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## Measuring Consumer-Perceived Value in Trade Markets

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**ABSTRACT:** Delivering superior value to customers is an ongoing concern of management in many business markets of today. Knowing where value resides from the standpoint of the customer has become critical for suppliers. In this article, the construct of customer-perceived value is first assessed through a literature review. Then a multiple-item measure of customer value is developed, and our approach is illustrated by the marketing strategy development project of a major chemical manufacturer in international markets. The article finally discusses how the customer value audit can be linked to marketing strategy development and provides guidelines for managerial actions. Delivering superior value to customers is an ongoing concern of management in many business markets today, and the value concept is considered one of the most popular constructs among business managers and academia. Knowing where value resides from the standpoint of the customer has become critical for managers. Customer satisfaction leads to greater levels of customer loyalty and retention, positive word-of-mouth, a stronger competitive position, and, ultimately, higher market share.

**KEYWORDS:** Customer, Trade market, organization, business, Consumer satisfaction, Industrial marketing.

### I. INTRODUCTION

Delivering superior value to customers is an ongoing concern of management in many business markets today, and the value definition is considered one of the most common constructs among business managers and academia[1]. Knowing where value lies from the perspective of the consumer has become important for managers, because greater levels of customer satisfaction contribute to greater levels of customer loyalty and retention, positive word-of-mouth, a stronger competitive position, and, eventually, higher market share.

There has been a revival of interest in the value system in recent years. In 1997, as a research priority, the Marketing Science Institute established 'value-related' problems. Conferences such as the Annual Meeting of the Academy of Marketing Sciences in Norfolk, Virginia, and the Annual Meeting of the Industrial Marketing and Purchasing Association (IMP) in Turku, Finland, gave wider attention to the topic in 1998[2]. The construct has been studied by many scholars, concentrating mostly on consumer goods and services in the past.

However, research has been restricted in the sense of business-to-business markets. The value system has often been overlooked in industrial marketing, leaving it to other fields, such as engineering, supply management, or strategic management. When comparing value pricing with other, more conventional pricing approaches, such as cost-plus pricing or probability pricing, textbooks on business-to-business marketing also often restrict the term to the pricing

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chapter. However, when evaluating industrial buyer-seller relationships, the value principle is of vital importance. Currently, academic research is witnessing a paradigm change from purchase marketing to marketing relationships. The value principle is considered to be a central component of relationship marketing in this context[3]. In reality, providing consumers with superior value is essential to establishing and maintaining long-term industrial relationships. The Industrial Marketing and Purchasing Community (IMP) researchers developed an interactive methodology in the late 1970s and early 1980s that explored the essence of customer-buyer relationships from a network perspective. Customers play an active role in this framework; they build deep and long-term partnerships with their suppliers, who also create goods and services tailored for them.

On the other hand, marketing researchers have discussed the issue of asymmetric knowledge in particular (the seller is better informed about quality than the buyer). In such a setting, to determine product quality, signs such as packaging, ads, word-of-mouth, or branding become important. Price probably conveys two opposing functions: it can be viewed as a sacrifice on the one hand, and as a token of extra quality, value, or prestige on the other hand. Yet research on relationship worth in industrial markets is still in its infancy[4]. Wilson and Jantrania have researched how value can be calculated in the creation of relationships and Holmlund and Strandvik provide a model of mapping expectations in relationships between industrial buyer and seller.

In three domains, value can be created: value creation through supplier relationships, value creation through alliance partnering, and value creation through customer relationships. In the present article, the supplier's point of view and their need to better grasp the understanding of value of the consumer are adopted. Because perceived customer value in industrial markets is not easy to quantify, the main scope of this article is to include a management method for measuring the perceptions of value by industrial customers in the form of a customer value audit (CVA).

## II. CUSTOMER SATISFACTION

It has become very common to calculate customer satisfaction with product quality and is today an important source of revenue for market research firms. Quality is thought to precede customer satisfaction in typical client satisfaction models. Research on consumer satisfaction is primarily affected by the model of disconfirmation. This paradigm states that the feeling of customer satisfaction is a consequence of the contrast between perceived results and one or more criteria of comparison, such as expectations[5]. The client is pleased when he thinks that the output of the product is equal to what was anticipated (confirming). If the performance of the product exceeds expectations, the customer is very satisfied (positively disconfirming), the customer would be disappointed if it stays below expectations (negatively disconfirming).

