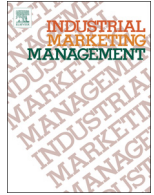




Contents lists available at ScienceDirect

## Industrial Marketing Management



# The challenge of communicating reciprocal value promises: Buyer-seller value proposition disparity in professional services

Jasmin Baumann<sup>a,\*</sup>, Kenneth Le Meunier-FitzHugh<sup>a</sup>, Hugh N. Wilson<sup>b</sup>

<sup>a</sup> Norwich Business School, University of East Anglia, Norwich, Norfolk NR4 7TJ, UK

<sup>b</sup> Cranfield School of Management, Cranfield University, Bedfordshire MK43 0AL, UK

## ARTICLE INFO

## Article history:

Received 13 March 2015

Received in revised form 17 January 2017

Accepted 5 February 2017

Available online xxxx

## Keywords:

Reciprocal value proposition

Value

Value co-creation

Buyer-seller interaction

Service-dominant logic

## ABSTRACT

This study explores the communication of reciprocal value propositions in buyer-seller interaction and examines whether each party's value proposition is congruent with the value sought by their respective counterpart. Through 31 in-depth interviews with customers and salespeople from six professional service organizations, it was found that while both parties deliberately articulate value propositions, thereby initiating the co-creation process, there are some surprising disparities in the value dimensions offered by the salesperson. Although the customer's value proposition is largely consistent with the value sought by the seller, a marked discrepancy was encountered in the reverse case (i.e. between the seller's value proposition and the buyer's desired value). These findings indicate a significant misalignment between the seller's value proposition and actual co-creative behavior that can impede the subsequent collaboration and resource integration between the two parties, which could lead to customer dissatisfaction and potentially even service failure.

Crown Copyright © 2017 Published by Elsevier Inc. All rights reserved.

## 1. Introduction

Understanding customer value and how it can be engendered is a key concern of businesses, especially within service-intensive exchanges (Macdonald, Wilson, Martinez, & Toossi, 2011). The shifting conceptions of value and its co-creation are transforming our perception of marketing relationships (Prahalad & Ramaswamy, 2004). However, mutually beneficial value creation can only be achieved if all its inherent facets are thoroughly understood in both theory and practice. Recent marketing scholarship emphasizes that the organization cannot unilaterally deliver goods or services embedded with value, but that it can only provide customers with resources that have value potential (i.e. value propositions). These value propositions are translated into actual value (be it functional or experiential) throughout and after the service process. Consequently, all parties involved in an exchange create mutual value for each other (Grönroos & Voima, 2013; Vargo & Lusch, 2011), which suggests that the value proposition concept does not only apply to the organization itself, but also to the customer (Ballantyne, Frow, Varey, & Payne, 2011). This notion of reciprocal value propositions still requires exploration (Lindgreen, Hingley, Grant, & Morgan, 2012), as we do not know yet whether customers

always deliberately co-create value (Woodruff & Flint, 2006) (i.e. offer value propositions themselves).

Research on value propositions is limited with regard to professional service contexts that bridge the B2B/B2C divide, e.g. real estate, lawyers, auction houses or financial consultants, although they provide not only significant economic and employment contributions, but also crucial input for other private and public sector organizations by seeking to engender relevant and valuable service (Harvey, Heineke, & Lewis, 2016). Despite generating a significant share of their revenue in B2B markets, professional service providers operating in these sectors serve a variety of customers and thus need to understand if there are any differences in the joint value creation process depending on the type of client they are dealing with. Clarification is also needed to identify if the value propositions of both buyer and seller necessarily always resonate with their respective exchange counterpart, or if there are any discrepancies in the perspectives of the two parties (Corsaro & Snehota, 2010; Lindič & Marques da Silva, 2011). We address these issues by exploring value propositions in the dyadic interaction between customers and salespeople in a knowledge-intensive professional service context. These refinements are highly relevant, because the salesperson's role in communicating value propositions and realizing value, as well as the benefits they can derive from the co-creative interaction, are yet to be clarified (Blocker, Cannon, Panagopoulos, & Sager, 2012; Haas, Snehota, & Corsaro, 2012; Terho, Haas, Eggert, & Ulaga, 2012).

