Development of a ‘Consumer Perceived Value Scale’ (SPERVAL Scale) in the Context of Services Industry

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ABSTRACT

Consumer Perceived Value (CPV) is the value derived from the consumption of a product or service. It is perception based and situational. It is said that ‘Value’ lies in the eyes of the beholder. This appreciation conceives CPV as a dynamic variable. This research paper substantiates the CPV construct by understanding the theoretical underpinnings, followed by constructing a scale based on empirical generalizations in the Fine Dining Services Industry context. The multidimensional SPERVAL (Services Perceived Value) scale so generated as a result of the blend of qualitative and quantitative research helps identify ‘Value Indicators’. The SPERVAL scale targets to analyze the consumer’s perceptions towards various dimensions and drivers of the construct. The SPERVAL scale has a variety of potential applications and can serve as a framework for further empirical research in this inevitable area.

Keywords: Consumer Perceived Value (CPV), Consumption Values, Customer Satisfaction, Service Experience, Service Quality, Services Perceived Value (SPERVAL) Scale, Value Dimensions, Value Drivers

INTRODUCTION

‘Consumer Perceived Value’ has a major and an ever increasing role to play for consumers, businesses and marketers of products or services (Dodds, 1991). ‘Consumer Perceived Value’ is of recent origin and has enjoyed lot of attention of the marketers. It is a fundamental market exchange goal (Holbrook, 1999). Consumer Perceived Value is an important constituent of relationship marketing (Peterson, 1995). The ability of the firm in providing superior CPV in relation to competition is considered to be a consistent and a successful strategy of generating sustainable competitive advantage for the firm in the industry (Ravald & Gronroos, 1996). Besides acting as a source of competitive advantage, it has emerged as a new tool to differentiate and compete in the market cluttered by global competition, increasing demands of
consumers and sluggish economies (Woodruff, 1997). There has been a growing emphasis on nurturing an affective relationship and of establishing a strong emotional bond with the customers, which it is believes contributes to customer retention and generates a favorable word of mouth for the firm (Butz & Goodstein, 1996). The job of a marketer is to contribute towards making this bond stronger by pursuing effective Holistic Marketing and offering the Value proposition that not only caters to the expectations of the customer but also to their whims, desires and even un-anticipations in the process (Parasuraman & Grewal, 2000). CPV thus is considered to be a salient indicator of customer satisfaction which in turn leads to customer retention, loyalty, positive word of mouth and higher market share and profits for the firm. CPV is an essential result of the marketing efforts and is considered to be a prominent element in relationship marketing (Dumond, 2000; Oh, 2003; Peterson, 1995; Ravald & Gronroos, 1996).

This research in the context of Fine Dining Services Industry helps in strategically designing the ‘Services Mix’ strategies based on consumer’s perceptions of ‘Service Consumption Values’. This further helps in Segmentation, Targeting and Positioning the Service and its components in the trajectory of the mind of the consumer. It also guides the marketer in building and focusing on the core competencies which acts as resources for a sustainable competitive advantage based on the consumer’s evaluation and expectations.

**The Context**

Today, companies operating in Services Industry experience much more complex market situations and interactions. Customers are becoming more sophisticated and the competition is ever increasing. Consumers are increasingly recognized as an active community of solution seekers with respect to a problem, for which the company has a ‘Value’ laden offering that can meet or exceed the expressed expectations. The entire job of the marketer then revolves around-creation, distribution and communication of the ‘Value’ in expectation of capturing the same by way of consumer patronage and Customer Lifetime Value.

In order to survive, it is therefore imperative for companies to understand the concept, constituents and the phenomena of ‘Consumer Perceived Value’ which reflects their consumption behavior from a Service offering.

**Consumer Perceived Value**

CPV is something that the customers believe that they get in return of what they give, i.e., time, efforts and money. It is a tradeoff concept and is a summation of all qualitative and/or quantitative, subjective and/or objective that constitutes the experience of consumption (Zeithaml, 1988). These various value types contribute differentially towards the purchase decision process. Thus, CPV is largely seen as a construct configured by two parts, one of benefits received (functional, economic, social and relationship) and that of sacrifices made (price, time, effort, risk and convenience) by the customer (Anderson, Jain, & Chintagupta, 1993; Cronin, Brady, Brand, Hightower, & Shemwell, 1997; Dodds, Grewal, & Monroe, 1991; Gale, 1994; Grewal, Monroe, & Krishnan, 1998; Patterson & Spreng, 1997; Woodruff, 1997).

**Research Objectives**

The Food services is a complex amalgam of service concepts, production processes, product range, markets served and service orientation. A service firm needs to articulate and manage crucial decisions dictated by the marketing strategy chosen. These include; choice of service concept (fast food, specialty, full service), location, operating strategy (human resources, operations etc.) and atmosphere/service-scape (layout, lighting etc.). In order to comprehend the phenomenon surrounding the CPV construct in such service setup, the research had twin objectives to be met by empirical generalizations. These were:
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