A Review of the ‘Value’ Literature and Implications for Relationship Marketing

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ABSTRACT

The creation and delivery of value to customers is of increasing interest to researchers and practitioners. This paper identifies and reviews nine core streams of literature that have been influential on current research in the field of customer value. It argues that while much of the literature has focused on value creation for the customer, the relationship-marketing paradigm demands a broader view that includes other stakeholders. Two new perspectives that fit this broader view, customer value and shareholder value and relationship value, are investigated and the implications of integrating a value orientation with a relationship marketing approach are discussed.

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INTRODUCTION

The concept of ‘customer value’ is of major and increasing concern, not only to researchers, but also to consumers and marketers (Patterson and Spreng 1997). Understanding how customer value is identified, created and delivered is increasingly seen as the next source of competitive advantage (Woodruff 1997). Despite the attention being focused by researchers on this concept, however, there is remarkably little in the way of agreement in the literature on what constitutes ‘value’ and ‘customer value’. Equally, while it is the subject of much current interest, the authors argue that the precursors and antecedents of customer value have their roots way back in earlier marketing literature.

This paper presents a literature review of different perspectives of value and customer value and addresses the broader implications for relationship marketing that a focus on customer value may bring. Figure 1 provides both an overview of the key areas of literature covered and the structure of the paper. In the first section, we identify some precursors of the value concept, four different influential antecedents and three recent perspectives of customer value. In the second section, we examine how these seven antecedents and perspectives, and their precursors, have led to two newer developments in value research which have extended the notion of value beyond a primary focus on one stakeholder - the customer. In the next section, we explore these newer developments, including the linkage between customer value and shareholder value and how relationship marketing is related to value. Finally, we draw some conclusions and suggest the implications for relationship marketing.

PREVIOUS RESEARCH ON VALUE

Recent thinking on customer value has been influenced by previous work in four key areas. These are: consumer values and consumer value; the augmented product concept; customer satisfaction and service quality; and the value chain. From these influential antecedents, at least three recent perspectives have emerged. These are: creating and delivering customer value; the value of the customer (or customer lifetime value); and customer-perceived value. However, this growing body of knowledge on customer value is fragmented with different points of view and no widely accepted way of pulling the views together (Woodruff 1997). In order to review the increasing output of research into customer value and other related work on value, this paper presents a considerable body of literature on ‘value’ as illustrated at Figure 1.

Precursors of Value

The notion of value creation is not new and has been implicit in marketing since our industrial beginnings. In the context of relationship marketing, work by a number of scholars has referred to early examples of organisations or individuals understanding customers' needs and delivering value to them. For example, Grönroos (1996) refers to the relationships with customers built by an ancient Chinese rice merchant and Sheth and Parvatiyar (1995) point out how relational bonding between traders in pre-industrial society was prevalent. These early examples illustrate buyer-seller relationships where both parties received some form of value which led to an ongoing relationship.

It is also possible to identify many implicit precursors to the

Figure 1: Different Perspectives on Value

Precursors of ‘Value’ and ‘Customer Value’

Influential Antecedents:
- Consumer Values and Consumer Value
- Augmented Product
- Customer Satisfaction/Service Quality
- The Value Chain

Recent Perspectives:
- Creating/Delivering Superior Customer Value
- Value of the Customer
- Customer-Perceived Value

Newer Developments in Value Research
- Customer Value/Shareholder Value
- Relationship Value

Implications of ‘Value’ for Relationship Marketing
notion of value in the early marketing literature. Sheth and Parvatiyar (1995) describe how a number of marketing scholars became interested in brand loyalty and repeat purchasing including Churchill (1942), Womer (1944) and Barton (1946). This work was further developed in the buyer behaviour theory of Howard and Sheth (1969) and in the buying centre concept of Webster and Wind (1972). Value is also implicit in the work on exchange theory. "The core concept of marketing is the transaction. A transaction is the exchange of values between two parties. The things-of-value need not be limited to goods, services, and money; they include other resources such as time, energy, and "feelings" (Kotler 1972).

From these early precursors of value it is possible to identify the key aspects of later marketing literature which are both linked to the precursors and which have significantly influenced the current value concepts. We now address the literature on four of the influential aspects or 'antecedents' outlined in Figure 1. These are all significant bodies of literature in their own right and have contributed extensively to current thinking.

