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Understanding consumers' sentiments as a key to creating superior customer value

Summary

The main objective of this article is to indicate significant changes in the consumers' perception of marketing activity and customer value. Under the conditions of hyper-competition resulting from globalization, development of ICT technologies and more free trade, enterprises increasingly start to realize that clever advertising campaigns and one-time marketing initiatives are not effective in the long term, and that consumers' trust and self-identification with the brand are important contributions to overall customer value and continued usage of the products. The paper, which takes the form of a literature review, focuses on the sentiments, needs and expectations of present-day consumers, arising from their perception of contemporary social values, greater consumer awareness and national culture conditionings.

Key words: customer value, marketing activity, cultural conditionings, international markets.

JEL codes: M3, M39

Introduction

The development of ICT technologies, internationalization and globalization processes lead to the situation where many companies in international markets compete for the same potential clients. The general quality or functionality of the goods or services is no longer a factor guaranteeing repeated purchase for a company, and the enterprises increasingly start to realize that emotions and sentiments are crucial factors affecting consumer behaviour and contributing to the creation of superior customer value.

The article presents important aspects of marketing activity, with particular emphasis on customers' sentiments that contribute to the creation of superior customer value. The paper discusses, among others, the significance of marketing activity in the process of creating customer value; the changing circumstances which affect the consumers' perception of customer value and marketing communications; the need to adjust the marketing communication model to the above-said changes; the necessity to incorporate the universal new trends, such as: a two-way communication between enterprises and customers, empowerment of consumers through the use of the Internet and social media and a more active role of consumers participating in corporate actions inspired by 'social responsibility'. The article also emphasises the necessity of considering different cultural conditionings which may affect the perception of the customer value and marketing activity in international markets.

In the last section, Conclusions, the author attempts to recapitulate the most important considerations contained in the paper, provide recommendations concerning the creation of superior customer value, as perceived by contemporary consumers, and indicate effective marketing strategies which may be employed by business entities operating in international markets.

New Model of Marketing Communication: the Creation and Perception of Customer Value

Philip Kotler, a widely recognizable expert in the field of marketing, perceives the phenomenon as “the science and art of exploring, creating, and delivering value to satisfy the needs of a target market at a profit” (Kotler 2017). In the first chapter of the 11th edition of *Marketing Management*, the expert describes the most important concepts related to marketing activity such as: segmentation, targeting, positioning, needs, wants, demand, offerings, brands, value and satisfaction, exchange, transactions, relationships and networks, marketing channels, supply chain, competition, the marketing environment, and marketing programs. The author of the present article intends to focus on the four concepts described by Kotler, namely, *value and satisfaction* and *relationships and networks*.

For the purposes of the present article, the notion of marketing will be understood as “an organizational function, and a set of processes for creating, communicating and delivering value to customers and for managing relationships in ways that benefit the organizations and their stakeholders” (Pride, Ferrell 2014, p. 10). The “customer value” refers to a “subjectively perceived benefits and costs which a customer bears when buying products or services offered by a company at particular prices” (Szymura-Tyc 2012, p. 16). Marketing plays a crucial role in the assessment of the customer value since it has the ability to increase both consumers’ perceptions of a product’s quality and general social approval. Pride and Ferrell (2014, p. 10) also highlight the fact that the image of the product which is “enhanced through advertising, personal selling or publicity” makes the product or service more desirable; consumers tend to perceive particular goods as unique among competitive offers (which contributes to product/service differentiation), and they are willing to pay more for such products.

New technological solutions, the widespread availability of the Internet, the elimination of barriers and restrictions on trade, the simplification and unification of regulations on the one hand, and increased competition from multinational corporations on the other, contribute to the fact that companies more and more frequently decide to expand into foreign markets. There are numerous reasons for undertaking an international business activity and entering foreign markets; however, the most common motivations are those pertaining to market conditionings and costs (Duliniec 2007; Stone, McCall 2004; Stonehouse et al. 2004).

