because integrated products offer opportunities for cognitive match in either or both of the hedonic vs. utilitarian benefits, we propose that self-image congruence and WTPPP are positively related, and put forward our first hypothesis:

H_1: *An individual's self-image congruence exhibits a positive relationship with their willingness to pay a price premium for an integrated product.*

Perception of Quality

Perception of product quality has been found in numerous research studies to be a principal foundation for building brand value and competitive advantage in the market (e.g., Jacobson & Aaker, 1987), and one of the primary drivers for a new product's market success and profitability (Gervais, 2015; Mizik & Jacobson, 2004; Reichheld, 2003; Rust et al., 1995; Sethi, 2000). In the user context, quality is an individual's judgment of a product or service (Aaker, 1991; Baalbaki & Guzmán, 2016; Zeithaml, 1988). Compared to alternative offerings, this user-oriented perspective of product quality refers to the customers' judgment of the superiority, overall excellence or esteem of a product vis-à-vis its intended purposes (Netemeyer et al., 2004). Scholars contend that customers rely on the brand name, price, or company's marketing content in forming their perception of the quality of a product or service, even when they have never used the product or service (Dodds, 2002). Many studies on product quality were focused on a manufacturer's or producer's perspective of quality standards (e.g., Molina-Castillo et al., 2013; Sebastianelli & Tamimi, 2002), and were limited to a specific product category (e.g., Stone-Romero et al., 1997), with very few studied integrated products (Das Guru & Paulssen, 2020). Still, we note the body of research on the congruence between an individual's self-image and pre-purchase evaluations that suggest the conjectured positive relationship between self-image and perceived quality (Dolich, 1969; Ekinci et al.,

2008; Ibrahim & Najjar, 2008; Jamal & Al-Marri, 2007; Kwak & Kang, 2009; Kressmann et al., 2006; Sirgy et al., 2000). We propose:

H_2: *An individual's self-image congruence exhibits a positive relationship with their perceived quality of an integrated product.*

Existing literature conceptualizes that consumers' perceived quality of a product is an antecedent of satisfaction, positive word-of-mouth, loyalty intentions, and other outcomes (Anderson & Sullivan, 1993; Cronin & Taylor, 1994; Fornell et al., 1996; Szymanski & Henard, 2001). Tsiotsou (2006) has called for a need to empirically test the perceived quality construct on behavioral intentions such as repurchase intentions or willingness to pay more. Scholars (e.g., Anselmsson et al., 2014; Rao & Bergen, 1992; van Doorn & Verhoef, 2015) suggested that higher perception of quality should have a strong effect on purchase decisions and behavioral intentions, including the willingness to pay more for quality products. Integrated products offer a myriad of features that may allow consumers to form favorable evaluations of some, if not all, of those features. In this research, we proposed the following hypothesis to empirically test the relationship between perceived quality of and willingness to pay a price premium for an integrated product.

H_3: *An individual's perceived quality of an integrated product positively relates to their willingness to pay a price premium for the product.*

When an individual is engaged in the evaluation and consideration of a product or brand, it prompts an evaluation of self-image congruence (e.g., Sirgy, 1985; Sirgy et al., 2000) and of perceived quality of the product or brand in the process of their price judgment (Lichtenstein et al., 1988). Even when self-image congruence occurs, an individual may or may not hold favorable perceived quality of a product or brand, simply because, from a consumer's perspective, perceived quality is what the customer says it is. We argue that perceived quality of an integrated product may be less straightforward given the number of integrated features and functionality, which may cause differentials in price judgment even when self-image congruence occurs. Steenkamp et al. (2010) found evidence for the mediating role of perceived gap in quality on consumers' WTPPP for national vs. private-label brands. Against this background, we propose and aim to empirically test that perceived quality mediates the link between self-image congruence and willingness to pay a price premium for an integrated product. Formally:

H_4: *An individual's perceived quality of an integrated product will mediate the positive relationship between the individual's self-image congruence and willingness to pay a price premium for the product.*

Hedonic vs. Utilitarian Benefits

Numerous scholars have argued that some consumers may prefer products packed with bundled capabilities than separate components or those with fewer features so as to expend less effort in learning about, and searching for, various product offerings (Guiltinan, 1987; Harris & Blair, 2006; Monroe, 1990). Indeed, consumers' choices are not always driven by cognition and rational motives (Vigneron & Johnson, 1999). Scholars suggest that consumption of many goods involves dimensions of hedonic and utilitarian values to varying degrees; different consumers may distinctively characterize and derive values from these dimensions of products—some may associate some products as more hedonic while others more utilitarian (Batra & Ahtola, 1991; Wertenbroch & Dhar, 2000).

