

Reviewing and Conceptualising Customer-Perceived Value

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Abstract

Customer-perceived value is of concern for consumers wishing to make sound purchase choices, for practitioners who are keen to improve their customers' perceptions of value, and for researchers seeking to clarify the conceptual underpinnings of customer-perceived value and its relationship with other marketing variables. This paper synthesises the literature from marketing, economics, axiology and psychology to provide a holistic review of the customer-perceived value concept. Drawing on these sources facilitates deeper understanding and conceptualisation of customer-perceived value. Specifically, the paper seeks to understand customer-perceived value in both services and new shopping contexts, such as the online setting. The implications for researchers and managers are considered.

Key Words: Customer-perceived Value, Axiology, Psychology, Economics, Marketing

Biography

Connie Chang is Assistant Professor at the Graduate School of Business Administration, Meiji University (Japan). Prior to joining Meiji, she was a visiting lecturer at Coventry University (UK). She received her Ph.D. from Warwick Business School (UK) and has a special research interest in customer-perceived value in the service industry. Her current research project centres on country of origin in relation to customer-perceived value and is funded by the Japan Society for the Promotion of Science (JSPS).

Sally Dibb is Sally Dibb is Professor of Marketing and Director of the Institute for Social Marketing at the Open University Business School. Her research interests are in marketing marketing strategy, market segmentation and consumer behaviour, on which she has published extensively. She has written seven books and has published in the *Journal of the Academy of Marketing Science*, *European Journal of Marketing*, *Industrial Marketing Management*, *Services Industries Journal*, *Long Range Planning*, and *OMEGA*, among others.

Introduction

The products and services that consumers purchase are the outcomes of the consumer buying process, during which individuals assess the benefits and costs of acquiring the required products and services. As value judgements made about these items during this process are central to consumer decision making, value is of concern for consumers wishing to make sound purchase choices; for practitioners wishing to improve their customers' perceptions of value; and for researchers seeking to clarify the conceptual underpinnings of customer-perceived value and its relationship with other marketing variables.

Previous work raises concerns the complexity and divergence of the construct (Rust & Oliver, 1994). Rather than being a distinct concept in its own right, customer-perceived value is strongly correlated with price, quality, sacrifice and satisfaction and more weakly related to personal values (Holbrook, 1999; Rokeach, 1973). The concept can be examined from different angles: the customer's viewpoint; the shareholder's perspective; in relation to the value chain; or from a business-to-business standpoint. The perspective adopted in this paper reflects that of Gale (1994), who sees value as the customer's view of the product/service offered by an organisation compared with those available from competing firms.

Customer-perceived value is of growing interest both to researchers from different disciplines and to business practitioners. This paper adopts a holistic view of the value construct, drawing on literature from axiology, psychology, economics and marketing to reflect calls for more multidisciplinary research in marketing (Lemmink, 2005; Rust & Oliver, 1994) and for greater synthesis of research from diverse areas (Holbrook, 1999). The paper begins by reviewing and synthesising the concept of customer-perceived value, clarifying the distinction between the notion of 'value' and 'values'. By considering the emerging convergent and divergent themes, a deeper understanding of the construct and its influences is achieved. Specifically, this conceptualisation addresses the need for researchers to understand customer-perceived value in the services and new shopping contexts, including the online setting. A more comprehensive definition of perceived value is developed and the implications for researchers and business practitioners are explored.

Background

Although studied in the marketing literature for two decades, the crux of customer-perceived value remains ambiguous. Value has been studied in a number of different domains, being considered in relation to utility (Kahneman & Tversky, 1979), benefit (Monroe, 2003), quality (Holbrook, 1994), values (Lai, 1995; Long & Schiffman, 2000), and satisfaction and beliefs. In all, nineteen different terms have been used to refer to value (Woodall, 2003). The

terms are frequently used interchangeably, leading to confusion about the concept's scope and definition. Such confusion also reflects the examination of the value concept in different ways in different disciplines.

Few studies of customer-perceived value distinguish clearly between the concepts of 'value' and 'values', despite evidence suggesting the need for unambiguous boundaries around each. Some authors use the terms interchangeably (see Lai, 1995; Long & Schiffman, 2000), while others do not explain the distinction between them (Holbrook, 1994; Ledden, Kalafatis & Samouel, 2007). Oliver (1999) provides a useful starting point for distinguishing between 'value' and 'values', suggesting that consumption value and personal values are linked. Hubert, Herrmann & Morgan (2001) adopt a similar view, demonstrating that an individual's personal values can be ascertained through their possession or consumption of particular products/services. This perspective supports the idea that customer-perceived value may be influenced by an individual's personal values. Ledden et al.'s (2007) study of higher education reinforces this notion, suggesting that researchers treat personal value and consumption value at a disaggregated, rather than at an aggregated level.

Values are generally regarded as the principles of right and wrong accepted by an individual or social group. Schwartz (1994, p.88) defines values as "desirable goals, varying in importance that serve as guiding principles in people's views." Values, therefore, act as guiding principles for evaluating people, behaviour or events. Rokeach (1973) regards values as resulting from the cultural, institutional and personal forces acting on individuals throughout their lives. Thus, values are a psychological structure that becomes internalised through cultural, societal and personal experiences, guiding and influencing individuals' social attitudes and behaviour. Values are also a conception of desirable, (Allport, 1963; Kluckhohn, 1951) self-sufficient ends that can be ordered and serve as an orientation to action. Furthermore, individuals living within a particular society often share many values and act in accordance with these shared standards or beliefs (Cileli, 2000; Prizer & Travers, 1975). This observation highlights the importance of values in individuals' belief and action systems and their significance in understanding both motivation and behaviour (Bengston & Lovejoy, 1973).