Consumers are also increasingly interested in using online services of the firms based and operating in foreign countries offering to send goods to the customer’s country. Shipping costs are no longer perceived as an obstacle to ordering goods, especially since more and more stores offer attractive discounts and low-cost or even free shipping. The availability of

electronic versions of books, movies or music that can be downloaded within a few seconds makes geographical distances even less relevant. As the findings of recent studies reveals, the impediment in the form of lack of trust in Internet transactions or the fear of losing data is decreasing year after year due to the ever-increasing technological sophistication of online stores and the fact that consumers are accustomed to this form of shopping (Chmielarz 2015; Chmielarz and Łuczak 2016).

The above-mentioned factors lead to the emergence of hyper-competition, that is a situation, as Kotler (2017) explains, where companies are able to produce more goods than can be sold, and, under the circumstances, a lot of pressure is put on price which is seen as the main source of competitive advantage.

Another important tendency indicated by Kotler is that companies must pay attention to the fact that customers are more educated and have better tools at their disposal (mainly the worldwide web accessed via browsers or mobile applications) which enable them to buy goods with more discrimination. The wide availability of the Internet and related tools allowing for the exchange of opinions among users or evaluating the product or service they have recently purchased means that people can quickly compare prices and opt for the lowest cost offer. As Kotler (2017) explains: "Power has been passing from the manufacturer to the distributor, and now is passing to the customer. The customer is King."

However, the aforementioned price competition is an option available to those business entities which can benefit from economies of scale, namely, key market players, multinational and global corporations. Still, even the companies which are able to base their strategies on the reduction of a unit cost, have no guarantee of achieving success on the market, the reason being the fact that providing high-quality product or service which satisfies customer needs does not guarantee the repeated purchases on the part of consumers.

It is the added value, as perceived by consumers, not mere customer satisfaction, that contributes to building a relationship with the company or the brand. Thus, in the situation where price competition does not bring about the desirable effects, companies need to resort to an alternative strategy, which is product differentiation. However, as Kotler (2017) explains, the differentiation does not always relate to product qualities, functionality or its material characteristics. The differentiation, as he puts it, is frequently more psychological than real.

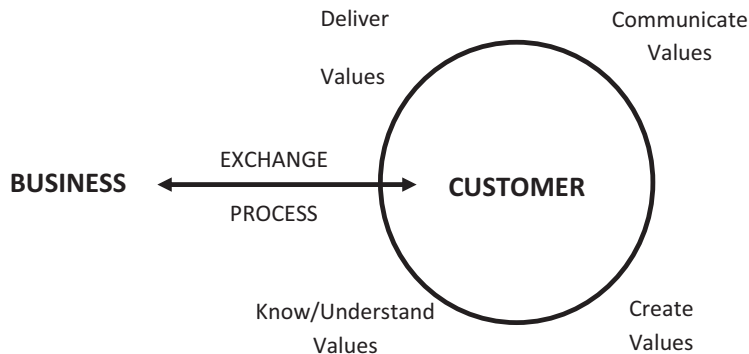
In the present-day business environment, the model which focuses mainly on the market factors, such as macro- and microeconomic environment, needs and preferences of buyers, and assumes only one-way communication with potential customers appears to be inefficient. (Wiktor 2008) The new model of marketing communication, as suggested by Wiktor, should take the form of a two-way communication platform which allows for information exchange between the business and the customer. As Peter F. Drucker, U.S. management theorist, claims: "the aim of marketing is to know and understand the customer so well the product or service fits him and sells itself" (Kurtz 2012, p. 7)

In order to create profits and customer equity, it is necessary to create superior values for customers and build customer relationships. This can be put into effect only when the

enterprises undertake the effort to understand the values, as perceived by the contemporary customers, and then create, communicate and deliver the superior value to its customers.

The two-way exchange process is illustrated in Fig. 1 below.