Hedonic-oriented products are characterized by a sensory and affective experience of aesthetic or sensual pleasure, fantasy, and fun (Hirschman & Holbrook, 1982). On the other spectrum, utilitarian products are characterized to be cognitively motivated and goal-driven in a pursuit to fulfill a functional or practical task (Strahilevitz & Myers, 1998). In this sense, consumers' evaluation of hedonic consumption is based on their assessment of affective gratification derived from a product, whereas their utilitarian consumption is based on assessing the instrumental value of a product's functional attributes (Batra & Ahtola, 1991). Scholars (see Batra and Ahtola, 1991) generally posit that, although these bases of evaluation

may not be equally salient to consumers, motivations for consumptions for hedonic and utilitarian reasons ought not be mutually exclusive. Furthermore, Malär et al. (2011) argue that self-congruence may be of greater importance for hedonic and symbolic products than utilitarian ones due to the focus on emotional and affective benefits for hedonic-oriented products and on functional utilities (e.g., technical aspects) for utilitarian-oriented products. We formally propose our next hypothesis:

H_5: *An individual's perceived hedonic value of an integrated product positively relates to the individual's self-image congruence of the product.*

Because the premise of integrated products rests on the notion that consumers buy products for a variety of non-economic reasons, such as fun, fantasy, experiential, social or emotional gratification (Hausman, 2000), consumers of integrated products may place a strong emphasis on subjective emotional benefits in comparison to practical benefits (Vigneron & Johnson, 2004). By incorporating additional features that add a high hedonic value to the utilitarian functionality of a product, integrated products may encourage more favorable consumer evaluations, including the perception of quality. In this sense, we hypothesize:

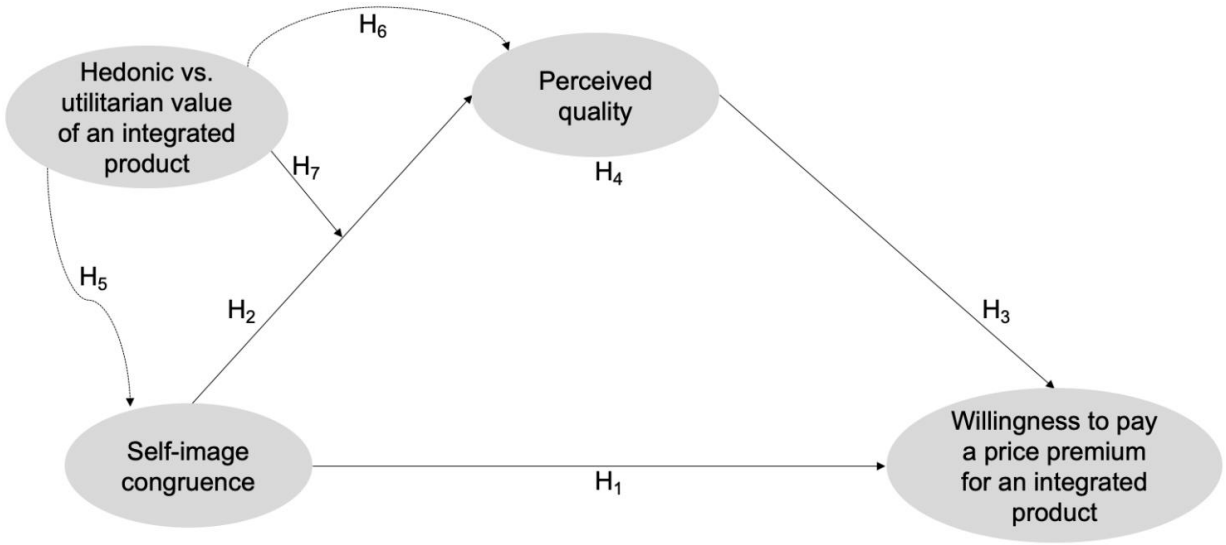
H_6: *An individual's perceived hedonic value of an integrated product positively relates to the individual's perception of quality of the product.*

While consumers may seek emotional and experiential benefits from integrated products, they still expect great utilitarian values (Park et al., 2006; Ryu & Jang, 2007). Scholars intimate that consumers must first understand the functional (or utilitarian) dimension of a product *before* they engage in the affective pleasure (or hedonic) dimension (Chitturi et al., 2007), and thus, their evaluations of the utilitarian and hedonic dimensions of a product may be subject to trade-offs (Wertenbroch & Dhar, 2000). We further note that the integrated features in integrated products may alleviate the onus of consumers' buying process and reduce some level of risks. Dewar (2004) asserts that brands that can simplify the buying process and reduce consumer risks possess an upward ability to charge a premium price. In this sense, we predict that an individual's evaluation of a product's hedonic vs. utilitarian values moderates the hypothesized mediated relationship between self-image congruence and WTPPP through perceived quality (i.e., the mediated model in our H_3). Formally, we draw the following hypothesis.

H_7: *An individual's perceived hedonic value of an integrated product will moderate the mediated relationship between an individual's self-image congruence and willingness to pay a price premium via perceived quality, such that the strengths of the mediation will be stronger when there is perceived high utilitarian than hedonic value of the product.*

The overall framework of this research is represented in Figure 1.

FIGURE 1
HYPOTHESIZED RESEARCH MODEL



METHODOLOGY

Design, Procedure, and Sample

To test the hypotheses in the present research, we conducted two online studies featuring integrated products. Study 1 used a digital watch as an integrated product, and smartphone in study 2. We chose these products because they offer the combination of utilitarian as well as hedonic value via elements of product aesthetics like form, texture, experience and presence (Hallnäs & Redström, 2002). Users of these products may often evaluate and perceive hedonic vs. utilitarian values differently. In addition, retailers may position and communicate the hedonic vs. utilitarian offerings of these integrated products differently to their audiences (e.g., "our digital watch keeps you on track throughout your day" vs. "our digital watch is a fashionable accessory to any outfit"). In our studies, the integrated products were described and manipulated with either an emphasis on utilitarian vs. hedonic features (e.g., organization tools for the former vs. entertainment features for the latter).

