



NORTH-HOLLAND

Customer Value Change in Industrial Marketing Relationships

A Call for New Strategies and Research

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Relationship marketing is critical to both researchers and practitioners because it addresses issues aimed at retaining customers. Strategic customer retention is problematic and requires information from customers concerning: (1) what they value (need) now, (2) their satisfaction with suppliers' abilities to deliver that value, and (3) how their perceptions of value are changing. Currently there is little theoretical understanding of, and thus less than perfect normative advice for dealing with, the third issue. This article addresses this gap by presenting an

argument for developing a customer value change theory and proposing a model that incorporates those events likely to trigger changes in three forms of value: values, desired value, and value judgements. The concepts presented build on current business efforts to predict what customers will want in the future, as well as on customer satisfaction and value research.

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INTRODUCTION

Retaining important customers is crucial to business success. Those suppliers who develop strong relationships with their customers over the long-term, where cus-

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Seeing and responding to change requires understanding change itself.

tomers desire to remain with those suppliers even when they have the opportunity to go elsewhere, possess a unique advantage over their competition. In particular, they are in a better position to take advantage of shared resources in the areas of quality and process improvement, to see opportunities before the competition, and to avoid the higher costs of obtaining new customers to replace lost ones. Additionally, customer loyalty, the attitude driving customers to remain with a supplier, has been found to be directly related to profitability [18]. In short, the long-term relationships suppliers have with their customers are key to their performance and are becoming a key source of competitive advantage [50]. Furthermore, Malcom Baldrige Quality Award criteria [24], implementing the marketing concept via market orientation [23], increasing revenues through joint efforts [7, 23, 42], and reducing costs through avoidance of the cost of acquiring new customers to replace lost ones [21, 23, 41, 52], all drive suppliers toward long-term relationships with customers.

Yet, as crucial as the objective of retaining important customers is, executing activities to accomplish this objective is problematic. Suppliers exist in dynamic environments characterized by potential threats [34], including rivalry for the demand of buyers [10], risks that customers' needs will change, erasing opportunities [11] or even chaos [30]. New technologies emerge daily, cre-

ating and altering markets. Companies become more entrepreneurial in the introduction of new products [47]. New competitors enter existing markets, disrupting the "rules" that have evolved [43, 45]. Even the nature of the relationships among players is changing [6, 50]. But, how do suppliers actually go about retaining important customers in an environment that is continually changing and becoming more competitive?

Thriving, or even surviving, in this changing environment demands a thorough understanding of its dynamics, including how customers view their environment. Customers view suppliers and other aspects of their environment differently than do suppliers themselves [22]. Taking this as an axiom, suppliers must be in tune with at least three key customer view factors: (1) the current needs of their customers, (what they value), (2) their customers' satisfaction with the supplier's ability to meet those needs (to create that value for them), and (3) the forces that drive customers' perceptions of value to change over time.

Theories and measurement methods that help suppliers improve their understanding of these three factors are tools that assist in building relationships with customers that last. Prior research provides actionable tools to help businesses address the first two factors (e.g., current needs and satisfaction) but not the third. Yet, retaining customers as a strategic initiative requires interacting with dynamic customers whose perceptions of value do change. Businesses have few options to respond to such changes. They can attempt to react quickly to new needs after they have emerged. Or, they can attempt to understand the processes of *how* these needs change to expand their lead time in determining how best to deal with predicted change.

The purpose of this article is to address the gap in this third area, understanding what drives changing perceptions of value. More specifically, we present a conceptual model to describe how customers' perceptions of value change over time in industrial supply relationships. This model centers on understanding trigger events that drive changes in three forms of value: values, desired value, and value judgments. In addressing this issue, we build

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Trigger events initiate change.

on current business practice, as well as customer value and satisfaction research.

WEAKNESS OF CURRENT PRACTICE

Suppliers have several options to deal with changing customer needs. One involves attempting to predict what customers will want by analyzing macroenvironmental trends [28, 33]. Another is to create potential future scenarios based on executive interpretation of both macroenvironmental and market-based (e.g., customer use situation, competitive innovation, emerging markets) forces expected to change customers' needs [52]. Third, business has also been encouraged to create operations systems that can respond to change faster than the competition. Service response logistics [25] and components of mass customization [32] reflect this approach. Finally, suppliers have been encouraged to drive change themselves [16].

