



Investigating customer value in global business markets: Commentary essay

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ARTICLE INFO

Article history:

Received 1 April 2010

Received in revised form 1 July 2010

Accepted 1 September 2010

Available online 10 May 2011

Keywords:

Customer value

Relationship value

Formative and reflective value models

Cross-country measurement equivalence

ABSTRACT

This commentary reflects on Blocker's cross-cultural investigation of relationship value in business markets, published in this issue, and identifies several research avenues. From a theoretical point of view, researchers should develop and test hypotheses grounded in both conceptual frameworks and extant literature to expand knowledge of how national cultures—as well as other country-specific variables—affect customer value perceptions in business markets. From a methodological point of view, ongoing research should establish cross-cultural measurement equivalence on the basis of procedures specifically designed to support formative customer value models. Finally, this commentary highlights several key insights related to models of customer value in international business markets.

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1. Introduction

Interest grows in customer value as an object of scholarly research in business marketing. Researchers and practitioners can draw on a rich and growing body of knowledge about customer value in industrial markets. The Marketing Science Institute (MSI) and Penn State University's Institute for the Study of Business Markets (ISBM) both played pivotal roles in nurturing this growing stream of research by consistently including customer value in their respective research priorities. Academic journals such as *Journal of the Academy of Marketing Science* (Parasuraman, 1997) and *Industrial Marketing Management* (Ulaga, 2001) also devoted special issues and dedicated sections to advancing knowledge in this area.

Researchers investigate customer value in business markets both conceptually and empirically (Lapierre, 2000; Wilson, 1995), from customer and supplier perspectives (Menon et al., 2005; Walter et al., 2001), and in business dyads and networks (Kothandaraman and Wilson, 2001). Over time, scholarly interest gradually shifted from a focus on product value-in-use and value-in-exchange to a consideration of value in relationships and broader networks. Reflecting on this burgeoning body of scholarly research, recent articles attempt to consolidate extant literature and provide directions for research ((Lindgreen and Wynstra, 2005); Payne and Holt, 1999).

The reason for such strong academic interest in customer value may result from the criticality of value to every aspect of marketing decision making. Business marketers must understand how to create, communicate, and deliver value for (and with) customers. Core marketing building blocks, such as segmentation, targeting and positioning, value

propositions, and pricing products and services, all rely on customer value as a key constituent. As business marketers face greater pressure, due to rampant commoditization in many industries, they increasingly search for new avenues of value creation, beyond traditional offerings. Growing globalization simultaneously forces marketers to understand the extent to which they can standardize or must adapt their value propositions across countries and markets.

Against this background, this commentary discusses Blocker's (2011) study, "Modeling Customer Value Perceptions in Cross-Cultural Business Markets," in light of extant literature. By offering alternative viewpoints, this review attempts to provide some food for thought for ongoing research in this promising domain. Special attention centers on the two avenues that Blocker investigates, namely, the cross-cultural generalizability of the customer value construct and measurement and modeling of value in business markets.

2. Modeling customer value perceptions across cultures

Blocker's study contributes significantly to extant literature. The author addresses two key research questions: first, he investigates whether customer value in business markets represents a culturally transferrable construct. In his empirical study of 800 managers in five culturally diverse countries (i.e., India, Singapore, Sweden, the United Kingdom, and the United States), Blocker finds support for the cross-cultural generalizability of customer value and the distinct status of this construct compared with other relationship-relevant concepts, such as satisfaction. Across all five countries, customer value substantially explains business relationship performance. His study also supports prior research into multiple drivers of customer value in business-to-business relationships. However, the respective roles of individual value drivers vary considerably from country to country. In particular, Blocker's empirical results show noticeable differences

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between culturally similar pairs of countries and striking similarities among culturally distant pairs of countries. These results lead Blocker to suggest that “the influence of national culture can be overshadowed by factors in the task environment within an increasingly global business-to-business context”.

Second, Blocker explores alternative routes for modeling and measuring value in diverse research contexts. The findings highlight the potentially detrimental effects of misspecifying customer value in business markets and provide guidelines for selecting model specifications and developing value measurements, depending on the research question and context at hand.

3. Cross-cultural considerations in customer value research

Against the background of increasing globalization, an understanding of how national culture affects transnational relationship management becomes critical to firm success (Homburg et al., 2009). Therefore, investigating the cross-cultural transferability of key relationship-relevant constructs in business markets, particularly customer value, represents a highly relevant research issue.

