

CONSUMER PERCEIVED VALUE: A SYSTEMATIC REVIEW OF THE RESEARCH

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Abstract - The purpose of this paper is to provide an evaluation of empirical studies regarding consumer perception of value. The emphasis is on the consumer perceived value, including theory of consumption values, definition of perceived value, and Studies of perceived value construct. Overall, despite some previous studies have been conducted in the concept of perceived value, the definition of the perceived value from the consumer perspective have yet to be cleared. Additionally, numerous studies indicate the variety of change in consumer perception, such as the value in the deferent context of products or services but more interested in experiential value. Most of prior studies applied the impact of the value conceptualization in consumer purchase luxury goods. However, since the trend of luxury market changed to the new trend which is ethical-luxury, thus it is still unclear whether the consumer perceived value of luxury product plays an important role in consumer purchasing behavior.

Index Terms - Consumer Perceived Value

I. INTRODUCTION

Consumer perceive value has been emerged into business, to marketing and the academic in 1990s. Perceived value is accepted as one of the most important factors in the success of business and it is considered as an essential tool of competitive advantage for the business [1-3]. It also has been perceived as the basic premise in each marketing activity movement [4, 5], and perceived value is a key strategic management in approaching and retaining customers [6, 7]. Additionally, consumer perception of value has been established that customer loyalty and profits are strongly related to the value that is created for the consumers. The definition of perceived value has included in the list of research priorities for 2006-2008 by The Marketing Science Institute (2006-2008). By recognizing the importance of value perception, researchers are interested in studying the elements of such concepts and their relationships with others concepts such as satisfaction, trust, and loyalty. Although body of knowledge of customer perceptions is important. Nevertheless, the diversity of studies has created fragmentation, sometimes confusing, and remains in conclusions. Some earlier studies explicitly state that there are different views regarding the definition of perceived value. Surprisingly, none of these perspectives has been widely accepted, and relevant studies have not yet yielded any easy-to-understand interpretations of the characteristics of value that consumers perceive [7, 8]. Thus, this paper aims to shed light on the concept of perceived value and its important stated in the literature. In order to gain better understanding of the approached subject, the author decided to select the most relevant articles in business/marketing field and clarifies the any unambiguous surrounding this

concept, such as the theory, definitions, elements and so on. As a consequence of this review, will be approached foundations in connection to how customers evaluate their perceived value, and proposed the definitions of perceived value in the different context of the previous studies. Finally, conclusion is drawn for the future research.

II. THE THEORY OF CONSUMPTION VALUES

The theory of consumption values is the main underlying theory for the conceptual model of the perceived value study. The theory contributes multi-element consumer choice behaviour, addressing why consumers buy or do not buy, depending on a variety of values [9]. Values are useful predictors of behaviour [10, 11], because consumers decide to purchase a product after considering multiple consumption values, such as enjoyment, quality, value-for-money and their trade-offs [12].

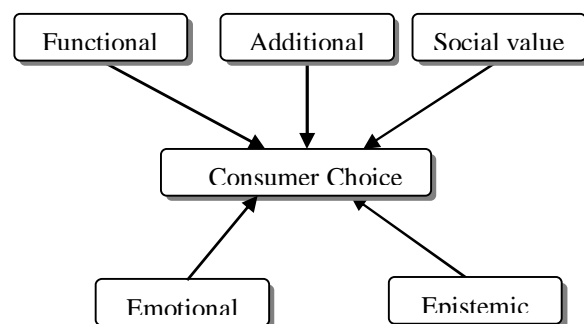


Figure I the original model of the theory of consumption values by Sheth et al. (1991)

Three fundamental propositions are axiomatic to the theory of consumption values: (1) consumer choice is

a function of multiple consumption values, (2) consumption values make different contributions in any given choice situation, and (3) consumption values are independent [9]. Consumer determinants are categorised based on the value dimension characteristics: functional, social, emotional, conditional, and epistemic values [13] (see Figure 2.1).

As the dimensions of consumption values are independent, meaning that change in one dimension may not necessary result in changes in others [12], researchers have been able to develop dimensions of value across the different types of product. For example, reference [14] examined the role of value in online music purchasing and developed perceived benefit (i.e., perceived usefulness and perceived playfulness) and perceived sacrifice (i.e., perceived price and perceived ease of use). The study by reference [12] took a similar approach, identifying several drivers (i.e., visual/musical appeal value, social value, playfulness value and value for money) of hedonic digital artefacts to build on the theory of consumption values.

