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The concept of perceived value: a systematic review of the research

Raquel Sánchez-Fernández and M. Ángeles Iniesta-Bonillo

University of Almería, Spain

Abstract. *The purpose of this article is to present a systematic review of the extensive research that has been conducted on the conceptualization of perceived value. The major conclusions of the present study are: (i) that both uni-dimensional and multi-dimensional models of value have their roles to play in providing simplified (uni-dimensional) and complex (multi-dimensional) understandings of the concept; (ii) that the nature of perceived value is complex and multi-dimensional; (iii) that the concept of perceived value implies an interaction between a consumer and a product; (iv) that value is relative by virtue of its comparative, personal, and situational nature; and (v) that value is preferential, perceptual, and cognitive-affective in nature. By organizing and synthesizing the major research streams and the individual studies within them, the present study thus provides a comprehensive framework for future studies of the dimensionality of perceived value.* **Key Words** ● concept ● dimensionality ● perceived value ● research streams

Introduction

The concept of ‘perceived value’ emerged as the defining business issue of the 1990s, and has continued to receive extensive research interest in the present century. The Marketing Science Institute (2006–2008) has included the definition of ‘perceived value’ in its list of research priorities for 2006–2008. These developments reflect the great interest that has been generated by the phenomenon of ‘value creation’ among marketing researchers in both academia and industry. Organizations are increasingly recognizing that perceived value is a key factor in strategic management (Mizik and Jacobson, 2003; Spiteri and Dion, 2004). Indeed, Slater (1997: 166) has observed that ‘... the creation of customer value must be the reason for the firm’s existence and certainly for its success’. As these words indicate, the creation of customer value has become a strategic imperative in building and sustaining a competitive advantage (Wang et al., 2004). It has been established that

loyalty and profits are strongly linked to the value that is created for customers (Khalifa, 2004), and the concept of 'consumer value' has become the fundamental issue to be addressed in every marketing activity (Holbrook, 1994, 1999).

Despite this wide interest, the concept of 'value' has often not been clearly defined in studies of the subject; indeed, according to Khalifa (2004), the concept has become one of the most overused and misused concepts in the social sciences in general and in the management literature in particular. Various definitions of 'perceived value' have been offered in the marketing literature, including those of Holbrook (1999), Woodruff (1997), and Zeithaml (1988). Of these, one of the more commonly cited definitions is that supplied by Zeithaml (1988: 14), who 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'. This view posits 'perceived value' as a uni-dimensional construct that can be measured simply by asking respondents to rate the value that they received in making their purchases. However, other authors have suggested that this conceptualization of 'value' (as simply a trade-off between benefit and sacrifice) represents a narrow approach to the concept; these authors have argued that 'perceived value' is a multi-dimensional construct in which a variety of notions (such as perceived price, quality, benefits, and sacrifice) are all embedded (Babin et al., 1994; Holbrook, 1994, 1999; Mathwick et al., 2001, 2002; Sinha and DeSarbo, 1998; Sweeney and Soutar, 2001).

This lack of agreement among scholars with respect to the conceptualization and measurement of 'perceived value' is a consequence of its somewhat nebulous nature, which has variously been described as 'complex' (Lapierre, 2000), 'multi-faceted' (Babin et al., 1994), 'dynamic' (Parasuraman and Grewal, 2000; Woodruff and Gardial, 1996), and 'subjective' (Zeithaml, 1988). An indication of the complexity that is inherent in this area of research can be found in the work of Woodall (2003), who proposed *five* distinct notions of value ('net value', 'marketing value', 'derived value', 'sale value', and 'rational value') and *four* temporal categorizations of these notions of value ('ex-ante', 'transaction', 'ex-post', and 'disposal'). Similarly, Khalifa (2004) proposed an integrative configuration of the concept of 'perceived value' that included *three* complementary models: (i) 'customer value in exchange' (which was a benefits/costs model); (ii) 'customer value build-up' (which focused on the benefits side of the value equation); and (iii) 'customer value dynamics' (which reflected the dynamics of how customers evaluate a supplier's total offering). A third example of the complexity of the subject can be found in the work of Lindgreen and Wynstra (2005), who felt that it was important to distinguish between *two* major research streams: (i) the value of goods and services; and (ii) the value of buyer-seller relationships.