**Influential Antecedents of Value in Marketing**

It is appropriate at this point to comment on the difference between the terms *value* (singular) and *values* (plural). Holbrook (1994), in one of the most detailed academic treatments of consumer value, suggests the term 'value' refers to a preferential judgement whilst 'values' is used to refer to the criteria by which such judgements are made. 'Values', for example, are described by Rokeach (1973) as deeply held and enduring beliefs whereas 'value' implies, through the notion of preference, that it is the result of a trade-off (e.g. between benefits and sacrifices) and an interaction (e.g. between a customer and the product/service). Holbrook (1994) defines value as "an interactive, relativistic, preference experience". It is this 'trade-off' concept that is the basis for much of the current research on value in the marketing literature.

The notion of 'trade-off' can also be traced to the economic theory of 'utility'. The early marketing literature on consumer behaviour had its roots in this economic theory. The economists' view of value states that consumers spend their income so as to maximise the satisfaction they get from products (Bowman and Ambrosini 1998). This neo-classical theory, while generally regarded now as an over-simplistic view, has however provided the basis for much of the later work on value, customer value and relationship value outlined later in this literature review.

**Consumer Values and Consumer Value**

In the early 1980s several values inventories were developed, such as the 'values and lifestyles (VALS)' methodology of Mitchell (1983) and the 'list of values (LOV)' of Kahle (1983), to help measure values. While these inventories are important in recognising that an understanding of the customer's values and behaviour could help an organisation to better design and market its products and services, they do not encompass the notions of preference and trade-off which have become implicit in understanding value as opposed to values.

Interest in consumer value in marketing can be traced to work in consumer research by academics such as Gutman (1982) who sought to understand buying behaviour and decision-making of consumers in the purchase situation through identifying the product attributes that could be linked to a customer's values in a means-end chain. Zeithaml (1988) extends Gutman's work by introducing the notion of trade-off by proposing a conceptual model that defines and relates price, perceived quality and perceived value.

This work is especially significant as it provides a more comprehensive understanding of the linkages and trade-off between price perceived quality and perceived value. The means-end theory and means-end models used by Gutman (1982) and Zeithaml (1988) are also the basis for the customer-value hierarchy model developed recently by Woodruff (1997) (see customer-perceived value).

**The Augmented Product Concept**

Value can also be seen as part of the service offering that surrounds the product; as evidenced with the augmented product concept. Levitt's (1969) work in this area was instrumental in extending the concept of value creation through recognising that competition is not just between what companies produce in their factories but between "what they add to their factory output in the form of packaging, services, advertising, customer advice, financing, delivery arrangements, warehousing, and other things that people value". Levitt (1981) also distinguishes in greater detail between the marketing of 'intangible products' and 'product intangibles' by pointing out that from the buyer's perspective the product is "a promise, a cluster of value expectations of which its intangible parts are as integral as its tangible parts". Here the concept of value for the customer is very much viewed as an inherent part of the product or service and one which can be managed actively by the supplier to benefit the customer.

Levitt's work has been drawn on by many writers and for many years researchers and marketing practitioners used the model to determine what specific product surround elements were important to their particular business. For example, Collins (1989) uses this framework in the context of describing the total product concept for a personal computer from both the
consumer's and marketer's views.

Although much of the earlier work used the term 'product' we consider the use of the term must also be considered in its broader context to include both products and services. Later value models have been based on Levitt, such as Lovelock's (1995) 'flower of service' model, developed in a service context. Lovelock identifies eight key elements of supplementary services which can be used to add value to the core product.

Customer Satisfaction and Service Quality

Customer satisfaction has been a theme of great interest for researchers and practitioners for many years. For example, customer attitude tracking involving tools such as complaint and suggestion forms, consumer panels and customer surveys have been used widely for decades. A number of academics have developed models of customer satisfaction and service quality. However, much of the existing customer satisfaction research focuses on the individual or customer level (Anderson and Fornell 1991) rather than at the organisational level.

