



## Conceptualising value creation for social change management

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### ABSTRACT

Australian and international governments are increasingly adopting social marketing as a social change management tool to deal with complex social problems. Government decision makers typically need to balance the use of business models and management theories whilst maintaining the integrity of government policy. In taking this approach, decision makers experience management tensions between a social mission to equitably deliver social services and the accountability and affordability of providing quality social and health services to citizens. This is a significant challenge as the nature of the 'social product' in government is often more service-oriented than goods-based. In this paper the authors examine value creation in government social marketing services. The contribution of this paper is a value creation process model, which considers the nature of governments to create social good. This is particularly important for governments where consumers still expect value and quality in the service delivered, despite that offering being 'free'.

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### 1. Introduction

Social marketing has a well-established history as a social change management tool (Andreasean, 2002). As social change in the interests of the community is a key mandate for governments, it is not surprising that governments are adopting social marketing as a means to manage individual and societal change. Yet achieving social change in a climate of accountability and effectiveness is a challenge that many governments face. Since the early 1990s, public sector policy-makers have become more sensitive to the needs of their consumers (Behm et al., 2000) and many government organisations around the world have adopted business models to assist them with affecting social change in this climate. A recent example is the UK government's (2006) review of health services which recommended that social marketing be used as key intervention strategy (NSM, 2008). Given the prominence and use of social marketing in health services (e.g., health screening, quit smoking services, etc.) (Hastings, 2007), the scope of this paper is limited to government services. However, this paper does not revisit the extensive research published on government marketing, nor the published literatures in social marketing focused on individual behaviour change. Rather, the authors turn to an examination of the organisation's value creation process and question how gov-

ernment services can better deliver value to government service customers. As such, this paper makes a further contribution to the study of social change strategies as it introduces ideas from commercial marketing's value creation literature to focus the discussion on the customers' perspective, rather than the marketing of government services in general.

One business approach that has limited evidence of use in government is value creation. Despite the widespread acceptance of customer value principles based on the seminal work of Levitt (1960), the related but distinct area of value creation is relatively new as a research area (Sheth and Uslay, 2007). This generates the need for researchers to develop conceptual approaches in the area that can then form the foundations for future empirical work. This paper seeks to contribute to the value creation discussion by way of conceptually examining its usefulness to bring about social change within social marketing's management function.

A key challenge for governments seeking to affect social change is understanding the motivations and the barriers for consumers to participate in the change process. This is particularly important for many government services where the financial cost of consuming the service is nothing. Economic theory suggests that complaints are more frequent in monopoly contexts, such as government, compared to competitive markets (Fornell and Didow, 1980). The number of complaints tribunals within government to deal with dissatisfied customers of government services suggests that not all consumers perceive value to be high, despite the financial cost being eliminated. For instance, in Western Australia a whole of government website has been established to facilitate customer complaints (Western Australian Government, 2008). If customers

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do not perceive value in using a government service, then they are unlikely to adopt the sustainable behaviour recommended by the government of the day seeking social change. Thus, an understanding of how value is (or is not) created is an important part of changing individual behaviour. This paper proposes a value creation process model for government that can be used as a diagnostic tool in determining both the level of value and the key sources of value for customers.

Traditionally, customer value has drawn from an economic theory base that defined value as a function of benefit and costs (Payne and Holt, 1999). Marketing scholars in the past decade, however, have questioned this adherence to economic theory and offered alternative theories in a range of marketing areas, one of which is customer value (c.f., Lovelock and Gummerson, 2004; Sheth and Uslay, 2007; Vargo and Lusch, 2004). The experiential approach to customer value goes beyond the economic utility of a transaction (Holbrook, 2006; Sweeney and Soutar, 2001) and examines value over the consumption process (Holbrook, 2006). This approach is more consistent with the American Marketing Association's (AMA) current definition of marketing, which emphasises the concept of value creation over exchange (AMA, 2007) and the concept of co-creation (Vargo and Lusch, 2006). In embracing the experiential approach to value, this paper makes two contributions. First, we offer a process model of value creation that departs from the traditional economic view of customer value and includes functional, social, emotional and altruistic value. We propose in our process model that the type of value at each stage of the consumption process (pre-, during and post-consumption) will vary for consumers, and that the relative importance of each of the four types of value will vary depending on the type of service. In taking up this approach we extend the work of Holbrook (2006), Sheth et al. (1991) and Sheth and Uslay (2007) by incorporating their conceptualisations of value in a process model that covers all three stages of the consumption process. To date, there have been no process models of value creation (either conceptual or empirical) that adopt an experiential approach to value as a foundation in any field of marketing, including social marketing.