Emphasising the inherent values in people's minds, Rokeach (1973) attributes values with an enduring and emotional quality (Reich & Adcock, 1976). Thus, individuals can be seen to feel good or bad about values. As cognition is associated with emotion, the motivational component of value is also stressed, since the number of values held by an individual is constrained only by their level of cognition. This definition is inherently broad as it includes objects as well as states of mind; yet this imprecision means that these subjective evaluations can be acquired in different ways and may have differing degrees of centrality for individuals.

Rokeach (1973) identifies two important functions of values: (i) the mode of conduct, such as evaluating and judging individuals and others; and (ii) motivation, which is concerned with the attainment of values. For example, if values underscore an individual's life, the need to achieve standards of excellence becomes conceptually tied to that person's need to maintain and enhance self-esteem. The objects considered most important in an individual's life often characterise their personal values (Kahle & Kennedy, 1989). For example, a person who values achievement is likely to rate highly products that are instrumental in occupational success. Such values play a crucial role for that individual; guiding their actions, attitudes, judgements and the comparisons they make of products and services (Rokeach 1973; Richins, 1994a, 1994b). Therefore, individuals' judgements about specific products/services reflect their values (Prentice, 1987).

If personal values are as central to life as scholars suggest, it is safe to assume they influence individuals' consumption behaviour. The reason certain products are preferred over others should therefore be considered in light of the products' significance and relation to personal values.

In contrast to 'values', 'value' in consumer behaviour is a conviction that a specific product/service is preferable to any other; a conviction which can be used to evaluate and judge behaviour (Cobuild, 1995). Value is a normative proposition because it relates to a need that requires satisfaction or that finds its meaning in a universal truth. Holbrook (1994) develops this distinction between value and values, defining value as a preference judgement, and values as the criteria by which people make preference judgements. Therefore, value and values are related yet distinct from each other (Holbrook, 1994; Ledden et al., 2007). Moreover, personal values are known to affect human behaviour (Collin, Steg & Koning, 2007), albeit probably indirectly and mediated by other more specific factors.

According to Rokeach (1973), and Gardner & Stern (1996), values are relatively stable across time, with individuals having different personal values arising from their personality, education and culture (Taylor, 1961). However, the personal and situational aspects of value (Lewis, 1946; Hillard, 1950; Von Wright, 1963) enable the construct to change over time (Parasuraman, 1997; Parasuraman and Grewal, 2000; Woodruff, 1997). Individual value components, including quality and price, are also likely to vary according to the type of product/service purchased and its significance to the customer (Sweeney & Soutar, 2001).

In summary, there are clear differences between the scope and definition of personal values and consumption value. Customer-perceived value changes over time, is highly personal and situational; while personal values are relatively stable and influenced by individuals' education, culture, religion and personality. While the importance of integrating personal values into customer-perceived value research is generally acknowledged, the focus of this

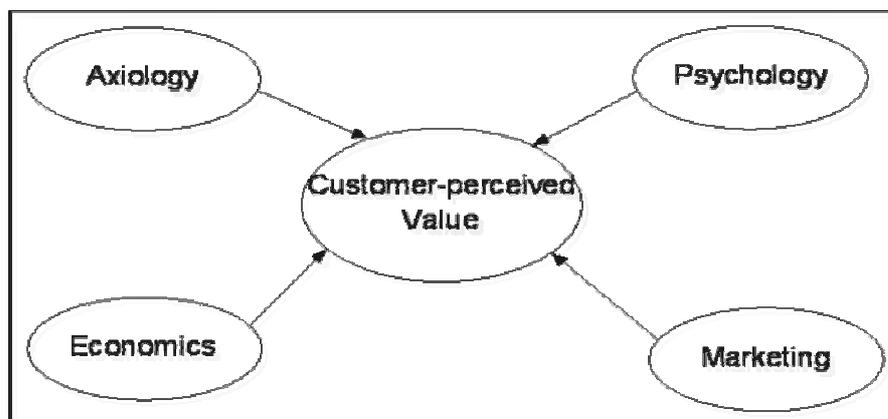
paper is principally on consumption value rather than on personal values.

Conceptualising Customer-Perceived Value

Holbrook (1999) was the first to link axiology and marketing when exploring customer-perceived value. He argues that axiology and value theory (Lewis, 1946; Hilliard, 1950; Taylor, 1961; Frondizi, 1971) have links to marketing and consumer behaviour research because axiology is concerned with the internal systems used by individuals to value items. These systems impact upon the perceptions, judgments and behaviour associated with consumer purchase decisions. Monroe (2003) and Kotler (2000) incorporate economic exchange theory into their conceptualisation of customer value. Economists are concerned with the worth of a product/service compared to others, and with how much customers are prepared to give up in exchange for desired goods/services. Economists often quantify the costs and benefits of purchasing a product/service and present them in equation form. This exchange theory is central to all marketing activity (Kotler, 2000), with customer value representing the difference between what is received and what is given up during that exchange.

