

The value of value: Further excursions on the meaning and role of customer value

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ABSTRACT

Grounded on fundamental marketing principles, the concept of customer value has been revisited and refined by academicians and practitioners for the last 30 years. However, research devoted to achieving a consistent theoretical and conceptual development of value-related concepts has proceeded apace without ever reaching full closure. The present essay seeks reasons behind remaining deficiencies in value-related research and offers a review intended to move our understanding of customer value toward what promises to become a more enlightened future. The topic of value is approached by theoretical analysis and conceptual development. First, “the challenge” of value research is presented: the researcher faces a topic that is central to the marketing discipline but that suffers from various conceptual and methodological difficulties. Second, among the literature on value from the last three decades, two main research areas are selected: the conceptual delimitation and the methodological links between quality, satisfaction, and value. Third, as a conclusion, we identify several streams of research that promise to expand future knowledge in the area of customer value. Several tables and figures that provide a systematic and structured review of value-related knowledge support this inventory of the state-of-the-art in value research. Even the most patient theoretical development of value-related concepts tends to resist full conceptual closure. The breadth of customer value and its richness for marketing implications encourage novel and refreshing approaches.

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INTRODUCTION

What first attracts the attention of any marketing researcher interested in the concept of customer value is its increasingly unanimous recognition as an imperative focus for both practitioners and researchers (Nilson, 1992; Ostrom and Iacobucci, 1995; Jensen, 1996; Woodruff and Gardial, 1996; Heskett *et al.*, 1997; Parasuraman, 1997; Day, 1999; Cronin *et al.*, 2000). Indeed, grounded on fundamental marketing principles, the concept of customer value has been revisited and refined by academicians and practitioners for the last 30 years. As occurred in the literature on quality or customer satisfaction during the 1980s and 1990s, the research devoted to achieving a consistent theoretical and conceptual development of value-related concepts has proceeded apace without ever exhausting interest in the relevant topics, much less arriving at definitive answers. With no claim to becoming normative, the present essay seeks reasons behind remaining deficiencies in value-related research – highlighting various shortcomings, suggesting what could be considered a consensus, and offering a review intended to move that current state-of-the-art into what promises to become a more enlightened future.

With this purpose, the paper is organized as follows. First, we present “the challenge” of value research – namely, that the researcher faces a topic that is central to the marketing discipline but that suffers from various conceptual and methodological difficulties. Second, among the literature on value from the last three decades, two main research areas are selected in order to indicate the major achievements

made in value research – especially those involving the conceptual delimitation and the methodological links between quality, satisfaction, and value. Third, as a conclusion, we identify several streams of research that promise to expand future knowledge in the area of customer value. This inventory of the state-of-the-art in value research is supported by several tables and figures that should prove useful as sources and summaries of information for future researchers.

THE CHALLENGE OF VALUE RESEARCH

Despite, the wide range of relevant theoretical and empirical works, the study of customer value continues to suffer from numerous remaining lacunae. Indeed, as a challenge that belies its unquestioned importance and relevance, the concept of value raises some difficulties that remain unsolved despite efforts by an imposing number of researchers in the search for a precise understanding of the value concept. Table 1 supports this conclusion by means of a chronological selection of opinions on this issue.

According to these opinions, we now analyze this challenge more carefully, focusing first on the relevance of value and second on the difficulties.

Why is value so crucial to marketing research?

As a starting point, our review has identified several potential sources of importance that help explain the reasons why the concept of value is crucial to the marketing community.

First, the concept of value has meaningful epistemological implications for marketing as a discipline. Its significance has evolved from the development of two pivotal dimensions

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Table 1. The challenge of value research – selected opinions on its relevance and difficulties

Holbrook and Corfman (1985)
<i>"Our difficulties in defining quality have indicated a need to consider this concept within the broader context of the general theory of value or axiology. . . . Yet, with rare exceptions. . . , consumer researchers have neglected work in axiology"</i> (p. 40).
Zeithaml (1988)
<i>"Research efforts have been criticized for inadequate definition and conceptualization, inconsistent measurement procedures, and methodological problems"</i> (p. 2).
<i>"Consumers' perceptions of price, quality and value are considered pivotal determinants of shopping behavior and product choice"</i> (p. 2).
Dodds et al. (1991)
<i>"Though marketing managers are interested on what influences consumers' perceptions of value, researchers rarely have investigated or measured the concept of perceived value"</i> (p. 307).
Holbrook (1994)
<i>"But despite this obvious importance of customer value to the study of marketing in general and buyer behavior in particular, consumer researchers have thus far devoted surprisingly little attention to central questions concerning the nature of value"</i> (p. 22).
Lai (1995)
<i>"Creating superior customer value is a necessary condition for a company securing a niche in a competitive environment, not to mention a leadership position in the market"</i> (p. 381).
<i>"A theoretical framework which underlies the consumer overall product valuation is still missing in the literature"</i> (p. 381).
Anderson (1995)
<i>"The essential purpose for a customer firm and a supplier firm engaging in a collaborative relationship is to work together in ways that add value or reduce cost in the exchange between the firms"</i> (p. 348).
<i>"The mechanism underlying them (value creation and value sharing) and the methodologies for accurately assessing them remain largely unknown"</i> (p. 360).
Zeithaml and Bitner (1996)
<i>"The customer priority of the 1990's is turning out to be value"</i> (p. 33)
<i>"Value is an amorphous concept that means different things to different customers"</i> (p. 33)
Woodruff and Gardial (1996)
<i>"In fact, both value and satisfaction provide the conceptual foundation for an expanded process for learning about consumers"</i> (p. xvi).
<i>"Clearly distinguishing customer value from customer satisfaction is important because individuals and businesses are far more familiar with the later and may mistakenly confuse the two"</i> (p. 85).
Jensen (1996)
<i>"Some of the more recent contributions originating from consumer research reflect a growing interest in examining different aspects of customer value, but these studies have not yet resulted in unambiguous interpretations neither of what these aspects in fact represent, nor of their normative implications for marketing strategy"</i> (p. 60).
Slater (1997)
<i>"Marketing scholars have neglected to organize our theoretical frameworks into a comprehensive (value-based) theory of the firm"</i> (p. 162).
<i>"As marketers, we should be committed to the proposition that the creation of customer value must be the reason for the firm's existence and certainly for its success"</i> (p. 166).
Gabbott and Hogg (1998)
<i>"Only by understanding how value is achieved can goods and services be designed in such a way as to attract customers"</i> (p. 7).
<i>"What is less clear and of central importance, is why consumers desire the goods and services on offer and what is the nature of the value that they place on, or receive from them"</i> (p.7).
Peck et al. (1999)
<i>"The starting point of any relationship marketing program should be the clear definition and specification of the precise nature of the value to be delivered customer by customer"</i> (p. 421).
Holbrook (1999)
<i>"The nature and types of consumer value constitute the essential foundation and fundamental basis for both the academic study and the managerial practice of marketing. Yet, paradoxically, remarkably little attention has been devoted to the problem of understanding the philosophical and empirical underpinnings of a concept that plays such a critical role in the formulation of our discipline"</i> (p. xiii).
Cronin et al. (2000)
<i>"To date the study of service quality, value and satisfaction has dominated the services literature"</i> (p. 193).
<i>"Although a consensus is beginning to emerge for some topics, others remain unresolved"</i> (p. 195).
Day and Crask (2000)
<i>"Although a core concept in marketing, surprisingly little is known about what value is, what its characteristics are, or how customers determine it"</i> (p. 42).
<i>"The importance of understanding customer value is underscored in numerous journal articles, conference presentations, books, and discussions in the business press"</i> (p. 42).
Sweeney and Soutar (2001)
<i>"Despite value's importance, however, there has been little empirical research to develop an in-depth understanding of the concept. Even less research has focused on specifying its domain or on developing a practical and operational value scale"</i> (p. 204).
Petrick (2002)
<i>"Current efforts to measure perceived value have shown it is difficult to quantify value"</i> (p. 122).
<i>"The construct of perceived value has been identified as one of the most important measure for gaining competitive edge and has been argued to be the most important indicator of repurchase intention"</i> (p. 119).
Al-Sabbahy et al. (2004)
<i>"Despite its strategic importance for marketing, perceived value has not received sufficient attention in the literature"</i> (p. 226).