Figure 1
The model of value creation



Source: Based on McAuley (2001).

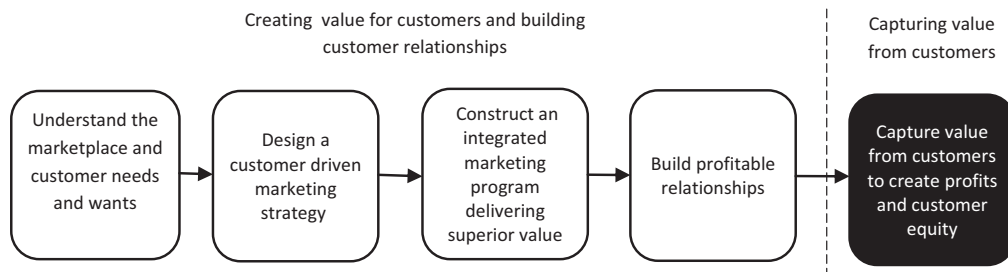
The marketing challenge, then, is to find ways to maintain a proper profitability level in the face of the above-described macro-trends, taking into consideration the changes related to the expectations and needs of contemporary consumers. The solution, in Kotler's view (2017), is: "better targeting, differentiation and branding". Better adjustment of the product or services range to a group of customers with specific needs, wants and expectations (targeting, enabled and facilitated by the two-way communication process), differentiation (creating and communicating the USPs) as well as branding (company's actions which are transparent and compliant with the system of values pursued by the brand, and the value network, actively engaging end-users into actions whose emphasis is on external interests, rather than internal ones, e.g. CSR, fair trade, environmental protection, etc.) appear to be the answer to the marketing challenges which companies face at present.

Kotler, Burton, Deans, Brown and Armstrong (2013) present a simple, five-step model of the standard marketing process, explaining that the ultimate goal of an enterprise, which is creating profits and customer equity, may be achieved as a result of "capturing value from customers" in return for creating value for the users of products/services offered by the company and building close relationships with them at every stage of the process and in every area of the company's activity.

As the model of value creation presented above shows, the first four steps comprise the activities which are aimed at creating value for customers, i.e. in those stages of the marketing process companies try to anticipate customer needs and wants, prepare a marketing strat-

egy, build marketing programs which would enable them to communicate and deliver value as well as establish and maintain close and meaningful customer relationships. Creating value *for* customers, the companies, in the last stage of the process demonstrated above, in return “capture value *from* customers in the form of sales, profits and long-term customer equity”. (Kotler et al. 2013, p. 5).

Figure 2
A model of value creation and the marketing process



Source: Kotler et al. (2013, p. 5).

Undoubtedly, serving consumers ought to be the central purpose of marketing activity, and the sentiments of both potential buyers and customers towards marketing deserve attention. Unfortunately, consumers nowadays are exposed to such a massive amount of marketing communications and advertising messages that they appear to approach marketing activity with indifference, mistrust or even hostility.

A consumer survey carried out by the Yankelovich marketing research company indicated that approximately 60 percent of consumers stated that their opinions of advertising and marketing activity had worsened in recent years. (Parsons, MacLaran 2009, p. 18). Among the marketing practices which were viewed most negatively by the surveyed consumers, there were: telemarketing, online pop-up advertisements and junk mail. (Sheth, Sisodia 2006, after Parsons, MacLaran 2009; Chmielarz 2016).

A recent study, *The 2017 Edelman TRUST BAROMETER*, also reveals “the largest-ever drop in trust across the institutions of government, business, media and NGOs” with a simultaneous “proclivity for self-referential media and greater reliance on peers”.

The ICT technologies, the wide availability of the Internet, the popularity of social media and tools such as comparison engines may serve as a powerful tool defending consumers against misleading advertising, manipulating marketing initiatives or unethical measures employed by some marketers and advertisers, which present-day consumers complain about, as evidenced by recent customer surveys (see: Chmielarz 2015; Chmielarz 2016; Chmielarz and Łuczak 2016).