In contrast to exploring the purchase and decision making behaviour of consumers, the multi-attribute models of customer satisfaction and service quality (e.g. Parasuraman, Zeithaml and Berry 1985) are largely concerned with value outputs, for example, the measurement and evaluation of customer reaction after the purchase or service delivery. In particular, the work on 'Servqual' (Parasuraman, Zeithaml and Berry 1985, 1988; Parasuraman, Berry and Zeithaml 1991) focuses on creating a measure of service quality based on perceived differences between product and service quality. The development of the Servqual instrument into five dimensions of tangibles, reliability, responsiveness, assurance and empathy (Parasuraman, Zeithaml and Berry 1988) point to the importance of the expected, augmented and potential elements referred to in the previous discussion on 'the augmented product concept'. As many of the elements of Servqual are not concerned with a tangible core product or service offer it demonstrates the critical role of service elements.

Other influential work undertaken within the 'Profit Impact of Market Strategy (PIMS)' research, e.g. Buzzell and Gale (1987) has highlighted the importance of service quality. In particular, they identified a high level of correlation between relative quality and profitability. Early PIMS work also examined service quality and its relationship to value. One of the early 'Pims Letters' (Chusil and Downs 1979) describes a PIMS formulation of value, which combines relative product quality and relative price. A business offers 'value' when the quality of its products exceeds that expected for a given price, or when the price is below that expected for a given level of quality (Chusil and Downs 1979). The notion of some sort of 'trade-off' is once again evident here.

Work on customer satisfaction has significantly impacted on our understanding of what customers value in terms of product and service attributes. Some applications of the models such as Servqual compare different competitors' offerings and, in particular, address the measurement of some of the more intangible aspects of service offerings. Research on customer satisfaction and service quality underpins much of the later work on customer value.

The Value Chain

The term 'value chain' was introduced by Porter and had its origins in the 'business system' developed by McKinsey & Co (see Porter 1985 p.36). Porter's work significantly extended this earlier work in both interpretation and application. With the introduction of Porter's (1985) work came the idea of creation of competitive advantage through the management of the internal activities of the organisation that together formed the organisation's value chain. An important element of Porter's work is the recognition that customers also have a value chain, regardless of whether they are a commercial organisation or an individual. A firm's differentiation and advantage stem from how its value chain relates to its customer's value chain.

Porter's seminal work has been very influential on value research with many researchers building on his original models. For example, the 'value delivery system' or 'value delivery sequence' is described by McKinsey (Bower and Garda 1985a) who point out that companies need to shift from a traditional view of seeing their business as a set of functional activities to an externally oriented view concerned with seeing the business as a form of value delivery (Bower and Garda 1985b). Jüttner and Wehrl (1994) also take a 'value system' perspective which they define as a "system of interdependent actors [organisations] who raise the total value of the system by interactive value-generating processes and compete with other value systems in the 'competition system' of which they are part".

Vandermerwe (1993) develops the value chain concept further by representing the customer's processes not as a chain but as a cycle; the 'customer's activity cycle'. Companies need to know where added value can take place at critical points in the cycle and a high value supplier will find ways to eliminate non-value adding expenses and unnecessary activities, thereby increasing value all round. The 'relationship management chain' or 'relationship chain' developed by Clark, Peck, Payne and Christopher (1995) also builds on the value chain by introducing a framework for integrating a range of cross-functional elements in the value delivery process. The relationship chain adds a different dimension in describing a
set of consequential activities that can add value to a business with a focus on how value can be achieved through improving relationships.

In contrast, Normann and Ramírez (1993, 1994) introduce the ‘value constellation’ as a criticism of and opposition to the Porter’s value chain ideas. They argue that strategy is not a matter of positioning a fixed set of activities along a value chain. Rather, it shows how the focus of strategic analysis should not be the company or the industry but the value-creating system itself, within which economic actors (suppliers, business partners, allies and customers) work together to co-produce value (Normann and Ramírez 1994). That is, that mutual value is created as the result of a reciprocal interactive relationship between organisations and stakeholders in a constellation or network exemplified, for example, by the six markets models developed by Christopher, Payne and Ballantyne (1991).

Within this core and highly complex stream of research a number of key ideas emerge that are evident in later work on customer value, e.g. customer value as a source of competitive advantage (Woodruff 1997) and understanding value creation in a relationship context (Grönroos 1997). The key ideas have also developed alongside, in particular, the literature on superior customer value creation and delivery, one of three recent perspectives of value literature that are of current interest.

RECENT PERSPECTIVES OF VALUE IN MARKETING

From the four influential antecedents, three more recent perspectives of value have been developed in the recent marketing literature; these are: creating and delivering superior customer value, value of the customer and customer-perceived value. These perspectives focus more directly on the customer and the notion of ‘customer value’.