All four of these responses to changing customer needs suffer from a major weakness. They all lack a conceptual and theoretical understanding of exactly how customer value change takes place. At best, they present sets of forces that are thought to impact what customers value. But how do these forces manifest themselves? How do changes occur independently and together to alter customers' perceptions of value? Without a theoretical understanding of how the forces operate, how is a supplier supposed to *see* change to respond to it? How is an executive expected to determine the most likely change scenarios? How is a company supposed to influence those changing environmental forces and drive value changes?

Answers to these questions require conceptualizing value changing processes. Toward this end, the next section presents a basic model, which incorporates aspects of customer satisfaction and value theory, to guide the remainder of the article.

VALUE CHANGE OVERVIEW

Figure 1 is a general conceptual model describing how various trigger events are likely to drive changes in per-

ceptions of value. These perceptions of value directly impact customers' satisfaction with suppliers, which, in turn, influences customer retention. The model represents a combination of ideas presented in customer satisfaction and value literature. We begin with a discussion of trigger events, followed by a discussion of the three relevant forms of value that change, and then customer satisfaction.

TRIGGER EVENTS AND VALUE CHANGE

Recently, authors [14, 51, 52] have specifically called for research on critical incidents or trigger events that impact satisfaction and more broadly, the entire postpurchase evaluation process. Others [31] have indicated that certain events will trigger strengthening or dissolution of supplier-customer relationships. This article proposes that trigger events play a role throughout the supplier-customer relationship by affecting three forms of value (i.e., values, desired value, value judgments). We propose that different types of events will trigger different value change experiences and thus will result in different expectations of suppliers. First, we define a trigger event.

The definition of a trigger event proposed here is adapted from that proposed by Gardial, Flint, and Woodruff [14]. It has been changed to focus on changes in values, desired value, and value judgments and broadened to incorporate more than out-of-the-ordinary events. Specifically, a trigger event is *a stimulus in the customer's environment that is perceived by the customer to be relevant to his/her goals, which results in some form of change in values (personal and/or organizational), desired value, and/or value judgments.*

Trigger events initiate change. However, a "trigger" can be both a singular event or the culmination of a series of events. Trigger events can initiate awareness of issues that previously have gone unrecognized. They can be incidents that are the proverbial "last straw" of a series of problems. In all cases, these events must trigger something (e.g., awareness, a change in view of the market, recognition of an opportunity, heightened sensitivity to problems with a supplier, reassessment of the value of a supplier). Certain events that occur outside of the perfor-

Trigger events possess predictability and strength characteristics.

mance of the supplier's product may trigger reevaluations of the supplier. For example, a supplier's competitor may offer a new service, triggering a customer to reevaluate the current supplier's service. However, other changes within customers' environments and beyond specific supplier's actions will trigger changes in values, desired value, and/or value judgments.

The trigger event classification proposed in Figure 1 is an integration of events and forces presented in the litera-

ture and presented in Table 1 [14, 31, 52]. The primary classification variable adopted here is the location of the event (i.e., supplier located, customer located, environmentally located). Several examples of the kinds of changes that might constitute events within each subcategory have been provided. Events occur in each of these locations that impact customers' perceptions of value.

Supplier-located events would be changes in product attributes (e.g., product performance, quality, availabil-

