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Antecedents and consequences of consumer value assessments: implications for marketing strategy and future research

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Abstract

Customer value has turned out to be a very important concept in marketing strategy and research in spite of the fact that the growing body of knowledge about the construct is fragmented. Different points of view are advocated, and there seems to be no widely accepted way of pulling views together. This article highlights some of these conceptual problems, and a new understanding of the consumer's value assessments is suggested which is based on consumer value production within dynamic patterns of consumption. Implications of this understanding are then outlined for marketing strategy and future research.

1. Introduction

Many authors have suggested that organizations ought to re-orient their strategies towards superior customer value (Webster, 1988; Day and Wesley, 1988; Deshpandé et al., 1993; Jaworsky and Kohli, 1993; Gale, 1994; Day, 1994; Slater and Narver, 1995; Woodruff, 1997). The suggestions typically refer to one or more of the following kinds of evidence: widely published success stories of companies which manage this way; data demonstrating a strong relationship between perceived quality, market share, and profitability; studies showing a positive relationship between market orientation and organizational performance; and analyses of costs demonstrating that customer retention is substantially less expensive than customer acquisition.

This issue, therefore, does not seem to be whether superior customer value ought to be considered as an important challenge for marketing strategy, but rather how an organization ought to re-orient strategy towards the customer's value assessments.

It is, therefore, not surprising that many contributions to consumer and marketing research reflect a growing interest in finding answers to this important question. However, these studies have not yet yielded any unambiguous interpretations with respect to the nature and antecedents of customer value, or of the normative implications for marketing strategy.

One of the problems which seems to be unsolved is closely related to the dynamic nature of the consumer's value assessments which has been alluded to by several authors. Perceived pre-purchase value of customer offerings in an anticipated use situation is to a large extent influenced by expected, desired, or experienced performance in an actual use situation. However, even if the consumers' pre- and post-purchase value judgements are interrelated, they are not always comparable because they may be based on different cognitive scales. This calls for research which tries to re-examine the theories of across-stage value assessment in order to find new and better explanations of the nature and antecedents of the consumers' pre- and post-purchase value judgements as well as the dynamic interaction between these two processes.

The purpose of this article, therefore, is first to present the conceptual framework of the study and to summarize and discuss some of the most promising contributions to customer value research. Then a new understanding of the consumer's pre-purchase value assessment will be suggested. This understanding is followed by a customer resource-based view of value production which hopefully gives a more holistic interpretation of post-purchase value than what has been offered so far by social research. Finally, implications of the study for both marketing strategy and future research will be outlined.

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2. The conceptual framework

If the central function of marketing is creating a psychological relationship between consumers and customer offerings, then marketing researchers must be interested in understanding consumer perceptions of what organizations supply.

One of the most promising approaches to analyzing such perceptions is based on the means–end model which reflects the idea that perceived consequences of product use are more important than perceptions of product attributes.

This conceptualization is not new. Almost 38 years ago Levitt (1960) argued that organizations must learn to think of themselves not as producing goods and services but as buying customers, as doing the things that will make people want to do business with them. Other authors have also emphasized the importance of perceived benefits and have advocated the use of such product perceptions for segmentation of consumer markets (Haley, 1968).

However, current thinking in marketing and consumer research about means–end chains seems to have been most influenced by Gutman and Reynolds (1979), Gutman (1982), and Olson and Reynolds (1983). According to these authors product attributes are neither inherently important, nor do they have intrinsic value per se. Because consumers are interested in the consequences of product use, attributes are important only to the extent that they are perceived to be means for achieving a consequence or an end state which is salient to them. The value of attributes thus depends on the value of the consequences to which it is perceived to lead, which again depends on the instrumental or terminal values it is related to cognitively by the consumer.

The meanings in a means–end chain are personal constructs, because consumers like all other human beings make cognitive representations of their environment as well as of themselves in order to stabilize life, make it more accessible, and understandable. However, each constructed piece of meaning is stored in memory as an associative network of interrelated knowledge, and all knowledge structures are contextually contingent. This means that they are constructed and activated in particular use situations or social contexts. Specific cues and stimuli in the immediate retrieval environment affect which meanings are activated for the construction of new meanings or the choice between alternative courses of action.

Knowledge of customer offerings is stored in memory as a hierarchy of interrelated meanings at different levels of abstraction and these levels vary in their self-relatedness. Highly abstract psychological consequences and values are more closely related to the consumers' self-image, and they are therefore perceived as being more important drivers for behavior than concrete and abstract attributes.

The means–end model seems to imply a weakening of the rationale for a separate treatment of services, because this treatment has been based on the fundamental belief that intangibility is the most critical goods–service distinction from which all other differences between goods and services emerge (Bateson, 1979; Zeithaml et al., 1985). This does not mean, however, that important differences between goods and services cannot be identified, and that it cannot be useful to solve specific services marketing problems by means of the tools which have been provided by services marketing research. It only means that it seems to be worthwhile to highlight to a larger extent what is common to goods and services, and to develop theories of consumer behavior and marketing strategy which are based on the assumption of more similarities than differences.

As both goods and services are more or less intangible and can be considered as complementary inputs to the consumer's production of value, there will be made no distinction between these concepts in the following analysis of the antecedents and consequences of the consumers' value assessments. Most services are in fact, like goods, bought in order to enhance the consumers' skills and resources.

3. Customer value research

The growing body of conceptual knowledge about customer value has been characterized as fragmented (Woodruff, 1997), because different points of view are advocated, and there seems to be no widely accepted way of pulling these views together.

Yet there are some areas of consensus. First, customer value is inherent in or linked to the use of a product. Second, customer value is something perceived by customers rather than determined by sellers. Third, these perceptions typically involve a trade-off between what the customer receives, and what he or she gives up in order to acquire and use a product.

Despite the increasing attention being focused on customer value, most definitions on the construct are still rather ambiguous, because they typically rely on other terms such as utility, worth, benefits, and quality which are too often not well defined (Parasuraman, 1997). In addition they take a rather narrow perspective, because value frequently is measured as attribute-based desires or preferences which are influencing purchase.

In order to advance the practice of management towards customer value Woodruff (1997) has proposed the following definition: "Customer value is a customer's perceived preference for and evaluation of those product attributes, attribute performances, and consequences arising from use that facilitates (or blocks) achieving the customer's goals and purposes in use situations." Different aspects of this definition will be discussed in the following.