(Continues)

Table 1. (Continued)

Wang <i>et al.</i> (2004)
<i>"Although the significance of customer value is widely recognized, the growing body of research about customer value is quite fragmented and the definition of customer value is divergent"</i> (p. 327).
Lin <i>et al.</i> (2005)
<i>"Customer perceived value is an imperative that firms must pay attention to, and has become a major focus of interest in marketing. Despite the interest, empirical operationalization of perceived value remains unsettled"</i> (pp. 318–319).
Feng and Morrison (2007)
<i>"In both relationship marketing and tourism marketing research domains, creating customer value has been gradually more regarded as the next source of competitive advantage, where customer perceived quality is commonly recognized as a significant and positive antecedent. However, limited research exists on how customer quality influences value for the organization engaging in the relationship"</i> (p. 589).
Lee <i>et al.</i> (2007)
<i>"Although perceived value has received growing attention, no clear and widely accepted definition of the concept yet exists"</i> (pp. 204–214).
Brennan and Henneberg (2008)
<i>"Although the concept of 'value' is an ancient one which has been developed extensively over many centuries, largely by philosophers and economists, the concept of 'customer value' is a comparatively recent subject of investigation within the marketing literature"</i> (p. 563).
Sparks <i>et al.</i> (2008)
<i>"Without value, there is little likelihood of any market development of sustainability. Yet research into consumer value is still underdeveloped"</i> (p. 98).
Hu <i>et al.</i> (2009)
<i>"Although previous studies have addressed the importance of service quality, perceived value satisfaction and image, the precise nature of the relationships that exist between these constructs and the understanding of their effect on customer behaviour still remains a key issue"</i> (Summary).

of consumer behavior – the *economic* dimension (where value is linked to perceived price through what is known as *transaction value*) and the *psychological* dimension (where value relates to the *cognitive and affective influences* on product purchase and brand choice).

One of the earliest research efforts on the concept of customer value was Thaler's (1985) pioneering work on the value function, based on both cognitive psychology and economic theory. Other recent contributions have reasserted the importance of correctly conceptualizing value in economics, with an emphasis on the subjective as opposed to objective nature of value (e.g., Stuhr, 2003). Indeed, the concept of value is fundamental to marketing theory and, therefore, to an understanding of consumer behavior. For example, the foundational work of Kotler (1972) defines marketing as a process based on exchanges in which each party gives up something of value in return for something of greater value. Similarly, Hunt (1976) concentrates on the transaction of values. In that spirit, the most recent definition of "marketing" adopted by the American Marketing Association strongly emphasizes the role of "value" (AMA, 2004):

Marketing is an organizational function and a set of processes for creating, communicating, and delivering **value** to customers and for managing customer relationships in ways that benefit the organization and its stakeholders (*italics added*).

Second, the concept of consumer value is inextricably linked to major marketing-related constructs such as perceived price, service quality, or customer satisfaction. First in time, psycho-economic theories of price–value judgments are at the foundation of all seminal works on perceived value. Based on studies by Monroe and colleagues (Dodds and Monroe, 1985; Monroe and Chapman, 1987; Monroe, 1990) the dichotomy of transaction value versus acquisition value is a key point in all value research and is normally related to price perceptions (e.g., Jayanti and

Ghosh, 1996; Kwon and Schumann, 2001; Al-Sabbahy *et al.*, 2004). Lately, in the early 1990s, the efforts made in the services literature to deepen our understanding of the differences between quality and satisfaction led very often to an emphasis on the concept of value (e.g., Bolton and Drew, 1991: p. 383; Cronin and Taylor, 1992: p. 65; Ostrom and Iacobucci, 1995: p. 17). In the second half of the decade, the debate shifted to issues concerning the conceptual differences between satisfaction and value as key aspects of consumer behavior (Woodruff and Gardial, 1996; Parasuraman, 1997; Woodruff, 1997; Weinstein and Johnson, 1999).