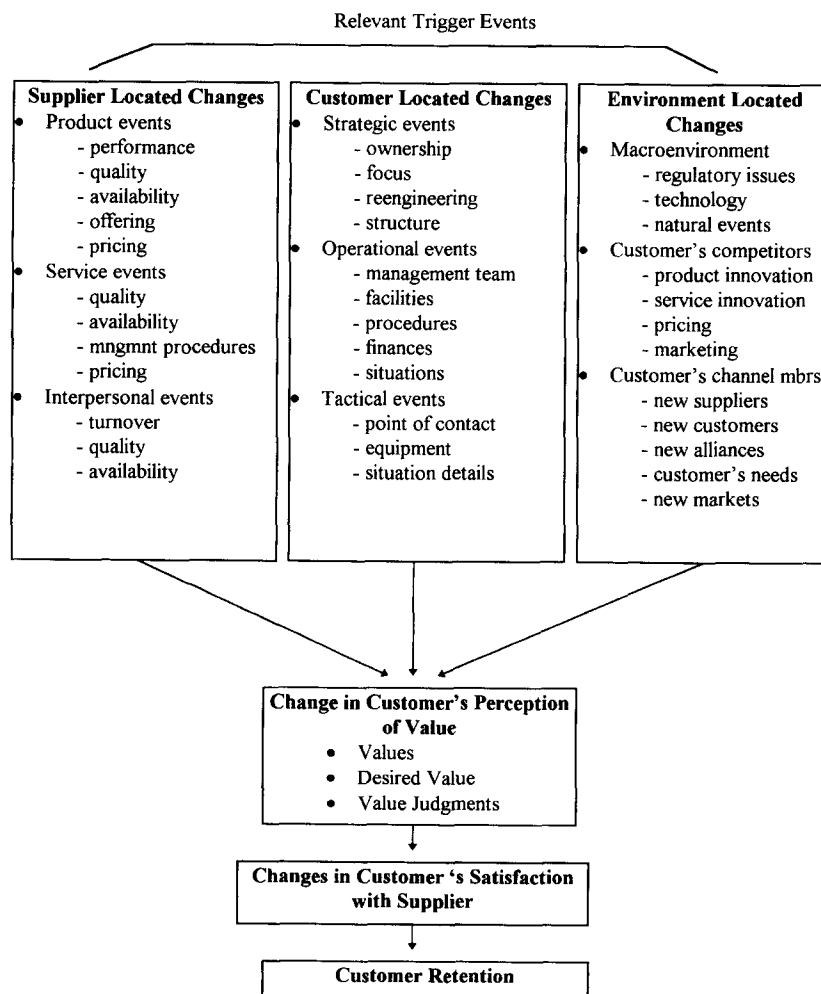


FIGURE 1. General model.

Value consists of values, desired value, and value judgments.

ity), service attributes (e.g., service quality, service availability, management procedures), or interpersonal attributes (e.g., personnel turnover, quality, training, availability). Sometimes these attributes change intentionally, sometimes not. They may be changed with the intention of assisting customers (e.g., change invoicing procedures) yet in fact create more hassles for the customer (e.g., require customer to change their procedures for one supplier).

Customer-located events are those changes that occur within the customer's organization. They can be at the strategic, operational, or tactical levels. Strategic level events might include changes in ownership, changes in the focus of top management, or reengineering of the organization. Operational level events might include changes in management teams, opening of new facilities, closing of old facilities, changes in operating procedures, changes in financial situations, or changes in types of operating situations. Tactical level events are more immediate. They might include changes in a sales representative's point of contact, changes in the status of equipment, or

changes in a current situation. These events can easily go unnoticed by suppliers who are not synchronized with their customers' internal operations, procedures, and personnel and how their customers' organizations are changing.

Environmental-located events occur outside of the customer's and supplier's organizations. They represent macroenvironmental changes (e.g., regulatory issues, technological innovations, natural events), market-based changes such as actions by customers' competitors (e.g., product innovations, service innovations, pricing, marketing), and actions related to customers' relationships with their channel members (e.g., new suppliers, new customers, new alliances, changes in customers' needs, new markets). Although both suppliers and customers are dealing with similar environmental dynamics, the perceptions of those dynamics are different for customers than for suppliers.

Although not the subject of much research yet, trigger events can be conceptualized as possessing certain characteristics such as predictability and strength.

Predictability

Some events will be predictable; some will not. For example, suppliers can easily predict when they are going to introduce a new product because they have the necessary information and are controlling the event. However, the supplier cannot reliably predict when a hurricane will hit a customer's plant and shut down production operations. However, given such an event, the supplier can predict what kind of responses would be most valuable to that customer.

Briefly, the closer a supplier is to the information and people concerned with an event, the higher the likelihood of predicting the event's occurrence. For this reason, supplier-located events ought to be the most predictable. Suppliers' actions, given impending events, ought to be proactive and aggressive. Customer-located events are likely to be the next easiest to predict. However, this requires close interaction with many people within the customer organization to sense change when it initially be-

TABLE 1
Potential Classifications of Trigger Events

Gardial, Flint, and Woodruff [14]	Woodruff and Gardial [52]	Perrien, Paradis, and Banting [31]
Seller caused	Macroenvironment	Seller
Product	Competitor innovation	Internal management
Services	Customer use situation	procedures
Contact people	New markets	Account management
Customer caused		Pricing
Strategic		Product offering
Operational		Miscellaneous
Tactical		Competitor
Environment caused		Pricing
Weather		Marketing
Other		Customer
		Customer behavior
		Financial needs
		Ownership change

gins. The most difficult events to predict ought to be those events referred to in Figure 1 as “environmentally located changes,” which include customers’ macroenvironmental events, customers’ competitor events, and customers’ channel member events. Identifying and responding to these events requires a closeness to information and people making decisions that might impact a supplier’s customers (e.g., customers’ customers, customers’ competitors, regulatory decision-makers).