Holbrook (1999) demonstrates the desirability of synthesising and linking research across different disciplines. A holistic view of customer-perceived value can be achieved by synthesising the nature and concept of value from four disciplines: axiology, psychology, economics and marketing (see Figure 1). This framework provides the basis for discussing the divergent and convergent aspects of the different perspectives, leading to deeper insights into the customer-perceived value construct and the development of a new definition.

Figure 1: The Customer-Perceived Value Conceptual Framework



Axiology

The axiology field shares with consumer behaviour marketing an interest in people's internal value systems known to impact upon perceptions, judgments and behaviours. Although some authors regard the study of value as having been neglected by axiologists (Holbrook, 1999), publications on value in axiology literature date back more than sixty years (Fronzizi, 1971; Hilliard, 1950; Lewis, 1946; Perry, 1954; Taylor, 1961).

Perry (1954, p. 2-3) defines value as "a thing ... [that] has value, or is valuable, in the original and generic sense when it is the object of an interest ... or, whatever is the object of interest is ipso facto valuable." Thus, value that is entirely dependent on individuals' personal judgements about what is experienced suggests a rational process whereby people attribute value to an item before obtaining it by exchanging something else, such as money.

Fronzizi (1971) suggests value is associated with people's desires, interests and pleasure seeking from particular situations. An individual's experience while acquiring and using a product is therefore important in subsequent judgements about its value, reinforcing the notion that value has a strong personal dimension (Perry, 1954).

Preceding Fronzizi (1971), Hilliard (1950, p. 42) defines value as "an interactive, relativistic preference experience", determined through product or service evaluation during the consumption process. Holbrook (1999) suggests that customer value is derived from interaction between customer and product/service. Thus, a product/service is considered to have value only in circumstances where it pleases the customer. This view supports the findings of studies into value in use; a functional outcome of consumption.

Customer value is also relativistic; i.e. comparative, personal and situational, suggesting that value is derived from comparing objects rather than people. For example, when comparing chocolate and ice-cream, a customer might legitimately prefer the former. The personal nature of value implies that value varies from individual to individual, with one possibly having a greater preference for chocolate than another. Finally, customer value is situational insofar as the situation-specific element of value changes occasionally (Taylor, 1961) and in different circumstances or locations. In summer, for example, cold drinks are preferred, while in winter, warm, more comforting beverages are desired.

Customer value is preferential, a feature with much in common with the comparative nature of the construct. Thus, value stems from a comparison of products and services that embodies a preference judgement (Rokeach, 1973). This concept of preference tends to include value-related terms such as pleasing/displeasing, like/dislike, good/bad, and favourable/unfavourable.

Finally, Holbrook (1999, p.8) suggests that customer value "resides not in the product

purchased, not in the brand chosen, not in the object possessed, but rather in the consumption experiences derived therefrom.” These are sometimes referred to as need-satisfying experiences, according with Keng’s, Huang’s, Zheng & Hsu’s (2007) notion of customers who seek value, choice and great customer experience.

Psychology

According to the psychology literature, value is a “cognitive-based construct which captures any benefit/sacrifice discrepancy in much the same way as disconfirmation does for variations between expectations and perceived performance” (Patterson & Spreng, 1997, p.421). This reflects the discipline’s preoccupation with personal values (see Rokeach, 1973), and individual perception, which is the process of acquiring, sensing, selecting and organising stimuli (Wilkie, 1994). Thus, consumer shopping experiences relate to both price perceptions of merchandise and value perceptions of the store (Kerin, Jain & Howard, 1992). These value perceptions relate to customers’ previous experience, which can influence customers’ internal perceptions of value.

Referring to Bagozzi’s (1992) appraisal → emotional response → coping framework, some researchers suggest that consumers’ initial evaluations of value lead to emotional reactions which drive behaviour. According to this view, attitudes, subjective norms and behavioural intentions are the main determinants of consumer actions. When these determinants are likely to produce certain predicted effects, such as in relation to a purchase decision, self-regulatory processes come into play, achieved through consumers’ cognitive processes and emotional responses derived from the desired outcomes. For example, evaluation of the perceived value of a specific product/service (an outcome-based component) generates emotions relating to the satisfaction or dissatisfaction that is felt. This emotion impacts upon individuals’ assessment of value, directly influencing purchase intention.

Studies adopting Bagozzi’s framework of customer-perceived value (Anderson, Fornell & Lehmann, 1994; Cronin, Brady & Hult, 2000; Ennew & Binks, 1999; Woodruff, 1997) suggest that perceptions of good service quality enhance customer satisfaction and the value they attribute to the situation. In turn, this positive assessment of value directly influences satisfaction. Moreover, more cognitive service quality and value evaluation lead to a primarily emotive satisfaction assessment, which drives behavioural intentions.