Third, the value construct helps to explain different facets of consumer behavior that occur both *before* and *after* the purchase itself – for example, purchase intention (Dodds and Monroe, 1985), product selection (Zeithaml, 1988), brand choice (Arvidsson, 2006), and repeat purchase (Nilson, 1992). Moreover, much or most of Relationship Marketing is based on a newly understood concept of value, again placing value at the core of the contemporary approach to serving customers (Ravald and Grönroos, 1996; Peck *et al.*, 1999; Lin and Wang, 2006). In fact, The Relationship Marketing perspective offers a particular view on the value concept that emphasizes both the affective commitment to a service provider (Pura, 2005) and repeat-purchase or repatronage intentions (Petrick, 2003). As both perspectives are relevant for a comprehensive understanding of loyalty behavior (Dick and Basu, 1994), perceived value is very often viewed as a positive influence on loyalty (Cronin *et al.*, 2000; Oh, 2003; Grace and O'Cass, 2005) in both academic research (Parasuraman and Grewal, 2000) and marketing management (Bolton *et al.*, 2000).

Fourth, the concept of value has been recognized as fundamental to our understanding of marketing management (Nilson, 1992; Gale, 1994; Day, 1999). Slater (1997: p. 162) considers "the need of redeveloping a customer value-based theory of the firm that will organize classical theoretical frameworks more comprehensively." From a managerial point of view, the concept of value is inextricably linked to

three key strategic marketing principles – market segmentation (Tellis and Gaeth, 1990); product differentiation (Heskett *et al.*, 1997); and brand positioning (Gale, 1994; Arvidsson, 2006). Indeed, when seeking a differential advantage by positioning the firm's brand as close as possible to the ideal point of an unsatisfied segment of buyers, it makes sense to regard the ideal point as the combination of features-attributes-and-benefits that provides maximum consumer value for the relevant customer segment (Holbrook, 1995). Thus, maximal customer value has consistently been viewed as a key for gaining a differential or competitive advantage (Gale, 1994; Woodruff and Gardial, 1996; Woodruff, 1997; Day, 1999; Weinstein and Johnson, 1999; Arvidsson, 2006).

Fifth, with further managerial relevance that extends to macro-level issues of social responsibility and public policy, some authors have identified an ethical justification that stems from the link between marketing activities and the value concept – arguing that, if we view exchange as “a transaction involving two agents in which each agent gives up something of value in return for something of greater value,” then we must conclude that “*marketing activities ... are socially justified* because (if we neglect economic externalities involving third parties) everyone is better off after the exchange than before” (Holbrook, 1994: p. 22). On this logic, “companies that measure value ... will make a superior contribution to society” (Gale, 1994: p. xv) because “improving the perceived value of products and services increases the total standard of living” (Nilson, 1992: p. 176).

Sixth and overall, it appears that the concept of customer value is both *synchronically* and *diachronically* important for the study of marketing. On one hand, from the *synchronic* perspective (viewed at a moment in time), customer value provides the axiomatic roots of marketing as a discipline related to the exchange relationship itself and to the nature of products-and-services offered in a market. On the other hand, from the *diachronic* viewpoint (pertaining to changes over time), the various paradigm shifts in marketing thought have

often or even always, in some way, embraced the notion of consumer value. From a dynamic point of view, the customer-orientation voiced by Levitt (1960) in his famous excursus on “Marketing Myopia” depended on a subjectivist and arguably one-sided concept of customer value (Holbrook, 1994, 1999). More recently, Zeithaml and Bitner (1996) have suggested that “the customer priority of the 1990's turn[s] out to be value” (p. 33). Now, in the latest paradigm shift, Vargo and Lusch (2004) present a service-dominant conceptualization that we might encompass and subsume under the concept of customer value (Holbrook, 2006; see also Grönroos, 2008). Due to this double-sided synchronic/diachronic importance of customer value, the marketing community has maintained an abiding interest in aspects of this concept for more than 40 years so that, over time, the concept of customer value has evoked sustained attention from marketing and consumer researchers. Nevertheless, as Table 1 documents chronologically for authors interested in value research, we find a continuous lament concerning the lack of solid conceptual frameworks or firm empirical foundations. Paradoxically – despite the “value of value” (i.e., the striking gains in understanding that await increasingly rigorous exploration of the value concept) – difficulties in value research remain unresolved and sometimes appear endemic to the very notion of value itself.

Why researching value is still so difficult?

Most of the difficulties in the study of consumer value are conceptual and stem from the nature of value as an abstract concept with different meanings scattered through a sketchy literature that turns out on close examination to be highly multivocal or ambiguous (Zeithaml, 1988; Dodds *et al.*, 1991; Lai, 1995; Woodruff, 1997). Consequently, any empirical approach to value assessment should be preceded by ground-up theory-driven value conceptualization (Lin *et al.*, 2005). As shown by Figure 1, this conceptual idiosyncrasy or methodological quirk of the value research has caused a vicious circle for researchers, compromising the

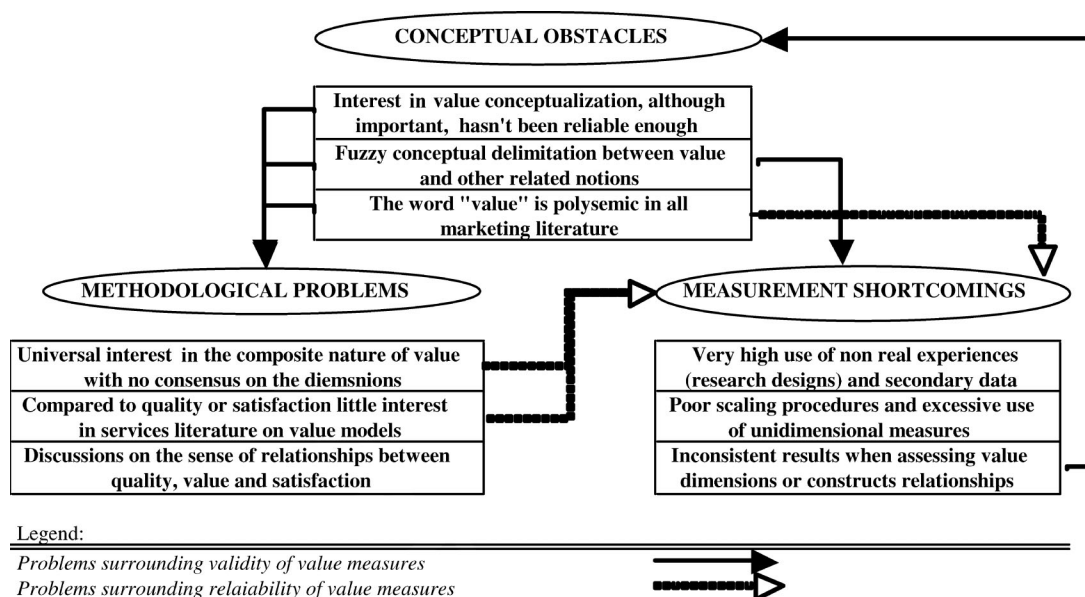


Figure 1. Difficulties surrounding value research.