The goal is to systematically capture information in each of the event locations (i.e., supplier’s own company, customer, customer’s environment) to facilitate pattern recognition. Plans should be developed to guide specific actions to be taken given the emergence of a pattern or the occurrence of an event. These would include emergency action plans, standard operating procedure plans, and contingency plans.

Predicting those events that are predictable, and being prepared to respond to those events that are not, eliminates much of the surprise that disrupts manufacturers’ operations. Although many events actually help organizations by assisting them in their goal achievement, most manufacturers would rather see the event coming than be surprised by it.

Strength

Strength simply refers to the ability of the event to alter current customer operations or ideas. A trigger event’s ability to alter various forms of customer value will depend on the options the customer has at his/her disposal as well as the strength of the value form in question. For example, a quality excursion on the part of a supplier might not change a customer’s value judgment of the product if

the customer has other options (e.g., additional back-up material, machinery that can tolerate minor fluctuations) and/or the customer has a long and positive relationship with the supplier. The customer may assess that the sacrifices (e.g., loading other material) are not that great given the overall benefits the supplier’s material delivers. In short, events will impact customers differently depending on how relevant they are to specific goals and the strength of current customer values, procedures, ideas, and judgments. Furthermore, events that might appear minor to suppliers might in fact be extremely disruptive to customers. For example, a flood in St. Louis might not even catch the attention of a supplier in Boston. It does not initially appear to have the power to hinder the supplier’s goal achievement. However, the flood could be catastrophic to a customer in St. Louis, demanding rerouting of material, inventory backlogs, equipment shutdowns, and loss of customers. Thus, in the final analysis, the flood does in fact have the power to impact the Bostonian supplier’s goals, through St. Louis customers.

Given this discussion of trigger events, the following sections address the relevant forms of value that trigger events are likely to change.

VALUE

Relevant perspectives of value can be classified as dealing with values, desired value, and value judgments. Although the distinction appears semantic, it is crucial to the understanding of key issues related to customer retention. The following sections address each of the three views of value that will make their distinctions, as well

TABLE 2
Three Forms of Value

	Values	Desired Value	Value Judgment
Definition	Implicit beliefs that guide behavior	What customer <i>wants</i> to have happen (benefits sought)	Assessment of what <i>has</i> happened (benefits and sacrifices)
Level of abstraction	Abstract, centrally held, desired end-states, higher order goals	Less abstract, less centrally held, lower order goals, benefits sought to facilitate higher order goal achievement	Overall view of trade-offs between benefits and sacrifices actually received
Locus or source of value	Specific to customer (person or organization)	Conceptualized interaction of customer, product/service and anticipated use situations	Interaction of customer, product/service, and a specific use situation
Relationship to use	Independent of use situations	Independent of use specific experience	Dependent on specific use experience
Permanence	Enduring	Moderately enduring	Transient over occasions

Value is created by delivering benefits that help customers achieve their goals.

as their importance, clear. Table 2 presents a framework for viewing these value forms.

These three forms of value are represented in Figure 2, which represents an extension of Figure 1. In this more comprehensive model, trigger events are hypothesized to drive changes in values, desired value, and value judgments. Additionally, the model depicts change processes. This model can be contrasted with a traditional process model where researchers would seek variation within each construct (e.g., desired value, disconfirmation, satisfaction) across respondents. The model in Figure 2 represents *changes* within each construct specific to a *particular customer*. The variation that is sought is variation within each construct, within

a specific customer, across time. Research designs testing such a model would need to: (1) capture respondents' reflections on value at various points in time, or (2) be longitudinal, capturing value perceptions over time from the same set of respondents. With this in mind, the specific forms of value and how they might change are addressed.