Given the complexity and lack of consensus in this area, the purpose of the present study is to provide an overview of the major approaches to the concept of perceived value, with particular emphasis on the importance of understanding the multi-dimensionality of the construct. In pursuit of this objective, the study examines the various schools of thought that exist in the literature on the subject, and identifies their major contributions and limitations.



The nature of perceived value

In the literature, the concept of 'perceived value' is often poorly differentiated from other related constructs – such as 'values', 'utility', 'price', and 'quality'; moreover, despite the extensive research on these constructs, the relationships among them remain largely unclear (Lapierre et al., 1999). In particular, some marketing academics have assumed that 'value' and 'values' are the same concept, despite the fact that they are clearly distinct. *Value* is the outcome of an evaluative judgment, whereas the term *values* refers to the standards, rules, criteria, norms, goals, or ideals that serve as the basis for such an evaluative judgment (Holbrook, 1994, 1999). 'Value' implies a 'trade-off' between benefits and sacrifices; moreover, it implies an interaction between a customer and a product or service (Payne and Holt, 2001). In contrast, 'values' are important personal beliefs that people hold with respect to themselves and the goals for which they strive (Rokeach, 1968, 1973). 'Values' are thus the implicit criteria that are employed by an individual in making a preference judgment. These criteria guide the behaviour of people because they reflect the desired 'ultimate end-states of existence' (Flint et al., 1997: 169). It is thus apparent that perceived 'value' and personal 'values' are not the same concept (Day and Crask, 2000; Oliver, 1996; Woodruff, 1997).

In economic terms, 'value' has traditionally been equated with utility or desirability. In this regard, the 'theory of utility' provides the conceptual underpinning of the value construct (Tellis and Gaeth, 1990). This theory holds that consumers derive value according to the difference between the 'utility' provided by the attributes of a product and the 'disutility' represented by the price paid. Adopting this approach, several authors have used the term 'utility' (in various ways) in their definitions of perceived value (e.g. Afuah, 2002; Thaler, 1985; Zeithaml, 1988). However, the present study contends that perceived value is a complex construct that involves more than a mere rational assessment of 'utility'. Moreover, 'price' is, in itself, an indistinct and elusive construct (Dodds et al., 1991; Woodruff and Gardial, 1996). Although 'price' is usually understood as the monetary value of a product, a full appreciation of the concept also includes considerations of the time, effort and search involved in the overall cost or sacrifice made by the customer in the consumption experience. It is thus apparent that perceived value is a broader and richer construct than a mere trade-off between 'utility' and 'price' (Monroe, 1990; Zeithaml, 1988).

With regard to the role of 'quality' in perceived value, most of the extant literature agrees that 'value' and 'quality' are distinct constructs (Bolton and Drew, 1991; Day and Crask, 2000; Dodds and Monroe, 1985; Monroe and Krishnan, 1985), although several authors have noted the conceptual confusion that often exists between the terms (Oliver, 1999; Zeithaml, 1988). The conceptual confusion arises because the two constructs share certain common characteristics – especially the fact that both involve evaluative judgments that are subjective, personal, and context-dependent (Rust and Oliver, 1994; Zeithaml, 1988). Nevertheless, most authors agree that there are certainly differences between them (e.g. Zeithaml, 1988), although opinion differs as to the relationship between the constructs.