Some sellers may consider the phenomenon of consumers being empowered “through information and specific connectivity to other consumers” to be a potential threat. However, the same Internet technology with its modern solutions and applications, might be also regarded as an opportunity “enabling a more equal and co-operative relationship between companies, marketers and their consumers” (Parsons and MacLaran 2009, p. 7).

Recognizing the needs and sentiments of contemporary consumers is of utmost importance for the enterprises especially that, these days, Internet reviews carry much weight with potential buyers. The various actors engaged in this particular economic model “range from traders to e-commerce platforms, from price comparison websites to specialized portals (which collect, treat and render opinions), technical service providers (including review-filtering software editors), online reputation management companies, research institutes and, last but not least, consumers and their representatives”. However, it should be indicated that due to a frequently non-verified accuracy of the evaluations (they are largely anonymous, usually not supported with credible evidence of the actual purchase being made), online sales and consumer associations are currently striving “to standardize the reliability of online reviews” (www.reputationvip.com/blog...).

Thanks to the Internet which allows consumers to verify the accuracy of the information published by the sellers, compare prices of a particular product or service, review their purchases and contact other customers, any evident lie, manipulation, misrepresentation or abuse on the part of enterprises is usually discovered and widely commented on.

Bearing this in mind, the foundations of the company’s communications and activities should be: legal compliance, transparency, conformity with reality, social responsibility, respect for customers, adherence to the customary code of conduct or the adopted value system, as presented and promoted by the company. The general recommendations, published as a part of *The New Rules of Marketing and PR* (Wiley 2007, p. 25), include the following statements: “Marketing is more than just advertising”, “You are what you publish”, “People want authenticity, not spin”, or “People want participation, not propaganda”. These guidelines seem to reflect the general tendencies with regard to creating customer value, advocating greater transparency, sincerity and consistency of corporate activity.

Shared Lifestyles and Values: Culture as a Tool Enabling Firms to Understand Customers’ Sentiments

In the past, the company and the consumer were seen as entities having separate and distinct roles, namely, the part of the firm consisted in creating brands offering particular benefits; and the role of the consumer was limited to passively consume those brands. Nowadays, consumers wish to establish relationships with the brands they can trust, and whose values they can identify and identify with. It emerges that, thanks to the two-way communication with the business, customers can influence the value system that a particular brand embodies, and which constitutes the basis for its unique culture. It is important to integrate the customers into the design of the product and to present the company’s image which finds its

reflection in reality. As stated by Parsons and MacLaran (2009, p. 79), nowadays “brands must be seen to share, rather than manipulate, consumers’ passions and emotions”.

Moreover, organizations are becoming increasingly aware of the benefits of emotional value, i.e. “how people feel, and whether the customers are satisfied”, and all these factors are “important contributions to overall customer value and to continued usage.” (Kotler et al. 2013, p. 25). Kotler et al. also comment on other strategies such as for example, “market sensing”, which is “looking through the eyes, hearts and mind of customers”, giving the customers the feeling of being special, or creating superior customer value. All the above tendencies are visible in present day marketing initiatives and strategies, and they frequently play an important role in the market success of a given business entity.

One of the aspects which provides knowledge and contributes to a better comprehension of the way consumers see and interpret the world around them is the culture which they belong to or identify with. The term ‘culture’ denotes the system of symbols and meanings that give significance to human activities, and it is the culture which is the factor exerting a profound influence on the “attitudes, beliefs and values which underpin people’s behaviours” (Parson, MacLaran 2009, p. 73). To date, numerous researchers have attempted to define culture: Geert Hofstede (1980) describes it as “collective mental programming that shapes individuals’ responses to their environment”. Vern Terpstra and Kenneth David (1991) see it as “a learned, shared, compelling, interrelated set of symbols whose meanings provide a set of orientations for members of a society”. Edgard Schein (1992) refers to culture as “the pattern of basic assumptions that are invented, discovered or developed by a given group”. According to Schein, these patterns are created in order to help a particular group, a nation, a religious group, an organization, etc., to support the process and address the issues associated with external adaptation and internal integration (Parker 2005, p. 187).