Economics

In economic theory, value consists of two major aspects: benefits and sacrifice, with customer-perceived value being regarded as a trade-off between relative quality and relative price (Gale, 1994; Monroe, 2003). Monroe (2003, p.193) views customer-perceived value as

perceived reduction in sacrifices, rather than increase in benefits; encapsulating the relationship in a simple equation:

$$\text{Perceived acquisition value} = \text{perceived benefits or quality} / \text{perceived total sacrifice}$$

Underpinning the equation is the notion that the perceived benefits of acquiring an item are the combination of physical attributes, service attributes and technical support available in a particular usage situation. Thus, customers pay a certain amount of money in exchange for the desired product/service. The equation reflects the theory of exchange, a central tenet of economics, the principle of which is that customers make a contribution for which they receive an outcome or reward. When calculating the value of the exchange, individuals should take account of both the benefits and costs generated by the relationship (Morgan & Hunt, 1994). One condition of exchange is that at least two parties participate in the transaction and that all parties believe that they will benefit from the exchange over time. Monroe's (2003) view has been criticised for failing to consider the less tangible benefits possibly associated with an acquisition. Kotler's (2000, p.11) value equation is also based on the concept of trade-off or 'give and get', but offers a more comprehensive breakdown of the basic elements:

$$\text{Value} = \text{Benefits (functional benefits + emotional benefits)} / \text{Costs (monetary costs + time costs + energy costs + psychic costs)}$$

The central ratio in this definition suggests that consumers evaluate different product/service alternatives based on what they perceive will deliver maximum value. (Kotler, 2000). Customers therefore receive functional and/or emotional benefits for which they forfeit a mix of monetary, time, energy and psychic costs. Other scholars also see value as being the difference between what consumers relinquish in terms of time, money or other resources for a product, and the benefits they receive (Berry, 1996; Blackwell, Miniard & Engel, 2001; Zeithaml, 1988; Zeithaml & Bitner, 1996). This approach views value as the sum of utilities received by customers compared with the sum of disutilities they must forfeit. Customers therefore make decisions by examining the ratios between different offerings, identifying the prospect that maximises the value of their individual utility function at a particular point.

Marketing

In the marketing literature a clear definition of customer-perceived value has been pursued (de Ruyter, Lemmink, Mattsson & Wetzels, 1997; de Ruyter & Scholl, 1998; Dodds & Monroe 1985; Perry, 1926; Sánchez, Callarisa, Rodriguez & Moliner, 2006; Sewall 1901; Sweeney & Soutar 2001; Woodruff, 1997; Zeithaml, 1988). Table 1 summarises the dimensions of customer-perceived value, reflecting the multifaceted debate and suggesting

that value can be conceptualised as a multi-dimensional construct.

Table 1: Conceptualising Value

Author(s)	Dimensions
Mattsson (1991)	<p>Practical (P): Concerns the tangible and functional aspects of the product.</p> <p>Emotional (E): Relates to the 'Gestalt experience' of a service delivery process.</p> <p>Logical (L): Refers to the rational and abstract aspects of the consumption experience.</p>
Sheth, Newman & Gross (1991)	<p>Functional: Perceived utility from capacity for functional, utilitarian or physical performance (p.160)</p> <p>Emotional: The feelings that the product or service generates during consumption.</p> <p>Conditional: Value occurring when a specific set of circumstances is facing the choice maker (p.162)</p> <p>Social: Perceived utility from an offering's association with one or more specific social groups (p.161)</p> <p>Epistemic: Capacity of the product or service to stimulate customers' curiosity about the desired object and the wish to acquire knowledge and information about it.</p>
de Ruyter, Lemmink, Mattsson & Wetzels (1997)	<p>Functional (P): The practical dimension stresses the functional and physical aspects of the service (p.165).</p> <p>Emotional (E): Emotional aspects are operationalised by a short statement of the feelings experienced by the guests at the service stage (p.165).</p> <p>Logical (L): The logical aspect is reflected by the rational and abstract characteristics of the service stage, i.e. right or wrong, correct or incorrect, etc. (p.165).</p> <p>Stage Satisfaction (S): How satisfied the guest is with respect to the stage just experienced (Si) (p.165).</p>
Sweeney & Soutar (2001)	<p>Functional: Utility derived due to the reduction of perceived short term and longer term costs (p.211)</p> <p>Emotional: The utility derived from the feelings or affective states that a product generates (p.211)</p> <p>Social: The utility derived from the product's ability to enhance social self-concept (p.211)</p>
Sánchez, Callarisa, Rodriguez & Moliner (2006)	<p>Functional: Refers to the rational and economic valuations made by individuals (p.396).</p> <p>Emotional: The affective dimension is less developed, but captures the feelings or emotions generated by the products or services (p.396).</p> <p>Social: Relates to the social impact of the purchase made (p.396).</p>

The table shows that the functional dimension includes product/service quality and is defined by customers' rational and economic valuations. Overall, the functional (the price/value for money derived from the product) and emotional (feelings or affective qualities generated) dimensions are the most prevalent value dimensions described in the literature. There is also a distinction between hedonic and utilitarian value (Babin, Darden & Griffin, 1994; Babin & Darden 1995; Babin, Gonzalez & Watts, 2007). Hedonic value results from immediate personal gratification derived from the entertainment, emotional, social and other sensate benefits provided by shopping activities, whereas utilitarian value arises from a successfully completed shopping task. The remainder of this section is divided into the sub-themes of B2B, B2C, services marketing, relationship marketing, and e-marketing, reflecting the areas in the marketing literature in which the discussion about customer-perceived value is situated.

B2B

In the B2B literature, some authors describe customer-perceived value as an objective pursued by the supplier (e.g. Blois, 2004), while others focus on the value created by both supplier and business customer (e.g. Butz & Goodstein, 1996; Ravalid & Grönroos, 1996). Day (1999) presents an equation for value (V_c), formulated as $B_c - C_c = V_c$, where V_c represents the difference between perceived benefits (B_c) and perceived life-time costs (C_c). The equation is consistent with the concepts of trade-off and exchange seen in economics, and reflects the notion of exchange at the heart of the marketing concept (Kotler, 1991). As Gale (1994) highlights, customer value is the customer's opinion of an organisation's product/service based on comparison of competitive offerings. This personal evaluation of value means that only the customer can give a clear view of their needs, making them the 'custodians' of the value evaluation. Against this backdrop, selling organisations remain competitive only if they can identify and satisfy these needs.