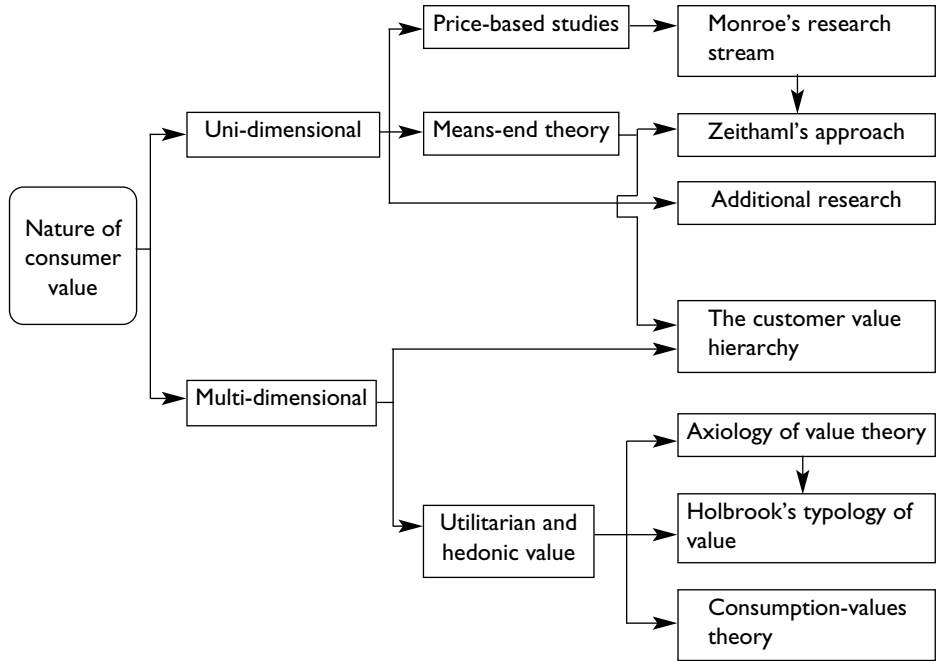


Figure 1

Research streams on perceived value

Some authors have suggested that perceived quality is an antecedent that has a positive effect on perceived value (Cronin et al., 2000; Lapierre et al., 1999), whereas others have contended that quality is a sub-component of overall value (Holbrook, 1999; Sweeney and Soutar, 2001). Bolton and Drew (1991: 383) were of the opinion that ‘... value seems to be a ‘richer’, more comprehensive measure of customers’ overall evaluation of a service than service quality’, and Huang and Tai (2003: 41) supported this view in arguing that ‘... value is more important than quality, since value is that which is immediately considered by consumers.’

An overview of the literature reveals two main research approaches to the operationalization of value (see Figure 1).

The first approach conceives perceived value as a *one-dimensional* construct. According to this view, perceived value is a single overall concept that can be measured by a self-reported item (or set of items) that evaluates the consumer’s perception of value (e.g. Agarwal and Teas, 2002; Brady and Robertson, 1999; Chang and Wildt, 1994; Dodds, 1991; Hartline and Jones, 1996; Kerin et al., 1992; Sweeney et al., 1999). This perspective includes the possibility that this one-dimensional construct might be produced by the effects of multiple antecedents, but it does not include the view that value is an aggregate concept formed from several components.



Table 1

Uni-dimensional research streams of perceived value

Research stream	Illustrative contributions
Monroe's proposition	Agarwal and Teas (2001, 2002, 2004); Dodds and Monroe (1985); Dodds et al. (1991); Grewal et al. (1998a); Li et al. (1994); Monroe (1979, 1990); Monroe and Chapman (1987); Monroe and Krishnan (1985); Oh (2003); Teas and Agarwal (2000); Wood and Scheer (1996)
Zeithaml's approach	Baker et al. (2004); Bolton and Drew (1991); Brady and Robertson (1999); Chang and Wildt (1994); Gould-Williams (1999); Hartline and Jones (1996); Kerin et al. (1992); Lapierre et al. (1999); Spreng et al. (1993); Sweeney et al. (1999); Zeithaml (1988)
Additional research	Andreassen and Lindestad (1998); Bei and Heslin (1997); Blackwell et al. (1999); Caruana et al. (2000); Chen and Dubinsky (2003); Cronin et al. (1997); Cronin et al. (2000); DeSarbo et al. (2001); Gallarza and Gil (2006); Grewal et al. (1998a); Kwon and Schumann (2001); Laitamäki and Kordupleski (1997); McDougall and Levesque (2000); Sinha and DeSarbo (1998); Thaler (1985); Ulaga and Chacour (2001)