Values

Briefly, values are central, enduring beliefs that guide behavior independent of product use situations. They reflect people's desired "ultimate end-states of existence" [49]. Research into people's values [26, 38] has led to the identification of consumer values relevant to marketers such as the list of values (LOV) [19, 48] and the values and lifestyles profile (VALS) [27]. Items within the LOV are self-respect, security, warm relationships with others, sense of accomplishment, self-fulfillment, sense of belonging, being well respected, fun and enjoyment of life, and excitement [20]. These values relate to life's major roles such as work, parenting, consumption, and marriage. VALS classifies people into lifestyle groups such as survivors, sustainers, belongers, emulators, achievers, I-am-me, experientials, societally conscious, and integrated. Given that this notion of values accurately reflects abstract concepts customers possess that guide their behavior, the values would be expected to operate in all aspects of daily life, including evaluations of suppliers.

Badovick and Beatty [2] and Burns and Woodruff [3] propose that these personal values combine with organizational values, those values shared within the organization (e.g., customer service, excellence, service quality, entrepreneurship) to form an evoked set of role values (e.g., responsibility, honesty, competence, teamwork, innovation). This evoked set of values guides people's behaviors and impacts strategy implementation [2], of which relationships with suppliers are a part. These values, partially formed by culture, society, and personality, drive customers' evaluations of the consequences of their behaviors [15, 37, 40], such as their choice of suppliers.

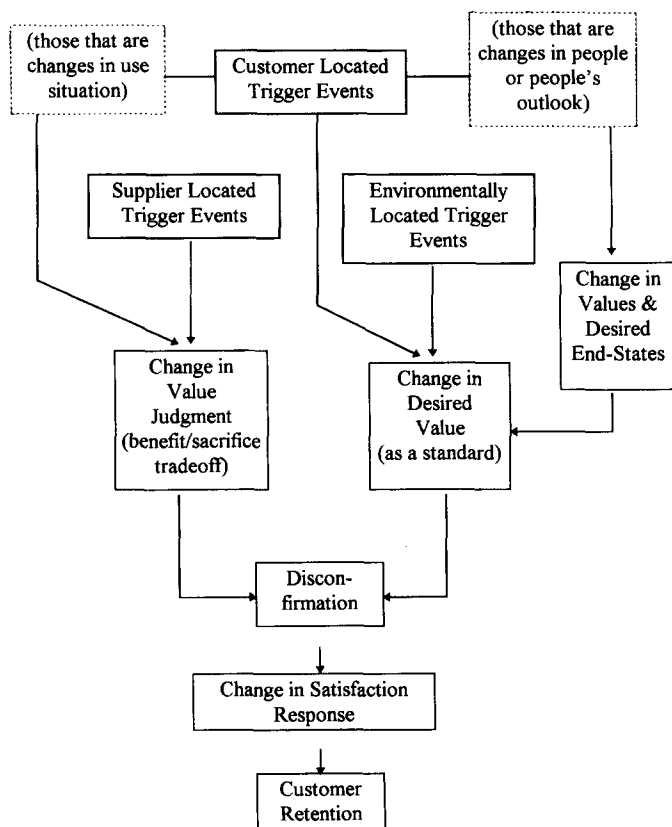


FIGURE 2. Triggered value change model.

We still do not understand the events that trigger evaluations.

These consequences serve as criteria for seeking certain benefits from suppliers' products and services.

Values, whether personal, role, or organizational, are very closely related to the goals customers have. Desired end-states for individuals (e.g., honesty, sense of accomplishment) or organizations (e.g., make a profit, provide employment, continuous innovation) can be viewed as higher order goals. For purposes of this article, values are defined as *the centrally held, enduring core beliefs, desired end-states, or higher order goals of the individual customer or customer organization that guide behavior.*

A customer firm's values, as well as the values of the individuals holding certain positions within the customer firm, are not likely to change very often. When they do, it is most likely due to changes in the actual people running the organization who bring a new set of values or due to vision-altering events in one of the individual's life (e.g., a division president attends an inspiring seminar initiating a shift from low cost producer to market innovator).

In addition to the higher order, more abstract values and goals (e.g., earn profits, be an environmental citizen, display an honest public image), customers and organizations possess goals at lower, less abstract levels. These lower order goals reflect the customer's objectives that must be met to achieve the higher order goals and constitute the dimensions of desired value.