Based on Day's value equation, Blois (2004) proposes using the supplier's own value equation to gain better understanding of how customer value is created. Thus $B_s - S_{a_s} = V_s$, where B_s refers to perceived benefits and S_{a_s} perceived life-cycle sacrifices. Compared with Day (1999) and Kotler (2000), Blois (2004) includes benefits and sacrifices which may be difficult to quantify in monetary terms, but are, nevertheless, relevant. He also refers to sacrifice rather than cost, reflecting that customers may not expect their suppliers simultaneously to supply their business competitors. (Gale, 1994; Lapierre, 1997; Ulaga & Eggert, 2002). This implies that when customers evaluate value, they consider the benefits received and the costs incurred as well as the benefits and costs available from competitors. In other words, in a specific use situation customers may well consider alternative offerings from different suppliers, rendering value perceptions subjective, context-specific and

changeable over time.

Marketing strategy scholars believe that creating and delivering superior customer value to high-value customers increases the value of an organisation. Butz and Goodstein (1996, p.63) define customer value as “the emotional bond established between a customer and a producer after the customer has used a salient product or service produced by the supplier and found the product to provide an added value.” These authors clearly delineate customer satisfaction and customer value, the latter being concerned with behaviour and the former with attitudes.

Woodruff (1997, p.142) applies a means-end approach when describing customer-perceived value as “a customer’s perceived preference for and evaluation of those product attributes, attribute performances and consequences arising from uses that facilitate the achieving of the customer’s goal and purposes in use situation.” This perspective reinforces the notion of value stemming from the customers’, rather than from the suppliers’ perspective. The idea that customers receive value when the product is actually used links this assessment with the usage situation; something not seen elsewhere in definitions of value.

Lapierre’s (1997) view of value and perceived-value suggests two stages in the judgement-forming process: 1) the creation of value during a transaction, when technical and functional quality, relational variables and image are the indicators used; 2) value occurring upon transaction completion, with ‘value in use’ comprising four dimensions: financial, social, operational and strategic. He also stresses the individual and situational character of value judgements, explaining that perceptions differ according to the dimensions emphasised. Furthermore, value has a highly individual and situational character, especially in the B2B market. Later, Lapierre (2000) proposes 13 value-based drivers of value related to products, services and relationship.

Parallels exist between the B2B and economics literature in that these perceptions involve a trade-off between what customers receive and what they surrender in return; while evaluation, preference and perception elements are also rooted in axiology and psychology. However, there is little clarity around whether the supplier (e.g. Blois, 2004; Komulainen, Mainela, Tähtinen & Ulkuniemi, 2007) or customer (e.g. Day, 1999; Lapierre, 1997; Woodruff, 1997) perspective provides the fuller understanding of customer value in the B2B context. This is due to inherent complexities in assessing customer-perceived value in the B2B setting, since a trade-off is involved between a greater number of products, services and relationships than other contexts (Flint, Woodruff & Gardial, 2010; Lapierre, 1997, 2000). Finally, both Woodruff (1997) and Lapierre (1997) suggest the importance of assessing ‘value in use’, pinpointing ways in which the evaluation of value may differ at this stage. This is akin to the suggestions of Patterson & Spreng (1997), and Spreng, Dixon

& Olshavsky, (1993), who argue that post-purchase value may be influenced by pre-purchase perceived value.

B2C

Zeithaml's (1988) seminal study of consumer perceptions of price, quality and value used focus groups and in-depth interviews to gain insights into consumer perceptions of quality and value. Her study describes four definition categories: (i) value as low price; (ii) value as whatever I want in a product; (iii) value as the quality I get for what I give; (iv) value as what I get for what I give. When defining customer-perceived value, she takes a broad view of individuals' judgements and their variation (1988, p.14):

Value is the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given, though what is received varies across consumers, and what is given varies. Value represents a trade-off of the salient give and get components.

The underlying rationale is that consumers often regard themselves as economical shoppers, investing time and effort to weigh carefully the 'give and get' components in their own value equations. Faced with a complex or costly product, consumers expect to undertake a more detailed evaluation of the available information.

In economics, value is considered within the exchange context; a product's value being represented by the price a customer is willing to pay, and stemming from the utilities or satisfaction that the product provides. However, the precise nature of this satisfaction remains poorly specified (Richins, 1994a). In marketing, value is also examined in an exchange context, but with emphasis on how consumers' perceptions shape choices. Thus, value is most frequently conceptualised as involving a relationship between the received quality and the price paid (Bolton & Drew, 1991; Monroe, 1979).

Firat & Shultz (1997) highlight the importance of determining how individuals feel because value affects who they are (demographics), what they do (life-style), what they think (opinions and beliefs) and what they value (attitudes and values). Value is also important in marketing because of its role in choice behaviour (Claeys, Swinnene & Abeele, 1995). In the B2C literature, focus is on value associated with purchasing tangible products and the extrinsic cues used to form impressions of value. The lack of early B2C studies into how customers perceive value when purchasing services prompted researchers in the late 1980s to focus on value in service contexts.