The second approach conceives perceived value as a *multi-dimensional* construct that consists of several interrelated attributes or dimensions that form a holistic representation of a complex phenomenon (e.g. Babin et al., 1994; Holbrook, 1994, 1999; Huber et al., 2000; Mattsson, 1991; Sheth et al., 1991a; Sweeney and Soutar, 2001; Williams and Soutar, 2000).

Each of these research streams is discussed in more detail below.

Uni-dimensional approaches to perceived value

This influential body of research represents the origin and earlier stages of the study of the concept of perceived value. In this approach, perceived value is essentially conceived with a utilitarian perspective, whereby economic and cognitive reasoning is used to assess the relevant benefits and costs. Table 1 provides a summary of the major studies in this research stream.

Price-based studies: Monroe's research stream Monroe (1979, 1990) has led a prolific research stream that has its origins in the study of *price* (see Table 1). The first studies in this stream focused on the categorization and analysis of the quality–price relationship (Dodds and Monroe, 1985; Monroe and Chapman, 1987; Monroe and Krishnan, 1985), and led to the initial conceptualization of value as a '... cognitive trade-off between perceptions of quality and sacrifice' (Dodds et al., 1991: 308). According to this view, external cues (such as price,



brand name, and store name) influence perceptions of product quality and value (Agarwal and Teas, 2001, 2002, 2004; Dodds et al., 1991; Teas and Agarwal, 2000), and the price has a negative effect on a product's value but a positive effect on perceived product quality (Dodds, 1991).

According to this perspective, although value is formally defined in terms of the quality–price relationship, the empirical operationalization of the construct treats these elements as antecedents, rather than as formative components of value. This pioneering conception of value was based on the economic theory of the consumer and the concept of utility. Other studies have gone beyond the conceptual guidelines of this stream by introducing various determinants of perceived value, including: an affective element (Li et al., 1994), a consideration of perceived risk (Agarwal and Teas, 2001; Wood and Scheer, 1996), an internal reference price and perceived store image (Grewal et al., 1998a), and the concept of price fairness (Oh, 2003).

Means–end theory: Zeithaml's approach The means–end theory (Gutman, 1982) has provided a theoretical and conceptual structure that connects consumers' values with their behaviour. This theory posits that decision-making processes regarding consumption are influenced by: (i) linkages among product attributes; (ii) the perceived consequences of consumption; and (iii) the personal values of consumers. The central thesis of the means–end theory is that individuals are goal-directed and that they use product or service attributes as a means of inferring desired end states. An analysis of the relationships underlying this behaviour can be depicted as a hierarchical value map. Many studies have used the means–end approach to analyse various aspects of consumption behavior (e.g. Baker et al., 2004; Botschen et al., 1999; Brunso et al., 2004; Manyiwa and Crawford, 2002; Mitchell and Harris, 2005; Perkins and Reynolds, 1988; Valette-Florence and Rapacchi, 1991).

Zeithaml (1988) used means–end theory to adapt a model first proposed by Dodds and Monroe (1985) (whose conceptualization of value had been based mainly on the quality–price relationship, as noted above). Zeithaml (1988) described four different definitions of value: (i) value as low price; (ii) value as whatever the consumer wants in a product; (iii) value as the quality obtained for the price paid; and (iv) value as what the consumer gets for what he or she gives. The author ultimately defined perceived value as a bi-directional trade-off between 'giving' and 'getting' – that is, what is sacrificed versus what is received in an exchange.