Parsons and MacLaran (2009, p. 96) describe shared lifestyles as “consumption patterns which are socially meaningful in the sense that they exist in opposition to comparable alternatives”. Thus, lifestyles are “symbolic boundaries that create what is distinctive about a particular consumption pattern by placing this pattern in relation to other significant alternatives” As Onkvisit and Shaw (2004, p. 156) stress, “consumption patterns, lifestyles, and the priority of needs are all dictated by culture”, and it is the culture which “prescribes the manner in which people satisfy their desires”.

Enterprises today incorporate customers in their value networks, and the essential elements allowing for integration with customers are: an engaged dialogue allowing for information exchange (the above-described two-way communication process) with customers; providing access to a broad range of products that are readily accessible (general availability of particular goods or services sold under a particular brand name), being open and more forthcoming about the risk associated with the product and its use so that consumers can make informed choices (e.g. products which are environmentally-efficient, compared to those which are environmentally-friendly) and increasing transparency so that “customers can see for themselves what the company is doing and how it is doing it.” (Parker 2005, p. 54).

The two latter characteristics, being open and forthcoming about the product risk and increasing transparency of business operations are the aspects which deserve particular attention in the context of the discussion on a more prominent and more active role played by consumers nowadays as well as the customers' need to trust and identify with the brand.

Obviously, ethics is not a new concept for people and entities operating in business: the corporate world has always had rules, standards and norms pertaining to economic activity, collaboration and exchange of goods. For ages, "the natural and structural process of acting in line with moral judgements, standards and rules" have formed the basis for human relations. Broadly speaking, the overall fundamentals taking the form of principles and practices, which together constitute the code of ethics and create customary behaviour, contribute to improving the level of wellbeing of humanity. (Crowther and Aras, 2008)

However, the recent tendencies: the above-said more active role of consumers in creating customer value and their need to identify with the brand have contributed to the fact that companies started to perceive their engagement in CSR initiatives as a constituent of competitive advantage and incorporate them into their marketing strategies. Moreover, business entities may capture value from customers, in the form of profits or customer equity, as indicated in the customer value creation model, also through creating positive emotions in customers who use the company's products or services, simultaneously drawing satisfaction from supporting a good cause or contributing to the general welfare of their local community, society or environment. (McDonald, Wilson 2002; Keillor 2007)

Conclusion

When analysing the contemporary marketing activity and the process of creating value for customers, it is important to take into consideration the changing circumstances of conducting business activity and the challenges faced by enterprises at present. Among them, the most significant are the economic landscape which has been altered by technology and globalization, and the emergence of hyper-competition, which consists in the fact that thanks to the Internet and more free trade, companies can now compete anywhere.

One of the aspects which is particularly important in the context of the perceived customer value is culture, which may be seen as a tool allowing accurate interpretation of consumer behaviour as well as understanding (and resonating with) the deeper values cherished by members of the society.

The recent trends described above, namely, the consumer's need to play a more active role in the process of creating customer value as well as their need to be a part of the brand culture and to share in the company's value system, create perfect conditionings for the CSR initiatives and strategies pursued by the companies.

On the one hand, modern conscious customers, characterised by greater knowledge and awareness with regard to their role as consumers, are interested in supporting the CSR initiatives which benefit their local community, the society or the environment. On the other, for

enterprises engaging in CSR initiatives, such actions may be seen as a part of the process of creating customer value and forming the foundation of their competitive advantage.

In addition, the development of ICT technology tools and social media may contribute to the greater personal engagement of consumers supporting such initiatives, and it may help to hold the corporations accountable for making their promises a reality, putting their declarations into action and adhering to their supported value systems, all the more so since the news concerning illegal or unethical activity of corporations, e.g. accounting frauds, waste management scandals, involvement in child labour, exploitation of local farmers, have led to a considerable amount of bad publicity and even spectacular collapses of multinational giants.