The theory of consumption values may be extended to include behavioural outcome variables that include broader considerations than just purchase decisions [12]. The theory has typically conceptualised value components influencing only consumption choice

decisions, however, perceived value, as a cognitive concept, may influence many other behavioural outcomes, such as customer satisfaction, behaviour usage intentions, and consumer loyalty behaviour [15]. For instance, previous studies on consumption values have focused on consumer behaviours such as purchase intention, and behavioural intention (intention to repurchase, word of mouth) [2, 16, 17].

III. DEFINITION OF PERCEIVED VALUE

Numerous scholars have defined perceived value in the marketing literature, such as reference [18-20], who defined perceived value as "...the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given". Perceived value is becoming a critical part of business strategic management [21] because it adds significant value to consumer decision's process behavior [20, 22]. Based on the material in Table I, in this study perceived value is conceptualized as the trade-off between benefits and sacrifices related to consumer's perception of a firm's offering [19]. Consumer perceived value depends on the customer's experience and knowledge and is a critical factor which helps to draw new customers and keep present customers [19, 20].

Table I -Definition of Perceived Value

Sources	Definition
Monroe (1990) [23]	Buyer's perceptions of value represent a trade-off between the quality and benefits they perceive in the product relative to the sacrifice they perceive by paying the price.
Day (1990) [24]	Perceived consumer value is the surplus between customer's perceived benefits and customer's perceived costs. Perceived customer value = customer's perceived benefits – customer's perspective costs.
Lichtenstein, Netemeyer, and Burton (1990) [25]	Perceived transaction value is the perception of psychological satisfaction or pleasure obtained from taking advantage of the financial terms of the price deal.
Dodds (1991) [26]	Perceived customer value is the ratio of perceived benefits relative to perceived sacrifice.
Anderson, Jain, and Chintagunta (1992) [27]	Value in business markets is the perceived worth in monetary units of the set of economic, technical, service and social benefits received by a customer firm in exchange for the price paid for a product, taking into consideration the available suppliers' offerings and prices.
Gale (1994) [28]	Customer value is market perceived quality which is adjusted for the relative price of the products. It is your customer's opinion of your products/services as compared to that of your competitors.
Butz and Goodstein (1996) [29]	Customer value is the emotional bond established between a customer and a

Cronin, Brady, Brand, Hightower Jr, and Shemwell (1997) [30]	producer after the customer has used a salient product or service produced by that supplier and found the product to provide an added value.
Woodruff (1997, p. 142) [19]	Perceived service value is the combination of the service quality and its benefits (functional, social, and economic) and the sacrifices (time, effort, money) that the individual has to make to obtain the service. It is also based on some experience from the service obtained.
Patterson and Spreng (1997) [31]	Customer's perceived preference for an 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. Value is the compared outcome of cognition. Value is based on cognition, and is difference between benefits and sacrifices which gain from expected and perceived performance.

Sources	Definition
Zeithaml (1988, p. 14) [20]	Defined "value" as: ". . . the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given."
Holbrook (1996, p. 138) [18]	Defined perceived value as an ". . . interactive relativistic preference experience".
Sirdeshmukh, Singh, and Sabol (2002) [32]	Customer value is the consumer's perception of the benefits minus the costs of maintaining an ongoing relationship with a service provider.

IV. CONCEPTUALIZATION OF PERCEIVED VALUE

Review of the literature shows that there are two major research approaches to the operationalization of value [33]. First, perceived value has been examined using a uni-dimensional construct, measured by a set of items underlying a single overall concept [34], with concentration on utilitarian perspective, benefit and costs. Price is the value-base in previous studies, with consumers evaluating the value of products using two key components, including perceived quality and perceived sacrifice [35]. Because the concept of perceived value is wider than judgements against utility and price [20], this approach is not sufficient to gain competitive advantage [36]. Thus, the uni-dimensional approach simplifies consumers' perception of value; in particular, this concept has failed to take into account of the numerous intangible, intrinsic, and emotional factors that form part of the construct [33].

Second, since the uni-dimensional approach possesses the merit of simplicity, it does not reflect the complexity of consumers' perceptions of value [33]. For example, shopping trips are not evaluated exclusively on the merits of the goods or services that are acquired; rather, there are several intangible and emotional costs and benefits that must be allowed for in attempting to understand the activity of

consumption [37]. Drawing on this wider view, the uni-dimensional approach has been described as summarized [38] and narrows [39]. As a result, some researchers argued that perceived value is a multidimensional construct, which consists of several interrelated attributes or dimensions that form a holistic representation of a complex phenomenon, such as economic, social, hedonic, and altruistic, that shape the concept of perceived value and establish the consumer's behavior [38, 40]. Therefore, this approach can be beneficial, interesting, and challenging [33].