Creating and Delivering Superior Customer Value

One recent perspective on customer value has been in the area of superior customer value creation and delivery. This is the focus of much research interest in the 1990s (e.g. Day 1990; Band 1991; Gale 1994; Brown 1995; Naumann 1995; Cravens 1997; Scott 1998) and is closely aligned with the calls for organisations to become more market and customer-focused, with strong influences from the ‘market orientation’ strategy literature (Day and Wensley 1988; Kohli and Jaworski 1990; Narver and Slater 1990; Jaworski and Kohli 1993; Day 1994; Slater and Narver 1994, 1995; Jenkins 1996). Whilst academics have advocated customer focused philosophies for some forty years (Day 1994) this more recent research strongly emphasises the links between customer value and organisational profitability and performance. It argues that a company’s success will depend on how well it provides its customers with what is valued. This involves developing the market-oriented culture necessary to build and maintain the core capabilities that continuously create superior customer value (Slater and Narver 1994).

The marketing orientation literature also makes a valuable point about the role of information in the superior value creation process. Organisation-wide information generation and dissemination about customers, competitors and technologies both now and in terms of future evolution will be important in the co-ordinated creation of customer value (Narver and Slater 1990). Strong links with Porter are also apparent in the requirement to understand where value can be created at each point of the customer value chain.

Gale’s (1994) work is of special interest as it builds on earlier research relating to the PIMS research (Buzzell and Gale 1987) by emphasising the corporate pay-off from superior quality and value and outlines seven tools for customer value analysis measurement. Naumann (1991) also stresses that in creating and delivering customer value, product quality alone is not enough to guarantee survival. He states that the most important success factor for a company is the ability to deliver better customer value than the competition and that product quality and service quality are the pillars that support value-based prices (Naumann 1991). This is arguably an extension of the augmented product concept discussed earlier.

It has also been argued that the definition and creation of customer value is strongly related to brand value, e.g. Knox and Maklan (1998) and in order to compete more effectively, organisations need to bridge the gap between brand value and customer value. Naumann (1995) also supports this view and suggests that brands will become more important in the value that they convey to the customer in the future. These perspectives involve a view of value that extends beyond the customer.

The Value of the Customer

Understanding customer value from the perspective of ‘the value of the customer to the organisation’ is currently the focus of much research interest. The key concept of this perspective is that of ‘customer lifetime value’ or ‘CLV’. This view of customer value is closely related to the literature on customer retention and customer retention economics and it is different from other value perspectives in that it is an output of, rather than an input to, value creation.

The pioneers of work in this field are undoubtedly Bain & Co, a US consulting firm, whose primary focus has been on the impact of retention marketing on company profitability.
(Reichheld and Kenny 1990; Dawkins and Reichheld 1990; Reichheld and Sasser 1990; Reichheld 1993; Reichheld 1996). Other researchers have also looked at identifying the positive links between customer retention and, for example, customer satisfaction, service quality and employee satisfaction and developed methods for assessing and developing retention strategies based on the value of the customer.

This further work has included considering the assessment of the impact of satisfaction and quality improvement efforts on customer retention and market share (Rust and Zahorik 1993; Rust, Zahorik and Keiningham 1995); the use of a model for examining the profit impact of retention improvement through a case study approach in a utilities business (Payne and Frow 1997); the links between customer retention/defection and service quality in the context of the service sector (Ennew and Binks 1996); and analysing customer defections and their impact on customer retention (Page et al. 1996). Most work on retention has been anecdotal rather than empirical and much work remains to be done in this area.

The notion of the value of the customer is also important in the sense that ‘not all customers are created equal’ (Hallberg 1995). It is likely that within a portfolio of customers, there will be some that are profitable, some that are break-even and some that are unprofitable. Thus, increasing customer retention does not always increase profitability. In this case, increasing the retention of such unprofitable customers destroys value. The thrust of this work is concerned with understanding the profit potential, usually in net present value terms of customers over their projected lifetime. Some of this research also focuses on how such improved customer retention and resulting profitability can be achieved and emphasises the linkages between internal service climate and its impact upon employee satisfaction and customer retention (Schneider 1973; Schneider, Parkington and Buxton 1980; Schlesinger and Heskett 1991; Reichheld 1996).