reliability and validity of value measures. That is, conceptual obstacles (e.g., polysemia, insufficient delimitation from related constructs, and a lack of consistency in value definitions) lead to problems with the validity of value measures (e.g., confusion concerning the best methodological procedures for assessing value). In turn, methodological problems (e.g., number of value dimensions, structure of the models of value, and uncertainty regarding the links between satisfaction and value) threaten the reliability of quantitative value measurements. And, finally, such measurement shortcomings (e.g., lack of agreement on the scaling of value dimensions) further confuse the conceptualization of value.

Conceptual obstacles

The interest in value conceptualization, though wide in recognition of its importance, has lacked consistency – in part, because the value concept is multifaceted and complex, with different meanings not only among consumers (Zeithaml, 1988) and practitioners (Woodruff and Gardial, 1996) but also among researchers themselves (Lai, 1995). Even after more than two decades of research, we still find sentences such as: “Customer value is a contested concept, so that there is no clear consensus on a definition” (Brennan and Henneberg, 2008: p. 562). Innumerable definitions of customer value have been proposed (e.g., Holbrook and Corfman, 1985; Zeithaml, 1988; Dodds *et al.*, 1991; Gale, 1994; Holbrook, 1994, 1999; Lovelock, 1996; Oliver, 1997; Woodruff, 1997; Monroe, 2003; Snoj *et al.*, 2004). Among these, we highlight the proposal by Zeithaml (1988: p. 8), an oft-cited and thus extremely influential paper that interprets value as “the consumer’s overall assessment of the utility of a product based on the perceptions of what is received and what is given;” this straightforward conceptual approach has provided one of the most universally accepted definitions of customer value and has thereby influenced a stream of studies focused on the “get-versus-give” trade-off (e.g., Gale, 1994; Lovelock, 1996; Monroe, 2003; Martín-Ruiz *et al.*, 2008). Nevertheless, this get-versus-give perspective is not necessarily the preferred way of conceptualizing value – especially when considering the need for a multidimensional approach. For example, the conceptualization proposed by Holbrook (1994, 1996, 1999, 2006; Holbrook and Corfman, 1985) and referred to as an *axiology* (that is, a judgment of goodness/badness) pursues a philosophical approach that encompasses both a definition of the nature of customer value (viewed as “an interactive relativistic preference experience”) and a typology of the relevant value categories. Arguably, Holbrook’s views concerning the multiple dimensions of value have contributed to a more comprehensive understanding of all facets of consumption. The contrast between the get-versus-give and multidimensional approaches indicates the richness and complexity of the value concept – namely, that any of the value categories can be considered a value perception in itself (Oliver, 1999). Indeed, we believe that conceptually rigorous definitions and multifaceted typologies must go hand in hand because there is a need for understanding the concept of value in a way that emphasizes the inter-relationships and contrasts among its

various types: “One can understand a given type of value only by considering its relationship to other types of value” (Holbrook, 1999: p. 4; see also Sweeney and Soutar, 2001: p. 205).

Indeed, Holbrook (1994, 1999) has emphasized that value-related terms are used in ways (psycholinguistic performance) that may depart dramatically from their philosophical conceptualization (linguistic competence). In this connection, confusion between “value” (singular) and “values” (plural) occurs too often, though authors such as Klamer (2003) and Stuhr (2003) have addressed this topic, shedding light on the differences between such terms as “values,” “valuations,” and “valorization.” For example, another potential source of misunderstanding comes from the discrepant meanings of the word “value” in two marketing-related domains – consumer behavior and marketing strategy (Lai, 1995). Conceptually, “consumer value” refers to the possession-and-consumption of products-and-services and is more explicitly or precisely referred to as “perceived value.” For marketing strategy, value focuses on an assessment made by the customer in choosing a brand and refers to the basis for achieving a differential advantage by maximizing “customer value.” But one meaning cannot be separated from the other because, ultimately, “understanding the salient antecedents and consequences of consumer value can probably be considered as the most fundamental prerequisite for sustainable competitive advantage” (Jensen, 1996: p. 60). (Here, we disregard confusing uses of the term “customer value” to refer to the financial worth of a customer to the firm – a careless misappropriation of pre-existing terminology that strikes us as badly in need of careful rethinking.)

Methodological problems

Although the concept of value is an old one, many authors have recognized, as shown in some of the quotations of Table 1, a lack of interest in modeling and measuring perceived value (Zeithaml, 1988; Dodds *et al.*, 1991; Jensen, 1996; Holbrook, 1999). Most authorities agree on the multidimensionality of consumer value. However, while suggesting innumerable ways of understanding consumer value as a multidimensional phenomenon, the literature offers no consensus on the number or nature of the relevant dimensions involved. For example, one widely used approach features a value-for-the-money scale (Dodds *et al.*, 1991). Meanwhile, the twofold distinction between transaction and acquisition value has been continuously adapted and refined (e.g., Jayanti and Ghosh, 1996; Grewal *et al.*, 1998a, 1998b; Kwon and Schumann, 2001; Al-Sabbahy *et al.*, 2004). Other authors, drawing on the work by Holbrook and colleagues (Holbrook and Hirschman, 1982; Holbrook and Corfman, 1985), have investigated the twofold contrast between hedonic and utilitarian value (e.g., Babin *et al.*, 1994; Babin and Kim, 2001; Lee *et al.*, 2007; Diep and Sweeney, 2008). In a more complete approach – based on the framework proposed by Sheth *et al.* (1991) – Sweeney and Soutar (2001) consider the threefold distinctions among functional value (price/value ratio, performance quality); social value; and emotional value. Omitting the active/reactive distinction emphasized by Holbrook (1994, 1999),

the Sweeney–Soutar threefold scheme bears some resemblance to the fourfold categorization favored by Holbrook (2006): economic value, social value, hedonic value, and altruistic value. Meanwhile, Petrick's work (2002, 2003) ups the ante to five categories meant to apply to all services (behavioral price, monetary price, emotional response, quality, and reputation) – with a rapid echo among the most recent authors interested in tourism services (e.g., Nasution and Mayondo, 2008). Proceeding farther, Holbrook (1994, 1999, 2006) has pushed the limits to eight types: excellence, efficiency, status, esteem, play, aesthetics, ethics, and spirituality. Anyone for nine? Ten? Twelve? Sixteen? A cynic might conclude that, clearly, the number of relevant distinctions or dimensions and the resulting proliferation of types or categories reflect as much about the imagination of the various researchers as they do about the fundamental nature of the value concept itself.