In so doing, Zeithaml (1988) proposed a means–end model in which a hierarchy of variables is established according to their level of abstraction. This model provides an overview of the relationships among the concepts of perceived price, perceived quality, and perceived value. According to this conceptual model, people evaluate products on the basis of their perceptions of price, quality, and value, rather than on the basis of objective attributes (such as actual prices or actual quality). Zeithaml (1988) also indicated that, in the means–end chains, value (like quality) is proposed to be a higher level abstraction. However, it differs



from quality in two ways: (i) value is more individualistic and personal than quality; and (ii) is therefore a higher-level concept than quality. Thus, Zeithaml's (1988) model reflects that both perceived price and perceived sacrifice are perceptions of lower-level attributes; that perceived quality is a higher-level attribute; and that the perceived value is a higher-level construct that is inferred from perceived sacrifice and quality.

The author also dichotomized the attributes of a product or service into intrinsic cues and extrinsic cues. Intrinsic cues were posited as attributes that are part of the physical composition of the product. Such attributes cannot be changed without changing the nature of the product, and are consumed along with the product. In contrast, extrinsic cues are attributes related to the product without being part of the product itself. Zeithaml (1988) also proposed an interesting distinction between objective attributes and perceptions of those attributes. Finally, the author suggested that situational or contextual factors can affect the formation of value perceptions and that perceived value is subject to the influence of the consumer's frame of reference.

Some studies have taken the conceptualizations of Zeithaml (1988) and Monroe (1979, 1990) as a point of departure for their own causal models of value. For example, Bolton and Drew (1991) offered a multi-stage model of service assessments (including value) in which they corroborated Zeithaml's (1988) suggestions that value can be context-specific. Moreover, although price and service quality contributed to perceived service value in their model, the components of quality (performance, expectation, and disconfirmation) were weighted differently when assessing value as distinct from quality. Subsequently, Brady and Robertson (1999) confirmed the suggestion of Zeithaml (1988) and Bolton and Drew (1991) that the value model is inconstant across individuals and different contexts.

Kerin et al. (1992) examined the effect that price, product quality, and shopping experience had on value perceptions of a retail store (rather than perceptions of a product); they concluded that the shopping experience had a greater effect on store value than did price or product quality. Similarly, Spreng et al. (1993) proposed a dynamic model of value that took into consideration the effects of expectations, desires, and perceptions of performance on perceived value. Chang and Wildt (1994) also analysed the influence of objective price and product information on purchase intention through quality, price, and perceived value; their findings were generally consistent with the findings of previous studies, although they did not find support for the role of perceived price as an intermediate variable in their model. Hartline and Jones (1996) and Gould-Williams (1999) studied the effect of employee performance cues on consumers' service quality, value, and loyalty. Similarly, Lapierre et al. (1999) determined that the relationship between perceived sacrifice and perceived value is stronger than the relationship between perceived quality and perceived value. Sweeney et al. (1999) pointed out that perceived risk is a significant mediator of the quality-value relationship. Finally, Baker et al. (2002) adapted Zeithaml's (1988) model to a retail setting and confirmed that store patronage intentions are a function of merchandise value, interpersonal service quality, and shopping experience cost perceptions.

Additional research in the uni-dimensional approach In addition to the research streams previously described, it is possible to identify other proposals that, although not strictly belonging to any of these approaches, have been framed with a uni-dimensional view. Some of these studies have sought to explain value through certain variables, including: (i) corporate image (Andreassen and Lindestad, 1998); (ii) quality and sacrifice (Cronin et al., 2000); (iii) service quality, social value, play, aesthetics, and time and effort spent (Gallarza and Gil, 2006); (iv) sacrifice, benefit, personal preference, and the perceived situation (Blackwell et al., 1999); and (v) perceived risk and the valence of experience (Chen and Dubinsky, 2003). Others have analysed the influence of value on satisfaction (McDougall and Levesque, 2000) or its moderating role in the quality–satisfaction relationship (Caruana et al., 2000). To measure respondents' perceptions of value some of them have used a single item (Caruana et al., 2000; McDougall and Levesque, 2000), whereas others have used several items (Andreassen and Lindestad, 1998; Blackwell et al., 1999; Cronin et al., 2000; Chen and Dubinsky, 2003; Gallarza and Gil, 2006). Some studies have used the methodology of perceived value mapping to develop value maps (Sinha and DeSarbo, 1998), most of which have been based on the quality–price relationship (Bei and Heslin, 1997; Laitamäki and Kordupleski, 1997; Ulaga and Chacour, 2001).