It is true that cultural diversity should be taken into consideration when creating, communicating and delivering superior customer value as well as building a company's marketing strategy. However, even though "global organizations take shape by borrowing best practices and new ideas from among multiple cultures", they still must build and act consistently with "an internal culture that instils unity and provides direction." (Parker 2005, p. 206). Beemer and Shook (2010, p. 24) claim that good companies have their principles, beliefs and a clearly formulated mission statement, which constitute the basis for the day-to-day employees' operations. The companies should strive to integrate these guidelines in their activity, since, as the authors state, many companies talk of their values and convictions, but only some try to implement them and adhere to them in every area of their transacted business.

Applying marketing strategies, which take into account customers' needs, expectations and sentiments, to strategic decision-making and operations of enterprises will help to capture the value from customers (Parsons, MacLaran 2009) and contribute to building a competitive advantage through a commitment strategy, where "the business not only has the competence to deliver but also has authenticity that comes from its legacy and values" (Aaker 2011, p. 84). However, it is important to note that the specific customers' perception of superior value, their support for and self-identification with the brand are conditioned by the corporations' credibility, reliability and transparency, which must be respected and adhered to by the entire organization and all its stakeholders.

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Zrozumienie nastrojów konsumenckich jako klucz do tworzenia najwyższej wartości dla klienta

Streszczenie

Głównym celem artykułu jest wskazanie istotnych zmian zachodzących w zakresie postrzegania działań marketingowych oraz samej wartości produktu lub usługi przez konsumentów. W warunkach hiper-konkurencyjności wynikającej

z globalizacji, rozwoju technologii ICT oraz swobodnej wymiany handlowej, przedsiębiorstwa coraz częściej zdają sobie sprawę z tego, iż sprytnie kampanie reklamowe czy jednorazowe inicjatywy marketingowe nie są skuteczne w dłuższej perspektywie, a zaufanie konsumentów oraz ich utożsamianie się z wartościami promowanymi przez markę znacząco przyczynia się do tworzenia wartości produktu czy usługi dla klienta (*customer value*) oraz budowania lojalności wobec danej marki. Artykuł o charakterze przeglądowym koncentruje się na znaczeniu emocji, potrzeb i oczekiwań współczesnych konsumentów, które kształtowane są pod wpływem zmian w postrzeganiu współczesnych wartości społecznych oraz większej świadomości konsumentów i uwarunkowań kulturowych.

Słowa kluczowe: wartość dla klienta, działalność marketingowa, uwarunkowania kulturowe, rynki międzynarodowe.

Kody JEL: M3, M39

Понимание настроений потребителей – ключ к формированию высшей ценности для клиентов

Резюме

Основная цель статьи – указать существенные изменения, происходящие в области восприятия потребителями маркетинговых действий и самой ценности продукта или услуги. В условиях сверхконкурентной способности, вытекающей из глобализации, развития информатики и коммуникационной технологии, а также свободного торгового обмена, предприятия все чаще отдают себе отчет в том, что ловкие рекламные кампании или разовые маркетинговые инициативы в более длительной перспективе неэффективны, а доверие потребителей и их отождествление с ценностями, предлагаемыми брендом, значительно способствует формированию ценности продукта или услуги для клиента, а также лояльности к данному бренду. Статья обзорного характера сосредоточена на значении эмоций, потребностей и ожиданий современных потребителей, которые формируются под влиянием изменений в восприятии современных общественных ценностей и большей сознательности потребителей, а также культурных обусловленностей.

Ключевые слова: ценность для клиента, маркетинговая деятельность, культурные обусловленности, международные рынки.

Коды JEL: M3, M39

Artykuł nadesłany do redakcji w lutym 2017 roku

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