Customer value, overall satisfaction, end-user loyalty, and market performance in detail intensive industries

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Abstract

The objective was to test a customer value variable, as operationalized by a modification of Ulaga and Eggert’s scale, as a direct explanatory concept in predicting satisfaction, loyalty, and market performance in a hybrid veterinary pharmaceuticals market. The market was considered to be a hybrid because physicians purchase on behalf of their clients. The scale proved to be reliable and valid in a detail intensive market using 220 veterinary physicians as respondents. To achieve an acceptable structural equation modeling fit, the customer value variable had to be dropped. The final model indicated a direct influence by product, strategic, and personal benefits as well as perceived sacrifices on the dependent variables. Management implications of the study are described.

Keywords: Customer value; Satisfaction; Ulaga–Eggert scale; Veterinary pharmaceuticals

1. Introduction

Marketing academics have identified customer value as one of the top research agendas. The Marketing Science Institute has consistently included customer value in its list of research priorities. The Institute for the Study of Business Markets at the Pennsylvania State University and the Center for Business and Industrial Marketing at Georgia State University have also integrated research on customer value and view it as a key research program. Customer value is on the mission statements of many large corporations (Exxon) and has become a sought after source of competitive advantage. Now that the first scale for the operationalization of this concept has been published (Ulaga & Eggert, 2002), research into customer value can become a more empirical area of inquiry. The needed theoretical areas of research for customer value include “...major antecedents, mediating variables, and consequences” (Ulaga & Eggert, 2002, p.15) and “to investigate relationship customer-value concepts closely related to the construct such as commitment, satisfaction, and trust.” Methodologically, there is also a need to investigate how robust this new scale is outside its original setting of French industrial purchasing managers. The purpose of this study was to empirically investigate the model shown below in Fig. 1. This model was synthesized from several available research efforts.

Additionally, as the new consumer value scale of Ulaga and Eggert (2002) has neither been revalidated nor tested for its predictive effectiveness in a new marketing setting, this newly developed scale was validated and then empirically tested in a detail intensive industry (DII) setting. In summary, the research objectives were to:

1. empirically investigate the effect of perceived product benefits, perceived strategic benefits, perceived personal benefits, perceived sacrifices, and perceived relationship benefits on the construct of customer value;
2. empirically link the measurement of customer value to outcome measures, such as overall satisfaction, end-user loyalty, and market performance;
3. empirically investigate the role of overall satisfaction in the model;
4. empirically investigate the effects of relationship benefits and sacrifices on market performance;
5. finally, empirically test and validate Ulaga and Eggert’s (2002) customer value scale in a DII market setting.

The research context employed here is veterinary pharmaceuticals. The industry that comprises ethical pharmaceuticals for both humans and animals is often called “detail intensive industries” because of its reliance on detailers (another name for ethical pharmaceuticals salespersons). DII offers one of the most salient examples of all the elements of business-to-business exchanges with product marketing situations that involve intense relationship-building activities by manufacturers’ representatives with the medical professional. This and other interesting aspects of DII have long attracted marketing academics (Krishnamurthi & Zoltners, 1994).

The theoretical underpinnings for this research into customer value in DII begin with the work of Carter (1997), who researched the importance of relationship marketing activities in the human pharmaceutical market. Carter asserted that given the importance of detailing (presenting information on
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