Services Marketing

The previous discussion examined customer value in relation to tangible products, with customer value being considered as a product attribute alone (Woodruff, 1997; Zeithaml, 1988). In these instances customers are able to touch or test the product before making their purchase decisions. However, the intangibility of service products and their associated perishability, inseparability and variability warrant a different approach, where assessment of value becomes based on a combination of any visual component to the service, other available information about the offering, customers' previous experiences of the service and of the organisation providing it. The process of measuring customer-perceived value, therefore, is altogether more complex than for tangible products.

In services marketing, the concepts of trade-off or 'give' (benefits) and 'get' (sacrifices) are widely accepted (Brady, Knight, Cronin, Tomas, Hult & Keillor, 2005; Brady, Robertson & Cronin, 2001; Cronin, Brady, Brand, Hightower & Shemwell, 1997; Cronin, Brady & Hult, 2000; Heskett, Sasser & Hart, 1990). Here, the term 'service value' is proposed as an alternative to 'customer value' (Brady et al., 2001; Brady et al., 2005; Cronin et al., 1997; Cronin et al., 2000), represented as $SV = SQ + SAC$, where SQ refers to service quality and SAC means sacrifice, such as financial cost (Cronin et al., 1997). Sacrifice is represented by aspects such as purchase price, time and effort, with value being treated as a trade-off between 'give' and 'get' components. Petrick (2002) uses these principles to develop a multi-dimensional perceived service-value scale, identifying five value determinants: quality, monetary price, reputation, emotional response and behavioural price.

Reporting on their research in four service industries, Stephens, Surprenant, English & Gillet (1987) propose customer-perceived value as a function of four critical elements: overall quality, needs, expectation and price: $Value = f(overall\ quality, needs, expectations, price)$. According to this equation, value comes from both the traditional price-quality relationship and the discrepancy between needs and expectations, according with the axiological view whereby customers seek needs-satisfying experiences.

In contrast Rys, Fredericks & Luery (1987) and Zeithaml (1988) argue that contextual and environmental variables related to services are more important than the price factor. This is consistent with Drew & Bolton's (1987) argument against defining customer value purely as a function of quality and price. Although quality and price are key components in the value equation, other factors including personal characteristics and environmental variables are also important. Moreover, other research shows customer satisfaction (Oliver, 1999), product contexts, values (Ledden et al., 2007) and brand and store names (Dodds, Monroe & Grewal, 1991) to be significant factors.

Drew & Bolton (1987) suggest that a service's value depends largely on customer tastes and

characteristics (Holbrook & Corfman, 1985). Bolton & Drew (1991) also show performance level and nature of service to affect customer-perceived value. Their findings indicate a weak relationship between income level and value perceptions, but not between income level and quality perceptions. The discussion reveals some inherent complexities in customer-perceived value; in the service literature, the constituent parts of customer-perceived value are much more than price and quality. The inseparability of the service product means that the customer is often closely connected to product delivery, with personal and situational variables playing important roles in value perceptions.

Relationship Marketing

In relationship marketing, Ravald & Grönroos (1996) adopt Zeithaml's (1988) and Monroe's (2003) traditional value equation, where value is the ratio of perceived benefits to perceived sacrifice. They claim that minimising customers' relationship costs can lead to reduction in customer-perceived sacrifice, which, in turn, increases customer-perceived value.

While acknowledging the role of sacrifice in the equation, Ravald & Grönroos (1996), suggest that most customers are more concerned with benefits gained from a product/service than with the sacrifice they must make. Furthermore, contrary to those who view purchase price as a cost negatively affecting customer value (see Dodds et al. 1991; Monroe, 1990; 2003), these authors categorise purchase price as a benefit. If customers are able to pay less than expected for the desired product or service, the difference between the actual and original asking price tends to positively impact upon value perceptions. Such customers may feel good because they perceive they are getting a bargain. In later work, Grönroos (2000) distinguishes between price, a short-term sacrifice, and relationship cost, a longer-term sacrifice. He regards perceived benefits as a combination of the physical attributes, service attributes and technical support available in relation to the use of the product, as well as purchase price and other indicators of perceived quality.

Ravald & Grönroos (1996) suggest that the relationship value between buyers and sellers is likely to affect value perception and should be taken into account when analysing customer-perceived value (see also Butz & Goodstein, 1996; Holbrook, 1994; Kotler, 2000). Later, Grönroos & Ravald (2011) propose another perspective to address the supplier-customer relationship, emphasising the process of value creation and co-creation in contemporary marketing literature.

Grönroos (2000, p.140) defines value as “perceived by customers in their internal processes and in interactions with suppliers or service providers when consuming or making use of services, goods, information, personal contacts, recovery and other elements of ongoing

relationships.” His claim is similar to those who regard value as residing in product use (Woodruff & Gardial, 1996; Zeithaml, 1988). Grönroos sees value as both a product or service and something that needs to be created and maintained, rendering the value concept complicated and difficult to measure. Relationship marketing researchers typically measure the customer-perceived value of an episode in a relationship, whereby the relationship benefit may be a feeling of trust in the established supplier-customer bonds. However, the value of one service encounter cannot be judged solely on the benefits and sacrifice related to that episode; benefits and sacrifice involved in the whole relationship also contribute to the total perceived value.

e-Marketing

Following the e-commerce boom in the early 2000s and its rising popularity with shoppers (Chen & Dubinsky, 2003), marketing research has increasingly focused on the online market. While Internet shopping has the advantage of easy price/product comparison across suppliers, there are also inherent disadvantages, including inability to touch or test items before purchase. Thus, extrinsic cues play an important role in online shopping decisions, with purchase often being based on website pictures and product information. Although this is possibly problematic for physical products, it is less so for services such as travel or financial products, which tend not to be tested at the point of sale.