We recruited undergraduate students at a large university in the United States in exchange for extra course credits. Respondents received the study instruments via a reputable online survey platform (Qualtrics) and were randomly assigned to view the study product that was either emphasized to have utilitarian or hedonic features. They were asked to answer sets of questions related to the constructs of the research framework, manipulation and attention checks, and basic demographic information. After removing incompletes and those who failed the attention check question, 238 respondents for study 1 (median age 19 years, 52% female) and 317 respondents for study 2 (median age 19 years, 32% female) were retained for further analyses.

Measures

All measurement items for the constructs in this research are based on existing literature. Self-image congruence is a five-item scale adapted from Li et al. (2011), O'Cass and Grace (2008), and Sirgy et al. (1997). Perceived quality consists of nine items adapted from Teas and Agarwal (2000); and willingness to pay a price premium has three items adapted from Newman and Dhar (2014) and Dwivedi et al. (2018). Hedonic value was measured using five items adapted from Spangenberg et al. (1997) and Voss et al. (2003), in which the hedonic vs. utilitarian values are scored on a spectrum with higher scores indicating higher hedonic value and vice versa.

As category involvement is a factor in consumer decision processes (Celci & Olson, 1988), we included involvement as a covariate in our analyses. We adapted the involvement scale for products as used in existing literature (Goldsmith & Emmert, 1991; Mittal, 1989; Traylor & Joseph, 1984; Zaichkowsky, 1985), and measured it using five items from Brocato et al. (2015) and Zaichkowsky (1985).

In both studies, all items were measured on 7-point Likert differential scale levels. Scale items and their statistics are summarized in the Appendix. All scales and scale items exhibited acceptable loadings of higher than .50 and Cronbach's alphas greater than the acceptable .70 (Churchill, 1979; Nunnally, 1978).

Analyses and Results

Manipulation Check

We randomly assigned respondents to stimulus conditions that were described with emphasis on utilitarian or hedonic features. We used the five-item hedonic value scale (adapted from Spangenberg et al., 1997; Voss et al., 2003) to measure perception of utilitarian vs. hedonic values, in which higher scores indicate higher hedonic values. Respondents in study 1 who viewed the utilitarian-emphasized stimulus exhibited lower hedonic value [M = 4.585, SE = .062] than those who viewed the hedonic-emphasized stimulus [M = 4.982, SE = .098, $F(1,236) = 11.411$, $p < .001$]. Similar results were also observed for study 2: respondents who viewed the utilitarian-emphasized stimulus exhibited lower hedonic value [M = 4.585, SE = .076] than those who viewed the hedonic-emphasized stimulus [M = 5.023, SE = .063, $F(1,315) = 19.196$, $p < .001$].

Analyses for the Mediation Model

To test our mediated model (H_1, H_2, H_3, and H_4), we used PROCESS macro v4.2, model 4 (Hayes, 2022) in IBM Statistical Packages for Social Sciences (SPSS) software version 29. We ran the mediation test with bias-corrected 95% confidence intervals and bootstrap at 5,000 subsamples (Preacher & Hayes, 2008) to test the significance of the conditional indirect (i.e., mediated) effects of perceived quality on the relationship between self-image congruence and WTPPP. Following the guidelines from Hayes (2022), we used an index of mediation to test the significance of the mediation model. Excerpts of outputs from the PROCESS macro analyses are provided in Tables 1 and 2 for studies 1 and 2 respectively.

In study 1, the results show that self-image congruence positively affects WTPPP (B = .266, SE = .064, t = 4.157, $p < .01$) – we thus found support for H_1. Self-image congruence was also found to have a positive effect on perceived quality (B = .227, SE = .035, t = 6.476, $p < .01$); thereby providing support for H_2. Perceived quality was found to have positive direct effect on WTPPP (B = .682, SE = .109, t = 6.211, $p <$ .01), and thus provides support for H_3. In addition, the results show significant mediated path in the relationship between self-image congruence and WTPPP via perceived quality (H_4). Following guidelines from Hayes (2022), the indirect effect (B = .155, SE = .038, 95% CI = .086, .237) is significant because zero is not within the 95% CI.

TABLE 1
MEDIATION MODEL (H_1, H_2, H_3, H_4) (STUDY 1, N = 238)

Mediator Variable Model (Perceived Quality)						
	B	*SE*	*t*	*p*	LLCI	ULCI
Constant	3.695	.290	12.729	.000	3.123	4.267
Self-image congruence (H_2)	.227	.035	6.476	.000	.158	.296
Involvement (covariate)	. 012	.053	.236	.813	-.092	.117
Model summary	*R*	R^2	*MSE*	*F*	*df*	*p*
	.389	.152	.704	20.981	2; 235	.000

Dependent Variable Model (Willingness to Pay a Price Premium)						
	B	*SE*	*t*	*p*	LLCI	ULCI
Constant	-.624	.634	-.985	.326	-1.873	.624
Self-image congruence (H_1)	.266	.064	4.157	.000	.139	.392
Perceived quality (H_3)	.682	.109	6.221	.000	.466	.898
Involvement (covariate)	.170	.089	1.915	.057	-.005	.345
Model summary	*R*	R^2	*MSE*	*F*	*df*	*p*
	.534	.285	1.988	31.112	3; 234	.000