Cronin et al. (1997) have pointed out that value can be interpreted as either a *multiplicative* function of benefit and sacrifice or an *additive* function of these variables. In the former, value has been defined as a ratio, with benefit as the numerator and sacrifice as the denominator. As the authors denote, this has been the dominant (although untested) view in the literature, and has been the approach of such researchers as Zeithaml (1988) and Dodds et al. (1991). According to Cronin et al. (1997), this general reliance on a geometric specification of perceived value is inconsistent with findings reported elsewhere in the literature (Evans, 1991; Lynch, 1985; Thaler, 1985); moreover, Cronin et al. (1997) contended that an additive model recognizes the integrative nature of benefit and sacrifice, takes account of the compensatory trade-off between benefit and sacrifice, and appears to be a more 'natural' process. Subsequently, DeSarbo et al. (2001) agreed that an additive model is preferable to a multiplicative approach.

Similarly, Thaler (1985) synthesized cognitive psychology and microeconomic theory in arguing strongly that consumers' mental accounting in choice situations involving multiple attributes is based on the sum of: (i) acquisition utility; and (ii) transaction utility. The first kind of value (in terms of acquisition utility) represents a comparison between perceived benefit and actual product price, whereas the second (in terms of transaction utility) represents a comparison between the internal reference price of the consumer and the actual price offered by the supplier. This perspective is thus grounded in pricing theory and posits consumers' price perceptions as the key determinant of value. Based on the additive model of Thaler (1985), other authors have incorporated this dichotomous conception of value into their conceptual proposals (Grewal et al., 1998b; Kwon and Schumann, 2001).



Table 2

Multi-dimensional research streams of perceived value

Research stream	Illustrative contributions
The customer value hierarchy	Anitsal and Flint (2005); Overby et al. (2004); Overby et al. (2005); Parasuraman (1997); van der Haar et al. (2001); Woodruff (1997); Woodruff and Gardial (1996)
Utilitarian and hedonic value	Babin and Attaway (2000); Babin and Babin (2001); Babin and Kim (2001); Babin et al. (1994); Chiu et al. (2005); Lee and Overby (2004)
Axiology or value theory	Danaher and Mattsson (1994, 1998); de Ruyter et al. (1997); Hartman (1967, 1973); Huber et al. (2000); Lemmink et al. (1998); Mattsson (1991)
Consumption-values theory	Pura (2005); Sheth et al. (1991a, 1991b); Sweeney and Soutar (2001); Sweeney et al. (1996); Williams and Soutar (2000); Wang et al. (2004)
Holbrook's typology of consumer value	Bevan and Murphy (2001); Bourdeau et al. (2002); Brown (1999); Holbrook (1994, 1996, 1999); Holbrook and Corfman (1985); Kim (2002); Leclerc and Schmitt (1999); Mathwick et al. (2001, 2002); Oliver (1996, 1999); Richins (1994, 1999); Smith (1996, 1999); Solomon (1999); Wagner (1999)

Multi-dimensional approaches to value

Compared with the uni-dimensional approach to perceived value, fewer studies have pursued a multi-dimensional approach (see Table 2).