Our study offers a number of contributions. (1) We explore the value propositions offered by customers and salespeople in the context of knowledge-intensive professional service encounters and the value

\* Corresponding author.

E-mail addresses: j.baumann@uea.ac.uk (J. Baumann),

k.le-meunier-fitzhugh@uea.ac.uk (K. Le Meunier-FitzHugh), hugh.wilson@cranfield.ac.uk (H.N. Wilson).

dimensions both parties draw on in their interaction. This refines the insights of Hohenschwert and Geiger (2015), Nätti, Pekkarinen, Hartikka, and Holappa (2014), Skälén, Gummerus, von Koskull, and Magnusson (2015) as well as Heidenreich, Wittkowski, Handrich, and Falk (2014) and addresses recent calls for more – particularly qualitative and segment-specific – research into the value proposition concept (Ballantyne et al., 2011; Frow & Payne, 2011; Lindgreen et al., 2012). (2) We compare each party's value proposition with the value sought by their counterpart to find out to what extent – if at all – these two perspectives are congruent, thereby extending the work on reciprocal value propositions by Ballantyne et al. (2011). (3) We investigate whether the value proposition concept is truly reciprocal in professional service encounters, where there is frequently no clear B2B/B2C division, to explore whether customers with differing roles also actively form value propositions, thus identifying their contribution to the joint value realization process. (4) We extend research into the value processes of professional service firms and respond to calls for more detailed and focused research into specific professional services settings (Brandon-Jones, Lewis, Verma, & Walsman, 2016). (5) Finally, we summarize our findings into a conceptual model and set of propositions to enable quantitative testing of our results in future research. Through these contributions, we address gaps in the emergent literature on value propositions and add to the body of work clarifying the implications of the concept, thereby aiming to build an understanding of the role of value propositions in mutual value creation.

In the following, we review the relevant literature on value and its joint realization, which provides a basis for the analysis of the work on value propositions. The critical roles of both salesperson and customer in value proposition formulation, as well as the discrepancies in perspective that may arise between the two parties, are examined. Subsequently, our methodology and findings are introduced and their implications discussed in relation to previous research into value co-creation and the value proposition concept.

## 2. Conceptual background

### 2.1. Value and value co-creation

For the purposes of this work, we follow Holbrook (2006, p. 212), who characterizes value as an “interactive relativistic preference experience” as it is contingent on a relationship between an actor and an offering (service or product). Value is also comparative, as any party appraises the value of an offering in comparison to another, as well as situational and subjective (Leroi-Werelds, Streukens, Brady, & Swinnen, 2014). Value is not embedded in a product or service, but arises from the customer's interactive consumption experience (Holbrook, 2006; Macdonald et al., 2011). To reflect this temporal and phenomenological nature of value, the concept of “value-in-context” has been suggested (Helkkula, Kelleher, & Pihlström, 2012; Vargo, Maglio, & Archpru Akaka, 2008), and this term has been adopted for our study as it incorporates the idiosyncratic quality of value and allows for potential changes in value perceptions depending on the role of the party (e.g. buyer or seller) and the character of the co-creative interaction (e.g. transactional or relational; in a B2B or B2C setting).

It is generally acknowledged that value is the result of a trade-off between received benefits and required sacrifices (Ulaga & Eggert, 2006a). However, the parties involved in co-creative interaction (e.g. customer and seller) do not necessarily assess value in such a systematic manner, as they try to reduce cognitive complexity by seeking to realize only a certain number of value facets of the total possible. This reduction results in different situation-specific priorities (Corsaro & Snehota, 2010). In line with the notion that interaction consists of intertwined exchange episodes which, taken together, form the overall relationship between actors, Ravald and Grönroos (1996) therefore offer a more flexible conceptualization that focuses exclusively on the temporal quality of value and distinguishes between episode and relationship value.