Total, Direct, and Indirect Effects of Self-Image Congruence on Willingness to Pay a Price Premium						
	B	*SE*	*t*	*p*	LLCI	ULCI
Total effect	.421	.063	6.629	.000	.296	.546
Direct effect	.266	.064	4.157	.000	.139	.392
Indirect effect: Perceived quality (H_4)	.155	.038			.086	.237

In study 2, we found similar support for our hypotheses for the mediation model. For H_1 the results show that self-image congruence has a positive direct effect on WTPPP (*B* = .262, *SE* = .068, *t* = 3.838, *p* < .01). The effect of self-image congruence on perceived quality was found to be positive and significant (*B* = .329, *SE* = .297, *t* = 10.819, *p* < .01); providing support for H_2. Similarly, perceived quality was found to positively affect WTPPP (*B* = .211, *SE* = .085, *t* = 2.479, *p* < .05), offering support for H_3. Additionally, the mediated path was found to be significant (*B* = .069, *SE* = .031, 95% *CI* = .011, .136), in that perceived quality mediates the positive effect of self-image congruence on WTPPP. The results offer support for H_4.

TABLE 2
MEDIATION MODEL (H_1, H_2, H_3, H_4) (STUDY 2, *N* = 317)

Mediator Variable Model (Perceived Quality)						
	B	*SE*	*t*	*p*	LLCI	ULCI
Constant	3.217	.297	10.819	.000	2.632	3.802
Self-image congruence (H_2)	.329	.041	8.008	.000	.248	.410
Involvement (covariate)	. 055	.052	1.073	.284	-.046	.157
Model summary	*R*	R^2	*MSE*	*F*	*df*	*p*
	.415	.172	.909	32.664	2; 314	.000

Dependent Variable Model (Willingness to Pay a Price Premium)						
	B	*SE*	*t*	*p*	LLCI	ULCI
Constant	2.368	.527	4.496	.000	1.331	3.404
Self-image congruence (H_1)	.262	.068	3.838	.000	.127	.396
Perceived quality (H_3)	.211	.085	2.479	.014	.044	.379
Involvement (covariate)	.031	.078	.395	.693	-.123	.185
Model summary	*R*	R^2	*MSE*	*F*	*df*	*p*
	.317	.100	2.077	11.632	3; 313	.000

Total, Direct, and Indirect Effects of Self-Image Congruence on Willingness to Pay a Price Premium

	B	*SE*	*t*	*p*	LLCI	ULCI
Total effect	.331	.063	5.289	.000	.208	.454
Direct effect	.262	.068	3.838	.000	.127	.396
Indirect effect: Perceived quality (H_4)	.069	.031			.011	.136

Analyses for the Moderated Mediation Model

The hypothesized moderated mediation model in this research (H_7) was tested in a full model using a bootstrapping approach to assess the significance of the indirect effects at differing levels of the moderator (Hayes, 2022). The outcome variable is WTPPP, self-image congruence level is the predictor variable, perceived quality as the mediator, and hedonic value as the hypothesized moderator. This moderated mediation model tests the conditional indirect effect of hedonic value (i.e., the moderating variable) on the relationship between self-image congruence (i.e., the predictor variable) and WTPPP (i.e., the dependent variable) via perceived quality (i.e., the mediator). We used SPSS PROCESS macro v4.2, model 7 (Hayes, 2022), with bias-corrected 95% confidence intervals and 5,000 bootstrap subsamples (Preacher & Hayes, 2008). Following Hayes (2022), we used an index of moderated mediation to test the significance of the moderated mediation. Excerpts of outputs from the PROCESS macro analyses are provided in Tables 3 and 4 (for study 1) and Tables 5 and 6 (for study 2).

The analysis for study 1 reveals that hedonic value moderates the effect of self-image congruence on WTPPP (*B* = -.129, *SE* = .029, *t* = -4.346, *p* < .01). The overall moderated mediation model was supported with the index of moderated mediation (index = -.088, *SE* = .029, 95% *CI* = -.152, -.036). Because zero is not within the 95% *CI* (Hayes, 2022), it indicates a significant moderating effect of hedonic value on self-image congruence in the mediated path via perceived quality to WTPPP. Therefore, H_7 is supported.

As expected, the hedonic value negatively influences the mediated effect of perceived quality on the relation between self-image congruence and WTPPP. The moderating effect of hedonic value on the mediator effect of perceived quality was strongest at the hedonic value of 1 *SD* below the mean (*B* = .212, Boot *SE* = .053, Boot 95% *CI* = .115, .319) and weakest at the hedonic value of 1 *SD* above the mean (*B* = .049, Boot *SE* = .036, Boot 95% *CI* = -.021; .119). The moderating effects of hedonic value are only statistically significant at the mean of hedonic value (*B* = .130, Boot *SE* = .035, Boot 95% *CI* = .066, .205) and 1 *SD* below the mean of hedonic value (*B* = .212, Boot *SE* = .053, Boot 95% *CI* = .115, .319). These results indicate that the strength of the mediation is stronger under perception of higher utilitarian than hedonic value of an integrated product. The moderating effects of hedonic value are presented in Figure 2.