Measurement shortcomings

Due to the manifest complexity of the value concept, many authors have noted a significant gap between research on the concept of value and empirical attempts at modeling and measuring value-related experiences (Zeithaml, 1988; Dodds *et al.*, 1991; Anderson, 1995; Sweeney and Soutar, 2001; Arvidsson, 2006). This gap reflects what Arvidsson (2006: p. 133) has called “the fundamental immeasurability of values.” Recently, various approaches have sought to address this problem by providing reliable and valid indices of value (Mathwick *et al.*, 2001; Sweeney and Soutar, 2001; Petrick, 2002; Lin *et al.*, 2005; Martín-Ruiz *et al.*, 2008). But such measures often fail to capture the full multidimensional richness of the value concept. Parasuraman's (1997: p. 160) opinion is still valid: “In view of the construct's complexity and richness, operationalizing customer value in its entirety and developing one standard scale to capture all of these nuances may pose a challenge.” Thus, while the aforementioned authors have proposed several multidimensional conceptual approaches during the past few decades, some empirical work still employs one-dimensional measures of value (e.g., Bojanic, 1996; Murphy and Pritchard, 1997; Sirohi *et al.*, 1998; Oh, 1999; Caruana *et al.*, 2000; Kashyap and Bojanic, 2000; Brodie *et al.*, 2009). Additionally, various empirical studies have produced inconsistent results, indicating that the nature of the relevant value dimensions hinges delicately on the type of product or service investigated. Also – because value is considered a highly individualistic, relativistic, and idiosyncratic aspect of a consumer's behavior – such personal differences tend greatly to complicate the task of achieving adequate generalizability of measures across people.

Having proposed the existence of various challenges to the researcher concerned with the concept of customer value, we may now highlight the bright spots and shadows of value research concerning two main contributions to value research: conceptual research on quality, value, and satisfaction and means-end models of value and related constructs. Then we shall conclude on some potentially promising future orientations for both researchers and practitioners interested in customer value, as well as giving

some personal speculations on the future directions that value research might take.

MAIN CONTRIBUTIONS IN VALUE RESEARCH

In the research on customer value, at this stage, two factors have contributed most productively to overcoming the aforementioned conceptual and methodological challenges. We shall describe and illustrate these two aspects that appear ripe for exploration – namely, (1) conceptual research on the differences between quality, value, and satisfaction and (2) models with a means-end structure that captures key contributions from previous work on the links between value and related constructs.

Conceptual research on quality, value, and satisfaction

Research appearing over the last couple of decades has provided a better understanding of the conceptual and methodological relationships between quality, value, and satisfaction. Though customer satisfaction and consumer value apply to both tangible and intangible offerings, the emphasis in their study has most often been placed on service settings. Indeed, the links and associations between service quality and customer satisfaction have been investigated in great depth, while perceived value has remained a comparatively neglected aspect of customers' service experiences (Berry and Yadav, 1997; Caruana *et al.*, 2000; Petrick, 2002). Figure 2 encapsulates our review of the literature on the conceptual links between these three constructs. In the late 1980s and early 1990s, many authors have claimed that the three concepts are not well differentiated and therefore remain ambiguous (Zeithaml, 1988; Dodds *et al.*, 1991; Lai, 1995; Parasuraman, 1997) – especially in the case of marketing practitioners, who fail to distinguish among the three terms and tend to use them interchangeably (Gale, 1994; Caruana *et al.*, 2000). We might thus regard quality, value, and satisfaction as “hybrid constructs” – a polite term for “fuzzy concepts” – in the sense that one is usually conceptualized with reference to the others. We attempt to overcome this confusion of terminology by treating each pair of concepts independently in the following paragraphs.

Quality versus satisfaction

During the 1980s and 1990s, a lively and heated debate in the services-marketing literature has concerned the definition and measurement of service quality and customer satisfaction (Parasuraman *et al.*, 1988; Cronin and Taylor, 1992). As shown in Figure 2, the two concepts are rather different in at least three senses. First, as a matter of broad consensus, quality does not depend on experience, whereas satisfaction judgments are always post-consumption and experience-based (Ngobo, 1997; Oliver, 1997; Giese and Cote, 2000). Second, the dimensions underlying quality are fairly specific (mostly cognitive), while satisfaction judgments cover a broader range of dimensions (both cognitive and affective) that include quality aspects as one key component (Caruana