Episode value can encompass brand reputation, enhancing benefits of the offer (e.g. quality or additional support services) and/or reducing the sacrifices involved for a party to increase their satisfaction. Relationship value, in turn, takes on a more profound meaning of security, credibility and integrity, which stimulates loyalty (Ravald & Grönroos, 1996). Relationship value has been a prominent aspect of the relationship marketing literature, on the principles of which S-D logic and value co-creation are based (Aitken, Ballantyne, Osborne, & Williams, 2006). Aspects such as seller expertise, communication, dependence and relational benefits have been identified as partly unidirectional antecedents to relationship development (Palmatier, 2008b; Palmatier, Dant, Grewal, & Evans, 2006). Their relevance as part of value co-creation initiating reciprocal value propositions that are ideally congruent to the value sought by the other party, however, needs to be examined, as mutuality is one of the cornerstones of value co-creation (Vargo, 2009).

Relationship marketing literature identifies that the interaction between buyer and seller is more critical to customers in business markets and knowledge-intensive service encounters (Palmatier, 2008b; Palmatier et al., 2006). As joint value realization is contingent on interaction (Aarikka-Stenroos & Jaakkola, 2012; Grönroos & Voima, 2013), customers are increasingly seen as partners (instead of passive target groups) who create value in collaboration with the organization and enter into a dialogue with the seller (Ballantyne et al., 2011; Corsaro, 2014). It is suggested that this joint value realization engenders episode value in one-off transactions, as well as both episode and relationship value in relational exchange (Baumann & Le Meunier-FitzHugh, 2014). However, before such value is realized only value potential can exist, implying that the selling organization cannot deliver value unilaterally, but can only make value propositions (Vargo & Lusch, 2008).

### 2.2. Value propositions

The concept of the value proposition has been interpreted from a number of different perspectives, but despite the prevalent use of the term in theory and practice, there is little published research on the topic (Ballantyne et al., 2011; Frow & Payne, 2011). The value proposition was initially regarded as a statement of advantages offered and delivered to customers as well as the price the latter are prepared to pay (Lanning & Michaels, 1988). Implemented in a supplier-led manner (Kowalkowski, Persson Ridell, Rödell, & Sörhammar, 2012), this ‘value delivery system’ is strongly reminiscent of a goods-orientated paradigm and comprised three sequential steps: *choose the value* (i.e. positioning the offer), *provide the value* (i.e. developing, producing and distributing products and services), and finally *communicate the value* through marketing activities and the sales force (Lanning & Michaels, 1988). Similar to this organizational perspective, Anderson, Narus, and van Rossum (2006) identify three kinds of value proposition usually adopted by businesses: all benefits delivered to customers, benefits offered in comparison to competitors, and those truly sought and valued by customers. Although the last of these types is the most preferable (Anderson et al., 2006), all three have a clear goods-dominant focus in that value is assumed to be inherent in the offering and delivered by the selling organization to the customer (Ballantyne et al., 2011). It is thus not surprising that some organizations still see the value proposition concept as a form of spin created for advertising purposes rather than the starting point for mutual value realization – the latter requires a strong strategic marketing mindset permeating all organizational levels and hierarchies, and the willingness to question long-established business processes (Anderson et al., 2006).

To emphasize the *co-creative* character of value, we define value propositions as “reciprocal promises of value” (Ballantyne et al., 2011, p. 205) that enable and initiate the co-creation of value by guiding the subsequent process of working together to integrate the offered resources into an equitable exchange and realize mutual benefits. This negotiation can be instigated by any party involved in the co-creative

Download English Version:

<https://daneshyari.com/en/article/5111071>

Download Persian Version:

<https://daneshyari.com/article/5111071>

[Daneshyari.com](https://daneshyari.com)