Recently, there has been criticism of the commonly accepted quality models. On the one hand, it has been suggested that the understanding of price or prices by the consumer should be taken into consideration. On the other hand, conventional customer satisfaction models have been shown to rate the success of a business as viewed by current customers, but do not incorporate competition into the study package. Their goal is to continually develop existing goods and services and fix flaws and mistakes.

Measurement of customer satisfaction therefore offers tactical resources used by departments of customer service. However, measuring customer-perceived value goes beyond merely monitoring customer satisfaction with the quality of the product. Hence, it can be seen as a response to the criticism listed above.

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## III. THE MULTIPLE COMPONENTS OF VALUE

The concepts presents customer-perceived value as a trade-off between the customers's perceived benefits and sacrifices in the offering of a supplier. Perceived advantages are a mixture of available physical characteristics, service characteristics, and technological assistance in relation to a specific usage situation[6]. Perceived sacrifices are represented in monetary terms often. Sacrifices are more generally defined by other meanings. In terms of value perceptions, sacrifices are of prime importance to clients. Monroe claims that a reduction in compromises is appreciated by clients rather than an increase in benefits.

## IV. THE IMPACT OF ROLES AND PERCEPTIONS

Value is perceived subjectively by customers. Customers are not homogeneous; therefore, different customer segments perceive different values within the same product. Previous research on organizational buying behavior has shown that different members in the customer organization are involved in the purchasing process[7]. Whereas in some cases, companies may have established a formal buying center, in other cases the members may be part of an informal group. Also, the number of people involved in the purchasing process and their positions may vary across customer organizations.

Despite these conflicting findings, it can be argued that symmetrical knowledge characterizes business-to-business markets in particular. In our research, through product documentation and testing, clients could easily obtain information about the quality characteristics of the goods. Therefore, we followed an approach focused on a positive quality-price correlation[8]. A linear relationship's additional option is consistent with previous studies in industrial markets. Such representatives of a buyer's association have varying expectations of the value distribution of a supplier. It is also important to recognize and analyze the value expectations of all main informants involved in the buying process in a consumer value audit. Such a multiple approach to informants is by far considered more accurate than single-informant research.

## V. THE IMPORTANCE OF COMPETITION

Relative to rivalry, importance is. It will enable a business to build a sustainable competitive advantage by having a better combination of intrinsic quality attributes in a product and related services, i.e., by offering better value than competition. One of the key critiques of conventional customer satisfaction assessment, as mentioned earlier, is that these methods do not include details in the research relating to the product offerings of competitors. However, consumer value research goes beyond this approach[9]. Customer value assessment is a strategic marketing instrument to explain the proposal of an organization to its consumers, thereby providing a superior differential product relative to the competition.

In contrast with its key rivals, the instrument measures the efficiency of a company as viewed by existing, current, and future customers[10]. Against the context of the main issues addressed in our literature review, we describe customer-perceived value in industrial markets as the trade-off between the various advantages and sacrifices of the supply of a supplier, as perceived by key decision-makers in the organization of the customer, and in a specific-use situation, taking into account the offerings of alternative suppliers available.

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## VI. CONCLUSION

In industrial marketing, consumer value analysis is of growing significance. However, few scholars have discussed the structure of business-to-business partnerships. This thesis is intended to lead to more empirical studies on consumer value and its relationship to other industrial marketing fields. While this holds true for many commodity goods, in the field of complex industrial products, the homogeneity of customer preferences for a product is often difficult to believe. Such studies also lose part of their managerial character by attempting to generalize the validity of their findings. The aim of our present study was to establish an evaluation method and a measurement process adaptable in industrial contexts to many circumstances. Our methodology enables the manager to evaluate awareness differences and develop corrective measures to minimize these gaps. However, in other markets, the validation of our methodology and the enhancement of the measurement method both involve replication.

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