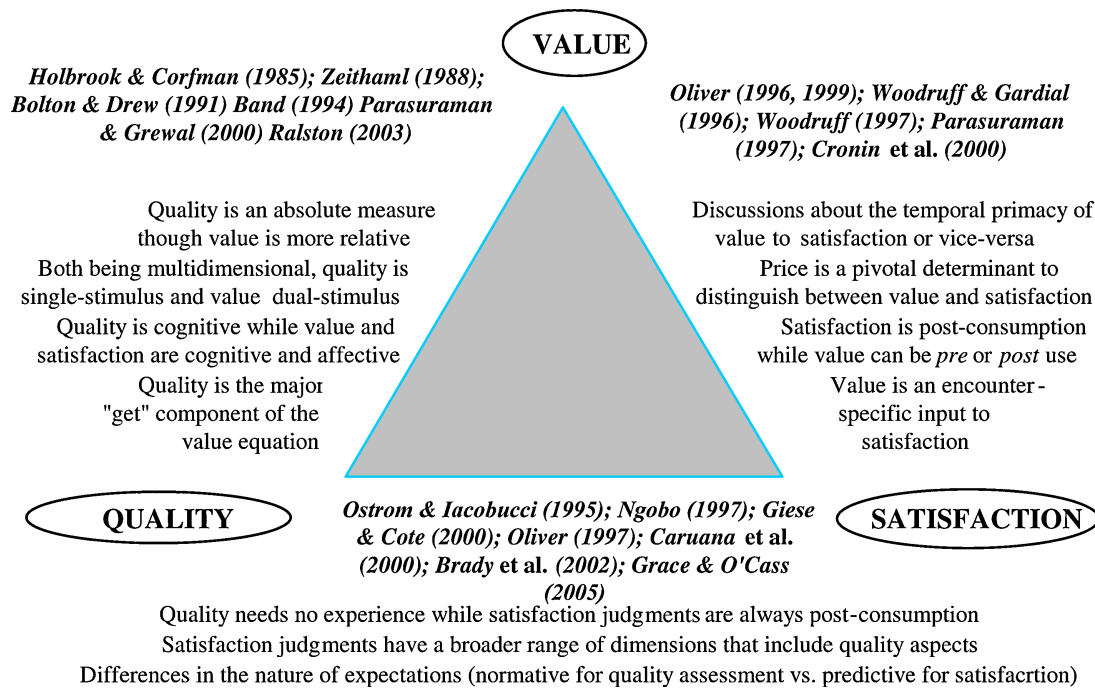


Figure 2. Conceptual delimitation between value, quality, and satisfaction.

et al., 2000; Grace and O'Cass, 2005). Third, though both concepts depend on the (dis)confirmation of expectations, these differ in their nature – positive or descriptive for quality assessment as opposed to normative or prescriptive for satisfaction. Pushing beyond these important differences between quality and satisfaction, the further research has introduced other constructs such as perceived value (Caruana *et al.*, 2000; Parasuraman and Grewal, 2000). For example, Ostrom and Iacobucci (1995: p. 17) suggest that “this comparative conceptualization between satisfaction and quality is particularly interesting in light of the literature on value.” Thus, value offers new insights for a better and more comprehensive understanding of quality- and satisfaction-related constructs.

Quality versus value

We have previously mentioned how, during the 1990s, various authors with an interest in service quality recognized the centrality of perceived value to the customer's service experience (Bolton and Drew, 1991; Cronin and Taylor, 1992). During the same period, the search for advantage beyond quality has also led managers and marketing practitioners to embrace the broader concept of customer value (Nilson, 1992; Gale, 1994; Lovelock, 1996; Woodruff and Gardial, 1996). Hence, from both the scholarly and the managerial perspectives, the concept of value has tended to displace the more narrow focus on service quality. In general, quality is an absolute measure, whereas value is more relativistic and individualistic (Zeithaml, 1988; Holbrook, 1994, 1999; Caruana *et al.*, 2000) and thus more flexible and adaptable to explaining changes in the behavior of consumers (Holbrook, 1996; Gabbott and Hogg, 1998). Besides, though both are multidimensional, quality is a single-stimulus concept (all positive), whereas value can be a

dual-stimulus phenomenon (with both positive and negative components) – as, for example, when it involves a quality/price trade-off or a calculation of benefits-minus-costs (Oliver, 1999). Thus, marketing scholars show a broad consensus on the conceptual nature of quality as one (and probably the major) “get” component of value. Additionally, quality is only a cognitive assessment, compared to other evaluations with both cognitive and affective aspects, such as satisfaction or value (Oliver, 1997; Giese and Cote, 2000). Researchers' focus has thus shifted toward a preoccupation with the conceptual and methodological links between satisfaction and value.

Value versus satisfaction

Most of the recent scholarly research on perceived value includes some discussion of the temporal primacy of value and satisfaction or *vice versa* (Parasuraman, 1997; Woodruff, 1997; Oliver, 1999). It appears more common to understand value as an antecedent of satisfaction, rather than satisfaction as an antecedent of value, so that many authors consider value as an encounter-specific input to satisfaction (Caruana *et al.*, 2000; McDougall and Levesque, 2000). Similarly, in the early research, value was considered only a *pre-purchase* phenomenon with satisfaction viewed as a *post-consumption* outcome (Oliver, 1980). But, more recently, the literature has considered both *pre-purchase* and *post-purchase* value (Jensen, 1996; Day and Crask, 2000) – as in the aforementioned value–satisfaction–value formulation (Oliver, 1999). Finally, as with quality, price can be considered a pivotal determinant to distinguish between value and satisfaction in the sense that satisfaction assessment makes no necessary reference to the price paid, whereas value determination generally hinges in part on the perceived price (Oliver, 1999) – alone or in combination with other

sacrifices, as in the view of convenience as a trade-off between utility and time (Holbrook, 1994, 1999). Overall, most contemporary theoretical proposals push the focus to a higher-order level of value – where, for example, “value becomes a superordinate concept subsuming quality” (Oliver, 1999: p. 58) or where “Customer Satisfaction Management needs to be backed-up with in-depth learning about customer value” (Woodruff, 1997: p. 139). These discussions reinforce the point emphasized by Parasuraman (1997: p. 155) concerning the need for more empirical research to reinforce any of these various theories intended to clarify the potential overlaps between quality, value, and satisfaction.

Research on the links between value and other constructs

A second promising methodological approach to the value concept corresponds to means-end models that deal with the relations between major behavioral constructs. Since Rust and Oliver (1994) stressed the major importance of emerging research on the links between quality, value, and satisfaction, the range of empirical studies on these interrelationships has blossomed.

Hence, as a second major aspect of value research, we propose Figure 3 to show a schema of the interconnections among key variables found in previous research (with a numbered list of relevant researchers provided for each connecting link). The main flow of effects – as established by numerous studies (listed by numbers) – moves from perceived quality and perceived price to perceived value to satisfaction to loyalty. However, many studies have shown that stages can be skipped – as when perceived quality, perceived price, or perceived value influences loyalty directly. Also, feedback effects have frequently appeared – as from satisfaction to perceived value or from loyalty to perceived value. Unfortunately, no one study – much less any body of programmatic work – has tested this full set of linkages simultaneously. Therefore, a full test of the overall path model – using structural equation modeling or some other suitable approach – remains a crucial goal for future research.