TABLE 3
MODERATED MEDIATED MODEL (STUDY 1, *N* = 238)

Mediator Variable Model (Perceived Quality)						
	B	*SE*	*t*	*p*	LLCI	ULCI
Constant	4.687	.241	19.478	.000	4.213	5.161
Self-image congruence	.191	.037	5.161	.000	.118	.264
Hedonic value	.334	.066	5.054	.000	.204	.465
Self-image congruence * Hedonic value	-.129	.029	-4.346	.000	-.187	-.070
Involvement (covariate)	.009	.049	.183	.855	-.089	.107
Model summary	*R*	R^2	*MSE*	*F*	*df*	*p*
	.506	.256	.623	20.034	4; 233	.000

Dependent Variable Model (Willingness to Pay a Price Premium)						
	B	*SE*	*t*	*p*	LLCI	ULCI
Constant	.425	.659	.645	.519	-.873	1.723
Self-image congruence	.266	.064	4.157	.000	.139	.392
Perceived Quality	.682	.109	6.221	.000	.466	.898
Involvement (covariate)	.170	.089	1.915	.057	-.005	.345
Model summary	*R*	R^2	*MSE*	*F*	*df*	*p*
	.534	.285	1.988	31.112	3; 234	.000

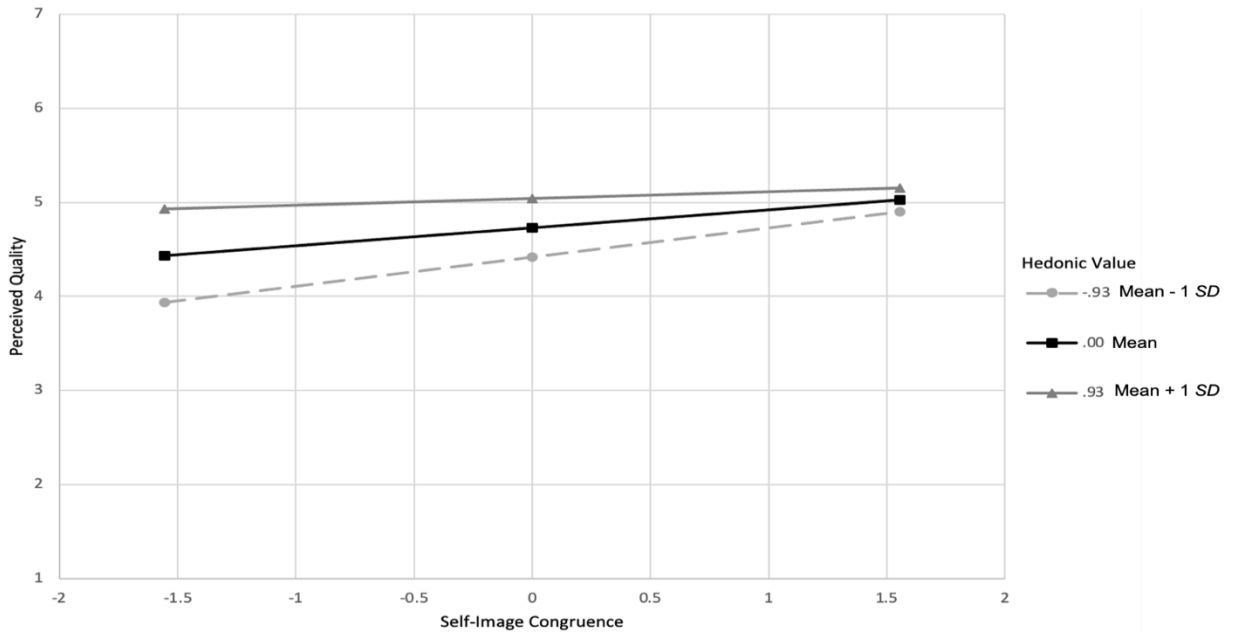
TABLE 4
DIRECT AND CONDITIONAL INDIRECT EFFECTS (STUDY 1, *N* = 238)

Direct effect of Self-Image Congruence on Willingness to Pay a Price Premium						
	B	Boot *SE*	*t*	*p*	Boot LLCI	Boot ULCI
	.266	.064	4.157	.000	.139	.392

Conditional Indirect Effects of Self-Image Congruence on Willingness to Pay a Price Premium at Values of Hedonic Value (Self-image congruence → Perceived value →WTPPP)					
Mediator	Hedonic value	*B*	Boot *SE*	Boot LLCI	Boot ULCI
Perceived Quality	-.927	.212	.053	.115	.319
Perceived Quality	.000	.130	.035	.066	.205
Perceived Quality	.927	.049	.036	-.021	.119

Index of Moderated Mediation				
Mediator: Perceived quality	Index	Boot *SE*	Boot LLCI	Boot ULCI
Moderator: Hedonic value	-.088	.029	-.152	-.036

FIGURE 2
MODERATING EFFECT OF HEDONIC VALUE (STUDY 1)



We also found similar results and support for H_7 in study 2. The analysis reveals that hedonic value moderates the effect of self-image congruence on WTPPP (B = -.097, SE = .033, t = -2.927, p < .01). The index of moderated mediation (index = -.020, SE = .012, 95% CI = -.046, -.001) provides support for the overall moderated mediation model because zero is not within the 95% CI (Hayes, 2022). Hence, we have evidence to support a significant moderating effect of hedonic value on the medicated effect of self-image congruence on WTPPP via perceived quality. Therefore, H_7 is again supported.