In introducing the links between employee satisfaction and customer satisfaction and retention, this research is also extending the value concepts to include stakeholders other than the customer. This body of research is also important in establishing that for organisations to concentrate on creating and delivering customer value is not enough. Organisations as part of the determination of their value offering also need to analyse the value of individual customers and the effect their value offering has on customer retention and defection. Understanding what their customers perceive as value is arguably part of this process.

**Customer-Perceived Value**

While there have been many exhortations to listen to the ‘voice of the customer’ (Anderson, Jain and Chintagunta 1993; Griffin and Hauser 1993; Woodruff and Gardial 1996), the main process for doing this in the past has been ‘customer satisfaction measurement (CSM)’ (Woodruff 1997). It is argued that organisation’s need to move beyond CSM and understand more fully what customers’ value in terms of which products and services help them to achieve their organisational goals and purposes. The concept of ‘customer-perceived value’ is currently the focus of many researchers (e.g. Zemke 1993; Gordon, Kaminski, Calantone and di Benedetto 1993; Frederick and Salter 1995; Butz and Goodstein 1996; Garver and Gardial, 1996; Woodruff and Gardial 1996; Raval and Grönnroos 1996; Woodruff 1997; Parasuraman 1997; Slater 1997; Patterson and Spreng 1997; Grönnroos 1997; Hillier 1998; Anderson and Narus 1998). Customer value in this context takes the perspective of an organisations customers, i.e. it is a ‘customer-directed’ concept. It is argued that the customer’s perception of the value created and delivered should be determined and then taken into account when the organisation defines its value offering.

Several researchers over the years have proposed ways to define value in terms of the customer’s perspective (e.g. Christopher 1982; Zeithaml 1988; Anderson, Jain and Chintagunta 1993; Raval and Grönnroos 1996; Woodruff and Gardial 1996). One comprehensive view is that of Woodruff (1997) who defines customer-perceived value as a “.....customer’s perceived preference for and evaluation of those product attributes, attribute performances, and consequences arising from use that facilitate (or block) achieving the customer’s goals and purposes in use situations”. Understanding the customer’s goals should enable the value offering to the customer to be better tailored to their needs, particularly in a long-term relationship setting.

At the core of this and other views of customer-perceived value, e.g. Raval and Grönnroos (1996) and Christopher (1997), is the notion of a trade-off between perceived benefits and perceived sacrifice (or positive and negative consequences). This extends the earlier literature on consumer value. Perceived sacrifice includes all costs a buyer faces when making a purchase; e.g. purchase price, acquisition costs, transportation, installation, order handling, repairs and maintenance and risk of failure or poor performance. Perceived benefits are some combination of physical attributes, service attributes and technical support available in relation to the use of the product as well as the purchase price and other indicators of perceived quality. Increasing customer value from this perspective can be achieved by increasing the benefits or reducing customer-perceived sacrifice. Increasing the benefits (adding something to the core product that the customer perceives as important, beneficial and unique) should lead to a reduction in customer-perceived sacrifice through a minimisation of costs involved in a discrete
episode and the relationship as a whole (Raval and Grönroos 1996).

This approach suggests that it is critical for organisations to determine the key elements of customer-perceived value, since this will help them to understand the customer’s goals and desires, and to plan the future value proposition i.e. what they should do to create value. Yet, to date there has been little empirical research conducted on buyers’ perceptions of value in either consumer or business-to-business settings with the exception of, among others, Patterson and Spreng (1997).

While these three recent perspectives are largely customer-centric approaches, there are developments within each stream that indicate the need for a broader approach to value creation and delivery.

NEWER DEVELOPMENTS IN VALUE RESEARCH

The literature review above illustrates how the research focus has moved from studying the values of individuals, to looking at how value can be created by an organisation both internally and with respect to customers and finally to a perception of value that considers both the customer’s and the organisation’s perspectives.

The newest developments in value research have shifted the emphasis from the customer or organisation to reflect the role of other stakeholders. In this section of the paper we now examine two newer developments – ‘customer value and shareholder value’ and ‘relationship value’.

Customer Value and Shareholder Value

Investors have been interested in the ‘shareholder value’ of companies ever since the ownership structure of such organisations moved from an individual to wider ownership. The interests of the City in the UK, particularly since deregulation, have also driven companies to regard the creation of ‘shareholder value’ as a primary business focus. However, a newer development is the consideration of both shareholder value and customer value.