Desired Customer Value

For purposes of this article, desired customer value is defined in the way Woodruff and Gardial [52] define customer value: *the customers' perception of what they want to have happen (i.e., the consequences) in a specific kind of use situation, with the help of a product or service offering, in order to accomplish a desired purpose or goal.* This definition implies that value is created by products and services when the benefits they deliver (i.e., positive consequences) help customers achieve their

goals in various situations. In this sense, desired value is what customers seek to adhere to their values and achieve their desired end-states of existence. For example, a customer might desire interactions with suppliers to be hassle-free because this attribute delivers several positive consequences (e.g., allowing her/him to focus on other activities, assisting her/him in being efficient at work), which may be in congruence with a core personal, role, and/or organizational value (e.g., feeling a sense of achievement). Other examples of benefits might be to reduce costs, make decisions quickly, keep in touch with the market and industry, be competitive, or save time. These benefits are created via the attributes suppliers deliver (e.g., being proactive, providing timely and accurate information, providing market intelligence reports, offering fair pricing, eliminating the need for customers to follow up on issues, solving problems before the customer even calls).

Desired value can take on two aspects: value in use or possession value [3, 4]. Value in use reflects the use of the product or service in a situation to achieve a certain goal or set of goals. The earlier "hassle-free" example illustrates value in use. Possession value reflects the inherent meaning of the product or service to the customer [35, 36]. For example, a customer may value doing business with the highest rated supplier simply because of the comfort s/he feels by knowing s/he is dealing with "the best."

Desired value can include many dimensions, each aimed at helping the customer achieve certain goals in certain situations and each holding different levels of relative importance in different situations. For example, a purchasing agent may want to feel that s/he is constantly in the information loop between the plant and the supplier during a plant emergency, because s/he has the goals of solving the problem as well as being seen as involved with the plant when times are tough. Yet s/he also may want to remain at an arm's distance from that information loop on a regular daily basis because s/he has a

goal of not appearing to be micromanaging the plant's operations.

These many dimensions of desired value can be moderately enduring. The benefits customers seek (e.g., time savings, cost savings, feel taken care of, feel trusted, feel that they are treated fairly) will remain important as long as people and situations remain fairly consistent. However, as situations change, so might the desired value dimensions. New desired value dimensions might emerge (e.g., help in creating an entrepreneurial culture). Or dimensions might change in relative importance. In short, desired value changes are changes in what the customer wants to have happen. These changes can be a response to many events both within and outside of the organization.

Where desired value represents what the customer *wants* to have happen, value judgments represent what *has* happened.

Value Judgment

Basically, value judgments reflect an assessment of the value that has been received from a specific product/service supplier. However, there are various definitions of this kind of value. Some of the value definitions include: the perceived worth in monetary terms of the set of benefits received for the price paid [1], a trade-off between desirable attributes compared with sacrifice attributes [51], the quality received for the price paid [53], and value as a perception by customers and not inherent in the product itself [9]. Common threads between all of these definitions are that value is something the customer determines and valuation is a process where customers make trade-offs between benefits and sacrifices at every point of contact with the supplier's products or services [4]. Some define sacrifices monetarily [1]. Some define sacrifices more broadly [51].

Value judgments are dependent on customers' perceptions of product and service performance within specific use situations in light of their values and goals [52]. Specifically, Woodruff and Gardial [52] state that: (1) products are a means to accomplishing a goal (achieving value in use or possession value), (2) value is created through the delivery of consequences, and (3) consequences are happening in use situations. For purposes of this article, a value judgment is *the customer's assessment of the value that has been created for them by a supplier given the trade-offs between all relevant benefits and sacrifices in a specific use situation.*

This notion can be extended to a temporal view to incorporate many instances of value creation over time. Over the long-term, a series of rapid responses and personal attention in emergency situations may create an impression that the supplier itself is valuable within a set of similar situations. This extension is important because it takes the current definitions, which typically consider a single product or service experience, and extends them to a relationship where a value judgment of a particular supplier is based on experiences over time. For example, DeRose [9] states that customers perceive a supplier as valuable when their expressed and implied requirements are satisfied reliably, without deviation, over the life of the relationship. And this is done cost effectively by reducing customers' costs, helping them avoid costs, and offsetting customers' costs by increasing their revenue or improving their cash flow.