Again, the hedonic value negatively influences the mediated effect of perceived quality on the relationship between self-image congruence and WTPPP. The moderating effect of hedonic value on the mediator effect of perceived quality was strongest at the hedonic value of 1 SD below the mean (B = .061, Boot SE = .028, Boot 95% CI = .009, .121) and weakest at the hedonic value of 1 SD above the mean (B = .024, Boot SE = .017, Boot 95% CI = -.001; .062). The moderating effects of hedonic value are statistically significant at the mean of hedonic value (B = .042, Boot SE = .021, Boot 95% CI = .006, .087) and 1 SD below the mean of hedonic value (B = .061, Boot SE = .028, Boot 95% CI = .009, .121). The moderating effects of hedonic value are depicted in Figure 3.

TABLE 5
MODERATED MEDIATED MODEL (STUDY 2, N = 317)

Mediator Variable Model (Perceived Quality)						
	B	*SE*	*t*	*p*	LLCI	ULCI
Constant	4.655	.246	18.893	.000	4.170	5.140
Self-image congruence	.200	.044	4.566	.000	.114	.287
Hedonic value	.408	.063	6.486	.000	.284	.532
Self-image congruence * Hedonic value	-.097	.033	-2.927	.004	-.162	-.032
Involvement (covariate)	.006	.049	.136	.892	-.089	.102
Model summary	*R*	R^2	*MSE*	*F*	*df*	*p*
	.538	.289	.785	31.844	4; 312	.000

Dependent Variable Model (Willingness to Pay a Price Premium)						
	B	*SE*	*t*	*p*	LLCI	ULCI
Constant	3.274	.542	6.036	.000	2.207	4.342
Self-image congruence	.262	.068	3.838	.000	.127	.396
Perceived Quality	.211	.085	2.479	.014	.044	.379
Involvement (covariate)	.031	.078	.395	.693	-.123	.185
Model summary	*R*	R^2	*MSE*	*F*	*df*	*p*
	.317	.100	2.077	11.632	3; 313	.000

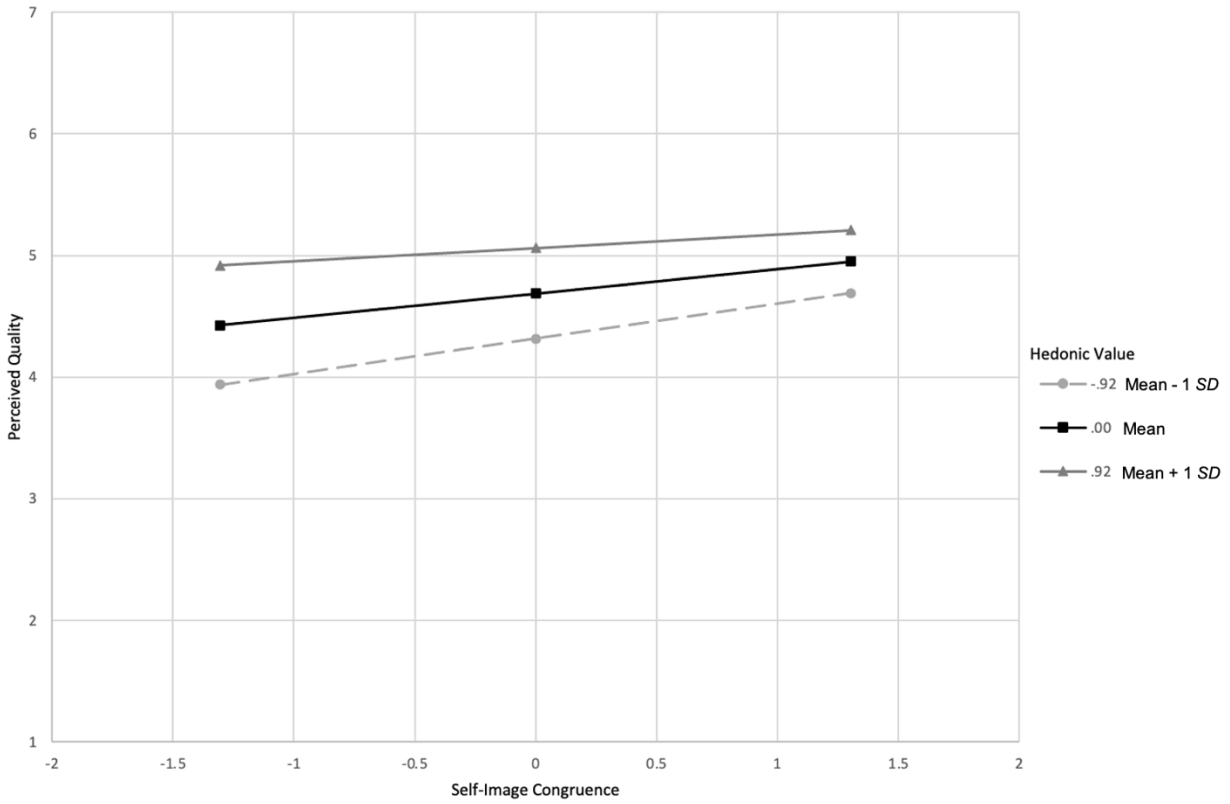
TABLE 6
DIRECT AND CONDITIONAL INDIRECT EFFECTS (STUDY 2, N = 317)