Much of what has been written on shareholder value discusses maximising shareholder value without direct consideration of the customer. In Britain and the USA, maximising shareholder value is widely accepted as management’s major goal. However, while some Europeans share this view, most continue to believe that shareholder value may come at the expense of other stakeholders, leaving in its wake diminished job security, higher unemployment and poorer products and services (Bughin and Copeland 1997).

In the last few years there has also been considerable emphasis on the tools for measuring shareholder value creation (Dobbs and Coller 1998). These approaches are known by a number of acronyms such as EVA™ (economic value added, e.g. Stewart, 1991), SVA (shareholder value added - e.g. Wenner and LeBer 1989; Day and Fahey 1990) and VBM (value based management – e.g. Slater and Olsen 1996; Bannister and Jesuthasan 1997). While there is an ongoing debate as to the best way of measuring economic or shareholder value added, the major issue that should be acknowledged is that it must not be undertaken without a detailed examination of the strategic fundamentals (Day and Fahey 1990).

However, some argue that shareholder value should not be considered in isolation. There seems to be a strong explicit assumption in much of the academic and practitioner literature that customer value drives shareholder value and that the two concepts are inextricably linked, e.g. Corpulsky (1991); Leemon (1995); Slynwotzky (1996); Slynwotzky and Linthicum (1997); Laitamäki and Kordupleski (1997). There is also a different view that shareholder value drives customer value. This perspective suggests that by focusing on maximising shareholder value, it almost automatically necessitates pleasing customers (Cleland and Bruno 1996).

We argue that customer value and shareholder value can also exist in isolation from each other and where undue emphasis is placed on either shareholder value or customer value this may have a negative long-term impact on the organisation. For example, some organisations may produce high customer value yet have a poor return to shareholders; others may produce a high medium-term return to shareholders but not produce high customer value. However, in competitive markets it is not likely that long-term shareholder value will result in the absence of high customer value.

This research is important in that it introduces the shareholder as yet another stakeholder of customer value and value creation. Our view is that careful consideration should be made of the interaction between customer value and shareholder value and we argue that while they can be linked it is also possible that either of these forms of value can exist in isolation from each other.

Relationship Value

The most recent development has been to consider customer value from the viewpoint of relationship marketing. This is described as ‘relationship value’. However, both theories and empirical findings of relationship value are very limited (Raval and Grönroos 1996). The roots of this perspective lie in the understanding of the constituents of ‘quality’ of a relationship proposed by Crosby, Evans and Cowles (1990) in their study of relationship quality in services selling. They examined the nature, consequences and antecedents of relationship quality as perceived by the customer in long-term relational settings, acknowledging that the creation and

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recognition of quality or 'value' in a relationship involves the customer as well as the service organisation.

In one of the first attempts to understand the components of 'relationship value', Wilson and Jantrania (1993, 1994) looked at value creation in hybrid relationships, exploring in depth the construct of value in a relationship. They conclude that any relationship creates some value to both partners; thus how this value is shared is likely to be a major issue in the life of the relationship. Their valuable contribution in this field is more explicitly described by Tzokas and Saren (1998) who have provided a useful categorisation of the research.

Ravald and Grönroos' (1996) work builds on earlier work by Grönroos (1990) on what he terms total perceived quality and on some of the perspectives of value discussed earlier. They suggest that the relationship itself might have a major effect on the total value received by the customer. They consider that value cannot be derived only from the core product plus supporting services but must also include the effects of maintaining a relationship. "In a relational context value for the customer is not embedded in a transactional exchange of a product for money. Instead customer perceived value is created and delivered over time as the relationship develops" (Grönroos 1997).

Ravald and Grönroos (1996) also point out that traditional approaches based on the 'product surround' or 'augmented product concept' (e.g. Levitt 1980) consider only one episode regarding the customer, and that in long-term buyer-seller relationships you need to look at 'total episode value' or the sum of all the interactions that create value in the relationship which will equal 'relationship value'. Any relationship creates some value to both partners; thus how this value is shared is also likely to be a major issue in the life of the relationship.

Building on both the idea of relationship value and on the value constellation, Gummesson (1999) proposes a number of fundamental values in relationship marketing, the core value being the emphasis on inter-party collaboration and the creation of mutual value. 'Total relationship marketing' is directed to long-term win-win relationships with customers, transcending boundaries and disciplines with value co-produced through the interaction of suppliers, customers, competitors and others. Gummesson (1999) suggests that we are moving from an industrial society to a value society.