Value judgments can change quite often. Any incident that draws a customer's attention to the supplier is likely to impact that customer's judgment of the value received in that particular experience. This might be in a positive direction or a negative direction. Essentially, customers are seeking, in an abstract sense, to ensure the benefits they experience (e.g., ease of doing business, lack of necessary follow-up, consistent material throughout) are worth the sacrifices they make (e.g., monetary, psychological, time). As the trade-off appears to shift, reevaluations are made. In the positive direction, customers might perceive their benefits are increasing or sacrifices are decreasing. In the negative direction, customers may perceive that sacrifices are increasing or benefits are decreasing.

Therefore, changing (increasing or decreasing) the benefits or sacrifices the customer experiences are likely to alter their value judgments. Additionally, changes in the specific product or service use situation (e.g., plant emergency as opposed to normal operations) are likely to alter value judgements. Essentially, supplier-located events have a higher likelihood of changing value judgments than do customer or environmentally located events. Furthermore, changes in values and desired value do not directly affect value judgments. Instead, they alter the customer's *satisfaction* with the value that was created (value judgment) through disconfirmation.

All three forms of value eventually affect customers' satisfaction with suppliers' specific products and services. In particular, changes in desired value or value judgments are likely to change customers' satisfaction

through a process known as disconfirmation. The next section provides a brief overview of satisfaction research and, in particular, disconfirmation theory.

CUSTOMER SATISFACTION OVERVIEW

Customer satisfaction is essentially a response to an evaluation of perceived product or service performance. It is based on customers' judgments of the value that has been created for them [52] and impacts outcome behaviors such as word-of-mouth, complaining, repurchase intentions, and loyalty. The loyalty and intentions outcomes are what customer retention refers to. Customer satisfaction research is dominated by a theory known as the disconfirmation paradigm [5, 29, 46]. The theory essentially states that customers arrive at satisfaction feelings and thoughts as a result of the comparison between perceived performance and some standard. More specifically, the customer compares a product's perceived performance to a standard, or set of standards, such as what was expected. If the focal brand's performance is seen as equal to (confirming) what was expected, the customer is satisfied. If the focal brand's performance exceeds (positively disconfirming) or falls short of (negatively disconfirming) expectations, the customer is very satisfied or dissatisfied, respectively.

Researchers have discovered that there are many standards of comparison customers use together or independently in evaluating suppliers [13]. Addressing the many standards that have been explored, as well as previous variations on the disconfirmation paradigm, is beyond the scope of this article. However, the standards that customers rely upon to assess the value they receive will impact their satisfaction with that value.

The disconfirmation paradigm has been altered here to reflect change within a customer. It has also been extended to include the three forms of value change as well as trigger events. Figure 2 basically proposes that changes in satisfaction responses (i.e., affect, cognition) result from changes in assessments of the value received (value judgment) and/or changes in what the customer wants to have happen (desired value). These value changes impact the level of disconfirmation perceived by the customer, thus changing satisfaction levels. The manner in which customers' satisfaction levels change over time continuously impacts the probability that they will be retained as a customer.

There are still many unresolved issues remaining in satisfaction research. Two of them are relevant to changes in

customers' perceptions of value. The first relevant issue is when the evaluation occurs at all. Although we have a much clearer view of the satisfaction evaluation process due to 20 years of research, we still do not have a thorough understanding of the events that trigger the evaluation process itself, despite calls for investigation into this issue for years [8, 51]. The second satisfaction issue relevant to value change comes primarily from practitioners. There are indicators that current satisfaction instruments, as used in many businesses, are not capturing the breadth and complexity of the issues that are important to customers [39], suppliers are not keeping pace with changes in these broad issues [12, 44], and customers who are "very satisfied" can be up to six times more likely to repurchase from a supplier than those who are "satisfied" [17]. Due to the relationship between value and satisfaction, better understandings of value change phenomena may help address these issues.

The following sections address the implications for both practice and research.

IMPLICATIONS

Future Practice

The proposed concepts and models can be used to guide the search for events in customers' environments that are likely to change their perceptions of value (i.e., values, desired value, value judgments). Through observation and analysis of how these events trigger changes in customers' perceptions of value, suppliers ought to be able to identify patterns of change specific to their customers. Combined with an understanding of how their customers are currently attempting to respond to changes they see in their future, suppliers ought to be able to act proactively in order to retain those customers. More specifically, we recommend suppliers follow the guidelines in Table 3.