The previous research presented in Table II divided the dimensions of perceived value into two groups: functional and affective. An individual evaluates the functional dimensions such as rationale and monetary, and quality of the products and services. Next, the affective dimension encompasses intangible, intrinsic, feelings or emotions that form part of construct. These dimensions of affective value were divided into an emotional dimension, which is related to internal feelings or emotions, and a social dimension, which is related to the social impact on consumer behavior [16]. In fact, reference [41] state that too little attention has been paid to the dimensions of consumer perceptions of value. Table II illustrates the previous studies on perceived value that have adopted a multidimensional approach, and the proposed dimensions of the construct.

Table II -Multidimensional Approach to Perceived Value

Authors	Dimensions
Sheth et al. (1991) [9]	Functional value Social value Emotional value Epistemic value Conditional value
Groth (1995) [42]	Cognitive: perceived utility Psychological Internal External
Grönroos (1997) [43]	Cognitive Emotional (psychological)
De Ruyter, Wetzels, Lemmink, and Mattson (1997) [44]	Functional dimension or extrinsic value Emotional dimension or intrinsic value Logical dimension
Sweeney et al. (1999) [34]	Functional value (price/value for money) Functional value (performance/quality) Functional value (versatility) Social value (acceptability) Emotional value
Sweeney and Soutar (2001) [38]	Functional dimension (economic and quality) Social dimension Emotional dimension
Rintamäki et al. (2006) [36]	Utilitarian value Social value Hedonic value
Smith & Colgate (2007) [45]	Instrumental/functional value Cost/sacrifice value. Symbolic/expensive value Experiential/hedonic value Monetary value
Pihlström and Brush (2008) [46]	Convenience value Emotional value Social value
Cheng, Wang, Lin, and Vivek (2009) [47]	Functional value Social value Emotional value Epistemic value

Authors	Dimensions
Wang and Wang (2010) [48]	Perceived benefits (information quality, system quality, service quality)
Li, Li, and Kambele (2012) [49]	Perceived sacrifice (technological effort, perceived fee, perceived risk) Social/emotional value Utilitarian value Economic value
Santiago et al. (2012) [50]	Infrastructures Personnel Quality Monetary costs Non-Monetary costs Emotional value

	Social value
Puustinen, Maas, and Karjaluoto (2013) [51]	Economic value-Monetary saving Economic value-Efficiency Functional value-Convenience Emotional value-Emotional and experiences Symbolic value- Altruism Symbolic value- Esteem
Rasidah, Jamal, and Sumarjan (2014) [52]	Functional value (performance/quality) Functional value (price/value for money) Social value Emotional value Epistemic value

Source: Sanchez et al. (2006) and adopted from previous research

Although, perceived value has largely been accepted, the concept of perceived value is still ambiguous [33]. Furthermore, there is no consensus concerning the definition of perceived value in the literature, also no definitive conceptualization, framework, or typology of value. Additionally, based on changing customer values over the time, researchers have continually attempted to improve the concept of perceived value to have a better understanding the consumer behaviour. Therefore, existing investigations of perceived value may not fully appropriate in the different nature of product/services within the current evolving market environment. Thus, the review of the existing previous studies on value have assisted the scholars to reach at a clear understanding of this concept.

CONCLUSION

The study of perceived value is continually growing in the business research area. The perceived value is one of the key-element in marketing, thus to clearly understand the characteristics of it is important for long-term business goal. In the perceived value literature, it shows that most of the studies on perceived value attempted to contribute the various model in the different context and measure the validity and reliability of the measurement rather than focusing on consumer behavior. Even though several studies have been conducted on customer perceived value, however the results show in the different lenses due to the nature of study. Especially, in the context of luxury consumption, the definition of perceived value might change depending on the type of product/service, culture, and customer perspective. However, since consumer consumption has been changed, the researcher should pay more attention to the new trend of consumer behavior. Specifically, in the context of perceived value. Thus, this review may help researchers, business industry; marketers

understand various different trends of potential use to research on perceived value, such as approaches to ethical-luxury concept. To respond to these changes businesses will need to understand priorities in every major aspect of their business. Companies that skillfully manage these tensions will find opportunities for growth in both mature and rising markets.

ACKNOWLEDGEMENTS

Funding for the author to present the paper was provided by Faculty of Economics and Administration, Thaksin University, Songkhla.

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