CONCLUSIONS AND IMPLICATIONS

This review of the literature has shown that the concept of value in marketing has its roots in many disciplines including psychology, social psychology, economics, management and marketing. The literature review also shows how many of the concepts overlap to some degree with some blurring of distinctions of different types of value (Holbrook 1994). In considering customer value it should be recognised that the term customer value and value mean much the same thing in the marketing literature. Our review has sought to identify and draw together some key ideas about value from both the antecedents of the value literature and from the current perspectives and newer developments of value literature.

In spite of continued interest from researchers and practitioners in this area, it remains a highly diverse and fragmented subject. Much of what has been written to date on value creation and delivery has been customer-centric with a focus primarily on the perspective of the organisation and its customers; the buyer-seller relationship. However, the emergence of the relationship marketing paradigm and associated literature on business networks evidenced in frameworks such as the Six Markets model (Christopher, Payne and Ballantyne 1991) and the 30 Rs (Gummesson 1995) has seen an increased understanding in the role of other parties and stakeholders in business relationships. There is also evidence in many of the recent perspectives on customer value that value creation requires a focus that extends beyond the customer. But, despite this increased understanding, there appears to be little research on understanding the constituents of relationship value in long-term relationships and how the value concept is related to the broader relationship marketing perspective.

Understanding relationship value in long-term relationships will, however, be important if a company is taking a relationship marketing approach to its customers. It also adds complexity and dynamism to the value concept. No longer can value be viewed as part of an individual transaction process; value is created over time and will be subject to changes and external influences, for example, by other stakeholders. The creation of mutual value will become the core focus of both customers and suppliers and other stakeholders in the relationship so that value is jointly created between all the parties involved in a relationship (Gummesson 1999). To date, relatively little research attention has been given to other stakeholders in the relationship and how they should be considered in the context of an organisation's total value creation process. In particular, the role and interdependence of these multiple stakeholders in the creation of mutual value represents an area worthy of further exploration.

Thus, although there is a recognition that understanding value from a long-term multi-stakeholder relationship perspective will be critical for organisations in the future, little empirical research has been done to identify the drivers and constituents of value in such complex relationships. In discussing customer value creation and shareholder value creation we have outlined how these need to be considered together in order to realise long-term competitive advantage. We have also suggested it is important to recognise that customer value in the context of
relationship value is a dynamic concept; value is created and changed over time as a result of several transactions.

We consider that customer value, shareholder value and relationship marketing are inter-related and form part of a broader strategic ‘value process’. We believe a framework needs to be developed that provides a strategic approach for managing the value process which combines key elements found in the literature and which makes the connection between customer value and relationship marketing. Normann and Ramirez (1993) have summed up very well the importance of value creation as part of the strategic process: “Strategy is the art of creating value. It provides the intellectual frameworks, conceptual models and governing ideas that allow a company’s managers to identify opportunities for bringing value to customers and for delivering that value at a profit. In this respect, strategy is the way a company defines its business and links together the only two resources that really matter in today’s economy: knowledge and relationships or an organization’s competencies and customers”. Future research needs to focus on how to define and implement such a strategic value process.

A further major area, in considering the implications of customer value for relationship marketing, is the role marketers will have in the identification, creation and delivery of value in long-term relationships. Understanding and measuring what customers value and translating this into product and service offerings will offer a significant challenge to marketing and sales professionals. Further, specific models and tools will need to be developed for a value management process that provide practical guidance for managers who are intent on implementing enhanced value management processes, in a long-term relational context.

Finally, there is a need to understand value concepts and tools in terms of their integration and the development of metrics to measure value performance. As with other areas of marketing, tools and concepts have been developed in isolation, without a consideration of the relationships between them. In the same way that McDonald (1998) has explored the interrelationship of concepts in marketing planning, a similar approach is needed to consider relationships between value models and tools. As these value tools become integrated within a relationship-marketing framework there will be a need to put metrics in place to measure value creation. The value creation by Sears Roebuck & Co (Rucci, Kim and Quinn 1998) provides a powerful illustration of the power of metrics, which incorporates an understanding of relationship marketing. This work suggests a new way to improve the measurement of value inputs and value outputs. Such approaches provide a great opportunity to develop and refine the development of practical value research in the context of relationship marketing.

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