Among means-end models linking quality, value, and satisfaction, Zeithaml's (1988) proposal must be considered as a pioneering and comprehensive approach, although works by Monroe (1990) or Bolton and Drew (1991) also deserve attention. In general, in most proposals, the link between quality and value prompts a wide consensus among authors, quality being an input of value (Zeithaml, 1988; Monroe, 1990). Discussion on the link between quality and satisfaction has been a major subject during the last two decades in the services literature (e.g., Ngobo, 1997; Oliver, 1997; Cronin *et al.*, 2000; Brady *et al.*, 2002), although the quality–value proposal is probably more common.

In deed, the link between quality and value attains the widest consensus among both classical and modern researchers, who tend to regard quality as a key input to overall value (Dodds and Monroe, 1985; Teas and Agarwal, 2000; Snoj *et al.*, 2004). Meanwhile, discussion of the link between quality and satisfaction has also been a major issue

in the recent services literature (Cronin *et al.*, 2000; Brady *et al.*, 2002). With occasional exceptions such as Bolton and Drew (1991), many authors consider value as the richest and most complete explanatory antecedent of satisfaction (Fornell *et al.*, 1996; Caruana *et al.*, 2000; McDougall and Levesque, 2000; Babin and Kim, 2001), though others propose a satisfaction-to-value link (Petrick *et al.*, 2001; Petrick and Backman, 2002; Chiou, 2004) or even a more sophisticated nomological network of value concepts with theoretical value-to-satisfaction-to-value linkages (Oliver, 1999). Further, the cumulative insights of the services literature support the general notion that both value and satisfaction contribute to loyalty as a positive form of behavioral intention consistent with enhanced profits through lucrative customer retention (Cronin *et al.*, 2000; Parasuraman and Grewal, 2000; Chaudhuri and Holbrook, 2001). Consequently, with rare exceptions, a consensus exists to support a chain of linkages from quality to value to satisfaction to customer loyalty as a final outcome.

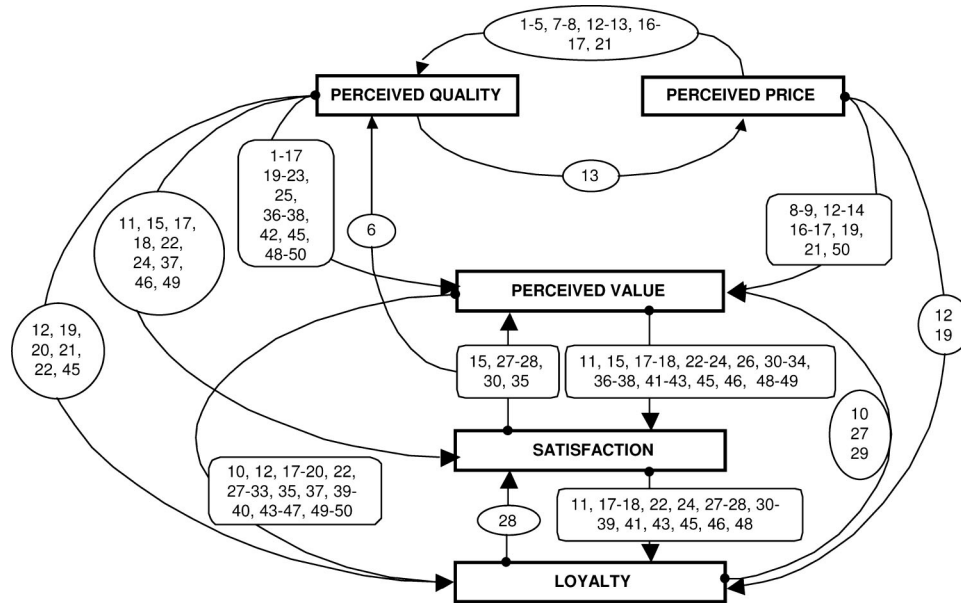
Tests of competing models assessing effects in one direction (value as an antecedent of satisfaction) versus the other (satisfaction as an antecedent of value) has suggested the new directions taken by some scholars (e.g., Chiou, 2004; Duman and Mattila, 2005).

A further project that might interest the research community concerns the need for broadening the focus on other antecedents of value (besides price and quality) in path modeling. Recent proposals extend the value–satisfaction–loyalty chain by investigating the effects of positive and negative value dimensions not only on the construct of perceived value but also on other classical behavioral outcomes such as satisfaction and loyalty (Wang *et al.*, 2004; Pura, 2005; Gallarza and Gil, 2006; Ledden *et al.*, 2007; Carpenter, 2008; Martín-Ruiz *et al.*, 2008; Sparks *et al.*, 2008). This sort of dual perspective on value measurement – adopting both an “intravariation approach” (assessing value dimensions) and an “intervariation approach” (linking value dimensions to other related measures) – appears to suggest a promising direction for research as a further step toward our enhanced understanding of value.

CONCLUSIONS AND DIRECTIONS FOR FUTURE RESEARCH

As this essay has shown, a challenge emerges when reviewing the literature on customer value. Specifically, though the crucial importance of the value concept is universally recognized, the number of studies that have grappled successfully with the nature and types of customer value is surprisingly sparse. Much room remains for future improvement in our understanding of value creation – both from the viewpoint of building a sound conceptualization and from the perspective of empirical validation. We believe that the crucial role of customer value concerns both members of the marketing community of practitioners and members of the academic community of scholars.

First, for scholars, we believe in the consecration of value as the most central topic at the core of marketing and