Regardless of whether a supplier relies on a third party's prediction of macro trends to capture customers' changing needs, attempts to predict changing needs based on a thorough examination of forces expected to change those needs, or attempts to drive change themselves, an understanding of how value change actually takes place and the events that trigger it is necessary. Currently, few, if any, companies are actively classifying the trigger events as perceived by their customers that drive changes in their values, what they value, and their value judgments. Taking this step will assist companies

Suppliers must be proactive to retain customers.

in responding to the events most likely to impact their customers, thus strengthening their relationships with them. Furthermore, although supplier-located events are not expected to drive desired value change as much as they are value judgment change, there is no reason why suppliers cannot actively seek to drive desired value change. To do so effectively however, requires understanding how certain kinds of changes will impact one's own customers specifically. Given this understanding, suppliers ought to be able to raise their customers' awareness of opportunities that exist in their environment as well as demonstrate that they can and do create value for their customers that their customers were previously unaware of.

Future Research

The proposed model has yet to be empirically tested. Nor has any qualitative research in the marketing literature generated any other theories specifically addressing customer value change. Future research must take multiple approaches to attacking the problem of value change in industrial relationships. Essentially, research is in the exploratory stage of the scientific process with respect to value change. Therefore, two approaches can be taken: one qualitative and discovery oriented, the other preliminary theory testing.

In one sense, in-depth field investigations relying on many qualitative methods (e.g., grounded theory, interviews, participant observation, plant tours, case studies, ethnography) ought to be conducted to develop value change theories. A potential research question guiding this kind of research might be: how and why do key decision-makers in customer firms of industrial supply relationships change their perceptions of value over time? Additionally, the model proposed here ought to be tested using more quantitative methods (e.g., surveys). Recall that this model reflects a longitudinal perspective, value change within a customer across time. Therefore, temporal perspectives must be captured. To accomplish this, the constructs (i.e., supplier trigger events, customer trigger events, environmental events, values, desired value, value

judgments, satisfaction, and customer retention) must be clearly defined and operationalized. Several of these will require scale development. A possible research question guiding such a study might be: what are the independent

TABLE 3
Trigger Tracking Guidelines

Gather information
Identify and document instances of trigger events using internally available information for events located in each of three areas discussed. For example, look for:
Supplier-located events (within your own company)
Products (e.g., quality excursions/improvements, pricing, availability)
Services (e.g., logistics attributes, service quality, procedures)
Personnel (e.g., personnel turnover, training, availability)
Customer-located events
Strategic level (e.g., ownership, executive attends critical seminar, restructure)
Operational level (e.g., new management teams, new facilities, finances)
Tactical level (e.g., purchasing agent, equipment problems, negotiation plans)
Environmentally located events
Macroenvironment (e.g., regulation, technology, equipment, natural events)
Customers' competitors (e.g., new products and services, pricing)
Channel relationships (e.g., new customers, partners, new customer needs, new markets)
Identify and document your response as a supplier to these events
Identify and document your perceptions of customers' responses to the above events
Identify and document any changes in share of their business customers have awarded you
Identify and document any instances of explicit statements by customers of change in what they need (the benefits they desire)
Meet with customers and obtain their insights on the issues identified
Look for patterns and use to project forward
Look across the information documented and seek patterns of behavior and value change
Use the patterns in combination with potential events (expected/likely or not) that fit the categories in Figure 1 to predict what customers' responses might be to future events
Develop plans
To respond to potential emergency events (for each event location)
To respond to specific kinds of events that are not emergencies (e.g., meet with new owners, obtain customer input for any changes planned)
To collect necessary information for value change prediction and response on a regular basis
To predict potential changes on a regular basis
To drive value changes that fit core competencies

and combined effects of various trigger events on customers' perceptions of value and how do those perceptions impact satisfaction with and loyalty to suppliers?

SUMMARY

This article proposed that suppliers need to understand how their customers' perceptions of value are changing to design strategies that will keep them in front of their competition in responding to and driving the forces of value change, thus retaining current customers. Current normative procedures designed to assist businesses in predicting what their customers will need in the future are not based on empirically backed theoretical understandings of exactly how customers' needs change. The state of the art in customer satisfaction and value research has also yet to thoroughly address the processes of changing customer perceptions of value. The proposed model, which builds on this satisfaction and value research, offers a place for both suppliers and researchers to begin in the identification of events and processes that will impact customers' perceptions of value and, eventually, customer retention.

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