Second, we propose six sources of value at each of the three stages of consumption. In conceptualising a value process, we derive four sources of value from Smith and Colgate's (2007) sources of value conceptualisation (i.e., information, service, interaction and environment) but discard their fifth source, which is ownership, as it relates to goods rather than services. Instead, we propose co-creation as the fifth source of value in government services, as it goes beyond the organisation-centric value-chain base of Smith and Colgate (2007) and is thus more consumer-centric. The sixth source of value proposed is 'social mandate', which reflects the obligation of governments to provide social change services. Thus, work outlined in this paper extends Smith and Colgate's (2007) framework by proposing relationships between sources and types of value throughout the consumption process that are relevant to a social marketing service which aim to achieve individual and societal change. From the government's perspective, individual behaviour change will accumulate and benefit society as each consumer becomes a healthier and happier citizen, which may result in reduced consumption of government-based social and health services.

To situate this model in the social change literature, we first examine the nature of value and argue that drawing together Holbrook's (1994, 2006) and Sweeney and Soutar's (2001) experiential typology of value is appropriate for social marketing. Second, we propose how value may vary for different government services drawing from Lovelock's (1983) classification of services. Third, we propose a value creation process model for social marketing services (see Fig. 1) by combining Sweeney's (2003) *Customer Value Development Model* with Smith and Colgate's (2007) *Sources*

of Value and Holbrook's (1994, 2006) four *Value Types*. Finally, we outline implications for social marketing and a future research agenda.

## 2. Value in social marketing

### 2.1. Value literature

An article by Behm et al. (2000) on creating value in public policy outlines several key features of a policy service that are necessary to create value. While the authors label their model *The Value-Creating Policy Service Model*, it is more reflective of service quality (i.e., responsiveness, timeliness, accessibility, speed) than of value as defined by Holbrook (2006) and Sweeney and Soutar (2001). When value is addressed in the context of government, much of the existing government literature either takes a consumer perspective, where the focus is on the consumers of the government services, or a management perspective, where the focus is on public administration and the management of public services. Whether a consumer perspective or a management perspective is used, much of this research uses service quality as a means of assessing customer satisfaction with public services (e.g., Ancarani and Capaldo, 2001; Brady et al., 2002; Brysland and Curry, 2001; Wisniewski, 2001a,b). Researchers using a consumer approach tend to consider value as being customer satisfaction (e.g., Roth and Bozinoff, 1989; Callahan and Gilbert, 2003), while researchers using a management approach often define value in economic terms (e.g., Kirilin, 1996). Much of the government social marketing literature is found in the public health area (e.g., Grier and Bryant, 2005; Ling et al., 1992; Walsh et al., 1993), yet there is little that looks at value or value creation in public health services. The model proposed thus makes a contribution to furthering our understanding of value creation in government services by regarding satisfaction as one of the outcomes of value, rather than being representative of value. Furthermore, applying this in the context of government, social marketing services will address the apparent gap that lies in the existing literature.

### 2.2. Economic versus experiential approaches to value

There are essentially two approaches to value in the marketing literature: economic and experiential. Traditionally, marketing has adopted an economic approach whereby value is the outcome of a cost-benefit analysis focused on the utility gained (Payne and Holt, 1999). When the costs exceed the benefit gained there is less value compared to when the benefits outweigh the costs. A more contemporary experiential approach defines value as being more than just economic and proposes additional types of value, including value from the interaction itself and not just the outcome (Holbrook, 2006). Thus, we adopt Holbrook's (2006, p. 715) definition of customer value as being an 'interactive, relativistic, preference experience'.

In recent years, leading marketing scholars have conceptualised value as having a core of social, emotional, and functional dimensions (c.f., Sheth et al., 1991; Sweeney and Soutar, 2001; Holbrook, 1994). These three dimensions plus additional dimensions posed by other researchers are synthesised in Table 1. For instance, Holbrook (1994) adds an altruism dimension, and Sweeney and Soutar (2001) separate Sheth et al.'s (1991) functional dimension into sub-dimensions of price and quality.

Drawing from these scholars' work, we propose dimensions of value that are relevant to a social marketing services context. Whilst we retain the labels of *social* and *altruistic*, we adopt the terms *functional* rather than *economic* and *emotional* rather than *hedonism*. The term *economic* is less appropriate for a social mar-

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