Direct effect of Self-Image Congruence on Willingness to Pay a Price Premium					
B	Boot *SE*	*t*	*p*	Boot LLCI	Boot ULCI
.262	.068	3.838	.000	.127	.396

Conditional Indirect Effects of Self-Image Congruence on Willingness to Pay a Price Premium at Values of Hedonic Value (Self-image congruence → Perceived value →WTPPP)					
Mediator	Hedonic value	*B*	Boot *SE*	Boot LLCI	Boot ULCI
Perceived Quality	-.915	.061	.028	.009	.121
Perceived Quality	.000	.042	.021	.006	.087
Perceived Quality	.915	.024	.017	-.001	.062

Index of Moderated Mediation				
Mediator: Perceived quality	Index	Boot *SE*	Boot LLCI	Boot ULCI
Moderator: Hedonic value	-.020	.012	-.046	-.001

FIGURE 3
MODERATING EFFECT OF HEDONIC VALUE (STUDY 2)



Analysis for Group Mean Difference of Hedonic Value Effect

To test for our H_5 and H_6, we utilized the experimental groups of hedonic vs. utilitarian leaning product conditions in our studies to perform analyses of variance (ANOVA) on self-image congruence (H_5) and perceived quality (H_6).

The results for study 1 show that respondents rated higher self-image congruence for hedonic (M = 4.775, SE = .160) than utilitarian product (M = 3.084, SE = .047), and the difference is significant [F(1,236) = 99.931, p < .001], thus provides support for H_5. In addition, respondents reported having higher perceived quality for hedonic (M = 4.799, SE = .081) than utilitarian product (M = 4.495, SE = .083), and the difference is significant [F(1,236) = 6.891, p < .01], offering support for H_6.

Similar results were found in study 2. Respondents reported higher self-image congruence for hedonic (M = 3.972, SE = .099) than utilitarian product (M = 2.975, SE = .092), and the difference is significant [F(1,315) = 53.946, p < .001]. Again, H_5 was supported. Further, respondents reported higher perceived quality for hedonic (M = 4.851, SE = .081) than utilitarian product (M = 4.420, SE = .081), and the difference is significant [F(1,315) = 14.034, p < .001], providing support to H_6.

DISCUSSION

The present research examined the effect of individuals' perceived hedonic value of integrated products on their willingness to pay a price premium vis-à-vis perceived self-image congruence and quality of the products. Using data from two studies, we found results that support the moderated mediated model of the link between self-image congruence and willingness to pay a price premium via the mediating role of perceived quality and the moderating role of hedonic value. The findings add to understanding the antecedents of consumers' willingness to pay premium prices (Das Guru & Paulssen, 2020; Wertenbroch & Dhar, 2000).

Specifically, the empirical findings of this research suggest that self-image congruence and perceived quality positively relate to willingness to pay a price premium. Further, perceived quality mediates the positive relationship between self-image congruence and willingness to pay a price premium. The findings reveal that this mediated relationship fluctuates based on an individual's perceived hedonic value of a hybrid product. Hedonic value moderates the mediated path with a negative effect, in that the moderating effect is strongest when hedonic value is one standard deviation below the mean and weakest at hedonic value of one standard deviation above the mean. Importantly, the moderating effects of hedonic value are only significant at the mean values and below—suggesting that, while hedonic dimensions of product may appeal to consumers, they in fact justify their evaluation based on the utilitarian dimensions (i.e., when hedonic value is comparatively low). In other words, the perceived value-adds an individual endows upon an integrated product depends upon the product's utilitarian benefits. A possible explanation for this observation in the results is that consumers may position a hybrid product vis-à-vis a primary reference category (El Amri, 2019) and often have to understand the functional (or utilitarian) dimensions of a product before they evaluate its affective pleasure (or hedonic) dimensions (Chitturi et al., 2007). Further, the strong effects of utilitarian than hedonic value observed in the research findings fit with the reasoning that consumers generally search for reasons and arguments that may allow them to justify their choices (Shafir et al., 1993; Tversky & Griffin, 1991). Scholars opine that the relative salience of utilitarian dimensions of products is magnified in a choice task than in a rating task (Bazerman et al., 1998; Bohm & Pfister, 1996; Tversky et al., 1988).

Yet, we shall note that while utilitarian benefits may prevail, the findings show that hedonic benefits positively associate with higher perceived quality of an integrated product. The current findings, in conjunction with past studies, suggest that an integrated product should maintain a focal positioning with a primary reference product category for the target consumers (El Amri, 2019) – especially a product category where the utilitarian benefits may be most salient – while at the same time, emphasize hedonic benefits to appeal to the customers and to increase their perception of quality and relative value of an integrated product. In short, consumers' willingness to pay a price premium for an integrated product is afforded to achieve some utilitarian goals because utilitarian benefits are perceived to better justify the price premium even when hedonic benefits are specifically derived and sought from such product.