In studies that involve cross-country comparisons, establishing measurement equivalence is paramount (Bhalla and Linn, 1987; Steenkamp Jan-Benedict, 2005). Yet despite a growing body of research on customer value in business markets, the vast majority of studies still explore this construct within well-defined national settings (Homburg et al., 2005). Very few researchers specifically investigate customer-perceived value in business relationships from a cross-national viewpoint. For example, Homburg et al. (2005) analyze buyer–supplier relationships in the United States and Germany, two highly developed industrial countries. However, they consider only one side of the value equation, namely, customer-perceived benefits in a business relationship. In discussing directions for future research, Homburg et al. (2005) state, “it would be a fruitful avenue for further research to include the sacrifices and investigate the determinants of sacrifices cross-culturally.” Thus Blocker (2011) deserves commendation for advancing extant knowledge in the field by investigating both benefit and sacrifice dimensions and enlarging the scope of cross-cultural analyses to include culturally diverse countries in both developed and developing economies. From a cross-cultural research perspective though, several interesting research avenues emerge from Blocker’s findings, both theoretical and methodological.

First, from a theoretical point of view, Blocker’s (2011) study remains silent about why and how national cross-country differences potentially affect customer value perceptions in business markets. What underlying theoretical rationale can explain possible differences in value perceptions according to national cultures? A rich body of literature and well-established conceptual frameworks describe how national cultures affect business practices. For example, Hofstede’s (2001) five dimensions of national culture—power distance, individualism, masculinity, uncertainty avoidance, and long-term orientation—constitute one of the most widely accepted and used frameworks for comparing business practices across countries. Researchers could draw on Hall’s (1976) distinction between high- and low-context cultures to investigate business relationships cross-culturally. That is, a theoretical perspective demands hypotheses regarding the interaction between culture and the customer value construct. Cultural factors might affect each of the defining elements of the customer value construct. For example, depending on the definition of value in business relationships (Ulaga and Eggert, 2006a), how does culture affect customer-perceived comparison standards? Do benefit perceptions outweigh sacrifice perceptions, or vice versa, in certain cultures? What about tangible versus intangible value drivers? Which theoretical arguments clarify the differences in the respective roles of individual benefit and sacrifice dimensions, according to cultural considerations?

Prior research suggests some interesting theoretical arguments and noteworthy empirical results. For example, Homburg et al.,

(2005) argue that the relationship between customer-perceived product quality and core benefits, or “the basic aspects and features of a relationship,” is stronger in countries with high uncertainty avoidance and low cultural individualism (Hofstede, 2001). In their empirical study among purchasing managers in Germany and the United States, Homburg et al. (2005) find support for this hypothesis and conclude that national cultures affect purchasing professionals’ perceptions of customer benefits. Yet more research should develop and test research hypotheses grounded in such theoretical frameworks to expand knowledge about how culture affects customer value perceptions in business markets. In addition, further studies should investigate how other factors influence value perceptions. Blocker (2011) briefly mentions factors in a firm’s task environment, but what specific factors are at play? For example, does an industry’s maturity in a given country explain variance across perceptions of individual value drivers?

Second, the methodological point of view reveals additional issues for further research. International business literature contains various approaches to assess measurement equivalence in cross-national studies (Schaffer and Riordan, 2003); researchers often rely on multi-group confirmatory factor analysis (CFA) to establish cross-country equivalence (Mullen, 1995; Steenkamp Jan-Benedict, 1998). Yet Diamantopoulos and Papadopoulos, (2010) argue that traditional approaches, such as multigroup CFA, are suitable only in specific research contexts, when scholars use scales with reflective indicators. In contrast, conventional procedures cannot establish measurement equivalence when the focal measures are formative. These authors identify three types of measurement equivalence associated with formative measures and suggest a three-step approach to assess measurement equivalence for formative scales in international research settings. Finally, Diamantopoulos and Papadopoulos, (2010) illustrate their procedure with the data collected in a survey about perceptions of product–country images among consumers in Australia, Hong Kong, and the United Kingdom.

These findings are particularly interesting for investigations of reflective versus formative model specifications of customer value in international business markets. To advance knowledge in this domain, additional research should establish cross-cultural measurement equivalence with the procedures appropriate for formative customer value models. Blocker (2011) employs multigroup CFA, which is perfectly appropriate if the customer value model contains reflective measures. However, to compare formative value measures across countries, researchers should probe (Diamantopoulos and Papadopoulos, 2010) three types of measurement equivalence and apply their step-by-step procedure, which specifically caters to the requirements of formative models. This avenue offers a particularly interesting direction for future research.

4. Formative versus reflective models of customer value

Blocker’s (2011) study nicely blends the lively discussions of formative versus reflective specifications of customer value models (Baxter, 2009; Diamantopoulos, 2010; Diamantopoulos et al., 2008; Ulaga and Eggert, 2006a). Blocker states that “modeling of the customer value constructs and its drivers has progressed along divergent paths, leaving very little consensus for research and practice”. Baxter, (2009) adds to this view by referring to a formative versus reflective controversy, though a careful review of extant literature suggests this conflict may be overstated. As Diamantopoulos, (2010, p. 91) remarks, “no formative versus reflective controversy exists and what appears as a ‘controversy’ is simply the result of loose construct definitions”.

Nonetheless, the ongoing debate about formative versus reflective measurement emphasizes several key issues for researchers. First, more and more studies underscore the potentially detrimental effects of misspecifying customer value models (Baxter, 2009; Diamantopoulos

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