Despite the large body of research on customer-perceived value in traditional shopping channels, much less is known about value in the online context. E-commerce researchers define customer-perceived value as “a consumer’s perception of the net benefits gained in exchange for the costs incurred in obtaining the desired benefits” (Chen & Dubinsky, 2003, p. 326). This definition, derived from the traditional ‘give and get’ concept, also emphasises incorporation of consumption experience when evaluating value (Anderson & Narus, 1998). Rather than focusing on identifying benefits and sacrifice, Chen & Dubinsky (2003) explore perceived gains and costs, proposing that experience, perceived product quality, perceived risk and price can all impact upon value perceptions.

Other researchers incorporate temporal, spatial, technical and functional aspects in their understanding of customer-perceived value (Heinonen, 2004). An additional important consideration is value in use, especially when studying customer value in the online setting. Characteristic of the Internet as a shopping channel is the time gap between transaction and receipt of goods by the customer.

Value Discussion

The customer-perceived value concept has been explored in this paper from the perspectives

of axiology, economics, psychology and marketing; with the marketing literature sub-divided into five themes: B2B, B2C, services marketing, relationship marketing, and e-marketing. This holistic approach reveals areas of convergence and divergence, with value shown to be multifaceted and complex (Lapierre, 2000; LeBlanc & Nguyen, 1999; Sheth, Newman & Gross., 1991). An area of agreement among the perspectives is that in both B2B and B2C markets, value is ultimately determined by customers (e.g. Gale, 1994; Zeithaml, 1988), rather than by sellers (e.g. Blois, 2004). Moreover, customers in different contexts or segments may perceive different levels of value with respect to the same product. While sellers may be able to increase customers' awareness of the potential benefits of acquiring an offering or minimise the sacrifice necessary to do so, ultimately it is customers rather than sellers who judge the value of what is received.

A second area of consistency is that definitions of customer-perceived value involve a trade-off between what customers *get* in exchange for what they must *give* up to acquire a particular product or service. However, the notion of 'value in use' is not consistently applied across disciplines. This discrepancy is significant because value perceptions may change at different stages in the purchase process, and sellers need to be clear about the point at which customer value is measured. This applies particularly to the online setting, where customers cannot receive and use the products immediately. In the case of service products, including travel services, there may be lengthy delay between purchase and consumption. If the customer subsequently has a poor experience of such products, e.g. flight delays, their mood is likely to be affected. Although the customer's evaluation of quality at the point of purchase may have been positive, their impressions of value in use may not be. Online sellers should therefore be aware of the different points at which customer value is judged and the implications of this for designing the shopping experience.

Customer-perceived value concepts diverge in numerous respects. Firstly, the way customer value is constructed reveals substantial differences in its meaning. Customers may value things differently due to personal preferences in different situations. For example, Holbrook (1999) views quality as one type of value whereas Zeithaml (1988) sees value as the difference between what is received (e.g. benefits) and what is given (e.g. costs). Secondly, there is little agreement on the terminology used by researchers to refer to value, which includes terms such as product value, service value, relationship value, utility, worth, benefits, offerings and price. Such ambiguity creates problems when comparing concepts and the literature in which they appear. Although some researchers carefully distinguish value from quality (Agarwal & Teas, 2001; Cronin et al., 1997; Teas & Agarwal, 2000) and satisfaction (Eggert & Ulaga, 2002; McDougall & Levesque, 2000), others are less clear. Part of the problem is that customer value varies across different contexts and in different areas of people's lives (Grönroos, 1997; Zeithaml, 1988). For example, consumers seeking

low-priced products when buying food in supermarkets may choose more expensive options when shopping for clothes. Some scholars suggest the need for different conceptualisations to reflect these different contexts (Dodds et al., 1991; Holbrook & Corfman, 1985).

Value can vary across time and experience (Eggert & Ulaga, 2002; Flint et al., 2002), with customers perceiving value differently at the time of purchase from their perceptions after the product has been used (Woodruff, 1997). Purchase activity allows customers to compare different products, peruse alternatives and select their preference. At the point of purchase, customers are able to evaluate value and form expectations about what a product will deliver based on the information available to them at the time. However, the product's failure to deliver what is promised may lead to reduced perceptions of value. This reinforces the need for clarity about the point at which value perceptions are formed by customers and evaluated by sellers.

Finally, different disciplines have developed alternative classifications of customer value. For example, Sheth et al.'s (1991) multi-discipline views, drawing on economics, psychology, sociology and marketing, suggest five categories of product-related value: functional, social, emotional, epistemic, and conditional value. However, in psychology and economics, Mathwick, Malhotra & Rigdon (2001) propose four types: economic, temporal, behavioural and psychological value. In axiology, Holbrook (1994) suggests that customer value may be intrinsic or extrinsic to the product, and either self- or other-oriented.