While the present research identifies three important antecedents to affect consumers' willingness to pay a price premium, future research should endeavor to consider other variables and their interrelationships, especially those related to use contexts (e.g., personal or private vs. social or public use),

purchase contexts (e.g., purchase for self vs. for others), and user contexts (e.g., experts vs. novices). Moreover, future research is urged to consider sociocultural variables. For example, the socialization process among older consumers may be distinctive from that among younger consumers, and such processes may differ among market conditions (e.g., developed vs. developing economies). Even products' gender roles and markings may contribute to differentials in consumers' evaluation of and willingness to pay a price premium for integrated products. For example, Schnurr (2018) found that feminine products are evaluated to be more hedonic, while masculine products are more utilitarian, and consumers opt for feminine products when they seek hedonic consumption goals but masculine products for utilitarian goals.

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APPENDIX

TABLE 1A
MEASUREMENTS, CORRELATIONS, ITEMS STATISTICS, CRONBACH'S ALPHAS
(STUDY 1, *N* = 238)

	Correlations					Scale Statistics			
	1	2	*3*	*4*	*5*	*M*	*SD*	*Loading*	*Cronbach's alpha*
Self-Brand Congruency (1)	1	.208**	.443**	.136*	.137*				.756
This product is consistent with how I see myself.						4.37	1.019	.619	
This product reflects who I am.						4.00	1.216	.731	
People similar to me use this product.						4.19	1.143	.611	
This product is very much like me.									
This product is a mirror image of me.						4.11	1.248	.782	
						3.99	1.367	.796	
Perceived Quality (2)		1	.256**	.149*	.146*				.732
High quality						4.83	1.210	.724	
Unsatisfactory^						4.43	1.342	.857	
Appealing						4.48	1.176	.692	
Inferior^						4.11	1.334	.765	
Interesting						4.99	1.314	.790	
Desirable						4.57	1.158	.693	
Good						4.93	1.143	.795	
Useful						5.15	1.130	.746	
Distinctive						4.57	1.182	.694	
Hedonic Value (3)			1	.245**	.155*				.746
Thrilling						4.35	1.088	.537	
Not fun^						4.52	1.174	.650	
Exciting						5.00	1.105	.783	
Enjoyable						5.05	1.113	.809	
Not delightful^						4.39	1.184	.732	
Willingness to Pay a Price Premium (4)				1	.027				.704
I am willing to pay a premium price in order to own this product.						4.76	1.326	.823	

I am willing to pay more for this product relative to the average product in this category.						4.81	1.331	.760	
The price of this product would have to go up quite a bit before I would switch to another product.						5.18	1.289	.794	
Involvement (5)					1				.766
In general, I have a strong interest in digital watches.						5.48	1.239	.785	
Digital watches, as a product category is important to me.						5.53	1.077	.762	
Digital watches matter a lot to me.						4.98	1.459	.707	
I get bored when other people talk to me about digital watches.^						4.30	1.445	.907	
Digital watches are very relevant to me.						5.34	1.099	.762	

Note: All scales are measured at 7-point Likert scale. ^Reversed scoring. ** $p < .001$. * $p < .05$.

TABLE 1B
MEASUREMENTS, CORRELATIONS, ITEMS STATISTICS, CRONBACH'S ALPHAS
(STUDY 2, *N* = 317)

	Correlations					Scale Statistics			
	1	2	*3*	*4*	*5*	*M*	*SD*	*Loading*	*Cronbach's alpha*
Self-Brand Congruency (1)	1	.433**	.347**	.164**	.158**				.902
This product is consistent with how I see myself.						3.66	1.669	.887	
This product reflects who I am.						3.52	1.683	.879	
People similar to me use this product.						3.77	1.674	.747	
This product is very much like me.									
This product is a mirror image of me.						3.63	1.722	.871	
						3.49	1.730	.852	

Perceived Quality (2)	1	.539**	.324**	.223**			.853
High quality					4.60	1.461	.857
Unsatisfactory^					4.74	1.489	.533
Appealing					4.42	1.450	.819
Inferior^					4.05	1.576	.635
Interesting					4.12	1.661	.800
Desirable					4.14	1.492	.824
Good					4.70	1.367	.787
Useful					4.69	1.490	.783
Distinctive					4.03	1.497	.808
Hedonic Value (3)		1	.288**	.216**			.826
Thrilling					4.10	1.346	.737
Not fun^					4.87	1.389	.716
Exciting					4.56	1.282	.830
Enjoyable					4.96	1.248	.826
Not delightful^					4.89	1.310	.739
Willingness to Pay a Price Premium (4)			1	.034			.702
I am willing to pay a premium price in order to own this product.					3.08	1.571	.890
I am willing to pay more for this product relative to the average product in this category.					3.74	1.790	.911
The price of this product would have to go up quite a bit before I would switch to another product.					4.41	1.546	.540
Involvement (5)				1			.796
In general, I have a strong interest in smartphones.					5.03	1.449	.836
Smartphones, as a product category is important to me.					5.26	1.387	.890
Smartphones matter a lot to me.					5.31	1.413	.903
I get bored when other people talk to me about smartphones.^					4.88	1.410	.992
Smartphones are very relevant to me.					5.58	1.347	.882

Note: All scales are measured at 7-point Likert scale. ^Reversed scoring. ** $p < .001$.