Authors	
1. Monroe & Krishnan (1985)	26. Babin & Kim (2001)
2. Doods & Monroe (1985)	27. Petrick et al. (2001)
3. Monroe & Chapman (1987)	28. Petrick & Backman (2002)
4. Zeithaml (1988)	29. Oh (2003)
5. Dodds et al. (1991)	30. Chiou (2004)
6. Bolton & Drew (1991)	31. Yang & Peterson (2004)
7. Monroe (1992)	32. Duman & Mattila (2005)
8. Li et al. (1994)	33. Grace & O'Cass (2005)
9. Chang & Wildt (1994)	34. Lin et al. (2005)
10. Wakefield & Barnes (1996)	35. Lin & Wang (2006)
11. Fornell et al. (1996)	36. Gallarza & Gil (2006)
12. Sirohi et al. (1998)	37. Um et al. (2006)
13. Grewal, Krishnan et al. (1998)	38. Chen & Tsai (2007)
14. Grewal et al. (1998)	39. Lee et al. (2007)
15. Oliver (1999)	40. Feng & Morrison (2007)
16. Sweeny et al. (1999)	41. Carpenter (2008)
17. Oh (1999)	42. Yuan & Wu (2008)
18. Tam (2000)	43. Ryu et al. (2008)
19. Kashyap & Bojanic (2000)	44. Chen & Tsai (2008)
20. Murphy et al. (2000)	45. Hutchinson et al. (2009)
21. Oh (2000)	46. He & Song (2009)
22. Cronin et al. (2000)	47. Cho & Shiu (2009)
23. Caruana et al. (2000)	48. Gallarza et al. (2009)
24. McDougall & Levesque (2000)	49. Hu et al. (2009)
25. Teas & Agarwal (2000)	50. Brodie et al. (2009)

Figure 3. The links between value-related constructs. A Review.

consumer research – especially when researching customer responses to services but, as noted earlier, where arguably all products are services. Indeed, in the service-related literature, aspects of customer value have eclipsed the focus on service quality precisely because the concept of value encompasses all aspects of the antecedents that determine the ultimate outputs of satisfaction or loyalty. Similarly to the efforts made for conceptual delimitation between value and satisfaction, we strongly believe that further knowledge of the conceptual and methodological links among value and loyalty is still to come. As Chu and Shiu (2009: p. 99)

recently declared, “the two (value and loyalty) coexist for a mutual goal of building a close relationship with customers.”

Second, we think there is still a need of conceptual delimitation between value and other notions considered as antecedents or sometimes dimensions of value: we are thinking about price and time. Traditionally, efforts to understand conceptual relationships between perceptions of price and value have been quite numerous, concluding how price is theorized as having an effect via objective monetary price as well as through perceived sacrifice due to the price paid. Thus, perceived price – along with other stimuli – is

“translated into a perception of perceived value.” This relation, though seminal to the value-research stream, is also a-temporal in that some price–value related concepts still capture the interest of contemporary researchers who revisit, through the value concept, such notions as “price fairness” (Oh, 2003); “internal reference price” (Al-Sabbahy *et al.*, 2004); or “value as worth what paid for” (Brodie *et al.*, 2009). Similar developments are needed in value-related research and will probably capture the interest of future researchers, regarding the relation between value and other notions such as time or even perceived risk.

Third, we also believe that academic researchers still need to progress in the hard work of conceptualizing the nature and types of customer value. Most primary approaches to the value concept reflect an in-depth understanding of the price–quality interface (e.g., Monroe, 1990). Customer value can be seen as a function of perceived quality in conjunction with price, where other preferential factors can be added for a more complete view (Ralston, 2003). In fact, the price–quality interface is the core of the value concept for all authors belonging to the “trade-off domain.” Nevertheless, relevant authors concede that when assessing the internal valuation process “at the uppermost level, cost is irrelevant” (Oliver, 1999: p. 50). In fact, in modern approaches of assessing value, price, and quality are less relevant than other antecedents, both sacrifices and benefits, with a richer cognitive and affective nature – such as time, novelty, or play (e.g., Schmitt, 1999; Heinonen, 2004; Duman and Mattila, 2005; Gallarza and Gil, 2006).

In that sense, recent proposals, incorporating the earlier literature, have moved toward a more flexible and dynamic understanding (Grewal *et al.*, 2003; Lin *et al.*, 2005; Arvidsson, 2006; Holbrook, 2006; Ledden *et al.*, 2007; Cho and SooCheong, 2008; Martín-Ruiz *et al.*, 2008). In particular, we anticipate the emergence of a truly interdisciplinary approach to the concept of value and to the process of value creation. In coming years, we expect that new theoretical insights into consumer value will draw on the synthesis of ideas from economics, psychology, sociology, anthropology, history, philosophy, the arts, and any number of other fields of inquiry.

Fourth, concerning value measurement, most of the confusion comes from a deficient comprehension of the difficulties surrounding the value concept, as Figure 1 showed. If the value concept is “elusive and individualistic,” researchers should decide very carefully what type of measurement is preferable according to the conceptual approach chosen, before accomplishing sophisticated measurement processes. According to Martín-Ruiz *et al.* (2008: p. 1287), “the choice to use higher order models depends on the researcher, because both types of models (higher and first-order) represent the same hypothetical construct. If the construct (i.e., service value) is the focus of the study researchers probably should identify all different aspects that reflect it separately. If the construct is not focal, the researcher faces a trade-off in terms of the number (and type) of measures to use to capture the construct versus obtaining accuracy in the measurement model.” We shall add to this statement the need for considering qualitative

approaches to assessing such an elusive and complex concept; qualitative research is an issue of underdeveloped interest among value researchers. We propose a more broad understanding of the way we “measure” value.

Fifth, marketing managers can fruitfully use their enhanced understanding of customer value to refine their approach to the provision of the benefits sought by consumers in terms of the number of relevant dimensions and the resulting proliferation of types or categories of value. Relevant areas of application would include:

- Brand-positioning strategies aimed at the attainment of differential advantage by offering maximal customer value as a combination of costs and benefits.
- The creation of advertising themes that emphasize the relevant aspects of value delivery according to value dimensions targeted for different market segments.
- Concept testing in new product development to design offerings based on maximum part-worth utilities of relevant product features and their interactions.
- Cross-selling in loyalty programs where consumers can organize their own customized offers by means of different and personal value indicators.
- Cause-related marketing strategies where social values are added to products and services in ways that trigger positive affective and cognitive consumer responses while benefiting society and the environment.

Indeed, we believe that a closer rapprochement between academic scholars and marketing managers can be achieved through the mutual appreciation of an important role for the value concept. This should encourage remarkable synergies for those companies whose search for excellence aspires to the achievement of better value creation for customers and, thereby, for all stakeholders. Perceptions of value delivery from managers and customers can be very different (Nasution and Mayondo, 2008). A correct understanding of the value co-creation process should consider value comparisons among all stakeholders’ perceptions (customers, shareholders, managers, employees, and so forth) in order to avoid classical marketing myopia and to assure effective customer-relationship management policies. Such issues again illustrate how radical the value concept can be, both for consumer research and for management.

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