Given the lack of convergence in the value literature, researchers face real difficulties in deciding how best to conceptualise the construct. This is particularly problematic for online shopping studies due to the challenges raised by the separation of product acquisition and consumption. In these circumstances, the evaluation of customer-perceived value starts at the information-search stage, when consumers make judgements about the value associated with the online shopping experience, and continues until the product is delivered or consumed. However, the way customers use the products or services is specific to this shopping context, with a long lead time between the point of purchase and consumption. The following new definition of customer-perceived value is proposed to reflect these issues:

Customer-perceived value is the customer's overall assessment of what is received and what is given (sacrifice) by a particular supplier compared with other competitors. Customers make this judgement by considering the combination of product quality, service quality, price affordability, and shopping experience. Value is a need-satisfying experience which yields customer satisfaction.

This definition adopts the trade-off concept central to marketing theory and incorporates both product and service-related elements (Cronin et al., 1997; Cronin et al., 2000; Brady et al., 2001; Brady et al., 2005). This reflects the fact that even service products may include a tangible element, such as a flight ticket, despite other aspects being intangible at the point of purchase. Upon redemption of the flight ticket, if the customer enjoys the flight, their perceptions of value at this point will be positively influenced.

Furthermore, customers judge value according to the circumstances in which the product is being used, as well as on the basis of benefit or sacrifice elements. Thus, value judgements about clothing purchases may differ depending on when and where the items are to be worn. Finally, products and services are purchased to satisfy needs which, when met, generate positive perceptions of value.

Theoretical Implications

This paper contributes to the customer-perceived value literature by integrating the value literature from different disciplines into a single, theoretical framework. Building on Holbrook & Corfman's (1985) pioneering attempt at such integration, a more comprehensive approach to understanding how perceptions of value are evaluated has been developed. By incorporating ideas from four different disciplines: axiology, psychology, economics and marketing this holistic approach enables a synthesis of convergent and divergent ideas from diverse disciplines and produces deeper understanding of the construct.

Existing research on customer-perceived value mainly focuses on the purchase of physical products (e.g. Zeithaml, 1988), where customers tend to use extrinsic cues as indicators of quality. However, as consumers cannot taste, touch or try the services before purchasing, theories taken from research relating to physical products may not be directly applicable. By considering customer-perceived value in relation to service purchasing, the product's intangible, perishable, inaccessible and inseparable features can also be considered. Furthermore, this paper clarifies the distinction between *value* and *values* (e.g. Ledden et al., 2007), providing clearer boundaries for conceptualising and measuring customer-perceived value.

The paper offers a new definition that provides a more comprehensive understanding of customer-perceived value than other studies, such as those proposed by Cronin et al. (1997), Cronin et al. (2000), Monroe (2003), and Zeithaml (1988). The definition maintains the 'give' and 'get' components seen elsewhere, reinforcing the claims by economists and marketers that customer-perceived value is calculative. The conceptualisation also takes into considers the concept in the services situation and in new shopping contexts, such as the

online setting. Such contexts warrant special attention, because additional factors shape the value judgements made there. For example, customers buying travel products online might obtain the best price, but the customer service and website functions offered by the seller may be poor. For customers continuing to buy from an organisation for reasons of price, product quality expectations remain unchanged, but those relating to service and website quality are likely to be sacrificed. In this situation, quality becomes something customers are prepared to 'give' in exchange for the preferential price they 'get'. Thus customer-perceived value is both personal and situational, a view that supports the work of axiologists such as Holbrook (1999) and Taylor (1961), who suggest that value is subjective (personal) and situational (Lewis, 1946). Overall, the paper demonstrates the benefits of value of applying an axiological perspective in the B2C e-commerce setting.

Managerial Implications

The proposed conceptualisation has a number of managerial implications, illustrating that customer-perceived value is measured by both products/services and customers' experiences during the buying process. This approach goes beyond the traditional emphasis on product benefits and costs in customer-perceived value by considering the entire consumption process. A more complex conceptualisation of customer-perceived value is implied, incorporating a broader bundle of product/service and buying process attributes into customers' value judgements. Consequently, marketers should adopt a more balanced approach to creating value for customers, ensuring a wider mix of value-creating elements is identified and integrated into the product offer, or the process through which it is delivered. Returning to the previous online example, there is more than one point at which value tends to be judged: during the buying process itself, when aspects of the shopping experience including website user-friendliness are important; and when the travel product is consumed, when the quality of accommodation or service standards comes into play. The personal and situational nature of customer-perceived value, which is liable to change over time, is another consideration with respect to enhancing customer-perceived value.

Conclusion

This paper has examined customer-perceived value from the perspectives of economics, psychology, axiology and marketing, thereby developing a more holistic understanding of the concept. Adopting this approach has revealed areas of convergence and divergence between the perspectives, leading to a deeper understanding of the customer-perceived value construct. For instance, researchers have drawn on an axiological view of customer-perceived value as an interactive, relativistic preference experience, to incorporate customer experience into the study of customer-perceived value.

Consequently, a more comprehensive definition of customer-perceived value has been

developed, incorporating the trade-off concept from economics, and embracing ideas from axiology, psychology and marketing. This definition capitalises on the holistic view by reflecting the personal, situational and temporal aspects of value. For commercial organisations this view highlights that customers rather than sellers 'own' the process of assigning value, which has implications for what can be done to improve value perceptions. For researchers, the review establishes the factors influencing customer-perceived value which require consideration when designing research in the field.

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