Means–end theory: The customer value hierarchy Although the means–end model originally described how customers categorize and memorize information about products (Gutman, 1982), Woodruff and Gardial (1996: 64) adapted it to propose a ‘customer value hierarchy’, which provided a framework for managers to organize their thinking about customer value. This hierarchy takes a broader perspective of value than a narrow focus on product attributes; rather, it considers higher-order outcomes that the customer experiences. The following features of the ‘customer value hierarchy’ can be noted (Woodruff and Gardial, 1996):

- three hierarchical levels of value (attributes, consequences, and desired end-states), whereby the lower levels are the means by which the higher level ends are achieved;
- the level of abstraction increases at higher levels in the hierarchy; and
- there is a tendency for stability to increase at higher levels of the hierarchy.



According to Woodruff and Gardial (1996), customers' value judgments are determined within the constraints of a particular use situation. These judgments are subject to change across use situations, over time, and due to specific 'trigger' situations.

Subsequently, Woodruff (1997: 142) defined perceived value as:

[a] 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.

According to Woodruff (1997), the 'value hierarchy model' includes consumption goals, consequences, and attributes, and also incorporates desired value and received value. The hierarchy emphasizes that value stems from customers' learned perceptions, preferences, and evaluations, and that customer value thus changes over time.

Building on the work of Woodruff (1997), Parasuraman (1997) proposed a measurement framework for monitoring customer value in terms of four types of customers: (i) first-time customers; (ii) short-term customers; (iii) long-term customers; and (iv) defectors. By segmenting the customer sample and data collection in this way, the framework facilitated effective organizational learning of various aspects of customer value. Subsequently, van der Haar et al. (2001: 630) developed the 'intended value map' of a company, which described how customers choose between products in attempting to achieve their higher-order goals and how a company should design its value strategy on this basis. In this model, the first-order level consists of a trade-off between the perceived benefits and the sacrifices associated with a product as perceived by the customers at time of the purchasing decision. The second-order level consists of the benefits customers seek to fulfil their goals.

Other studies have delved into the influence of culture on a consumer's perception of value (Overby et al., 2004; Overby et al., 2005) and the potential gaps between a retailer's value offering and the customer's perceptions (Anitsal and Flint, 2005).

Utilitarian and hedonic value: Although consumption activities produce both utilitarian and hedonic outcomes (Babin et al., 1994), Holbrook and Hirschman (1982) observed that conventional research up until the early 1980s had neglected the hedonic component of the consumption experience. Subsequently, Babin et al. (1994) developed a value scale that assessed consumers' evaluations of a shopping experience along the dimensions of:

- *utilitarian value:* instrumental, task-related, rational, functional, cognitive, and a means to an end; and
- *hedonic value:* reflecting the entertainment and emotional worth of shopping; non-instrumental, experiential, and affective.

Other studies that have operationalized shopping in terms of utilitarian value and hedonic value have included: (i) Babin and Attaway (2000), who tested a



causal model in which a patron's repeated purchase behavior was a function of affect experienced while shopping and perceived personal shopping value; (ii) Babin and Kim (2001), who introduced a specific multi-dimensional value conceptualization to the travel literature; (iii) Babin and Babin (2001), who examined the effect of specific retail elements on shopping value; and (iv) Chiu et al. (2005), who explored the role of utilitarian value and hedonic value in a relationship-marketing model.

In a similar vein, Lee and Overby (2004) identified two types of online shopping value: (i) utilitarian value (including price savings, service excellence, time savings, and selection dimensions); and (ii) experiential value (including entertainment, visual, escape, and interaction dimensions). The authors concluded that both forms of value positively affected customer satisfaction.

These studies of the utilitarian and hedonic dimensions of value served as a basis for further research into the multi-dimensional nature of the concept.

Axiology or value theory Hartman (1967, 1973) described an axiological model of the value realm in terms of extrinsic value, intrinsic value, and systemic value. 'Extrinsic value' reflects the *utilitarian* or *instrumental* use of a particular service as a means to a specific end, whereas 'intrinsic value' represents the *emotional* appreciation of the consumption. The term 'systemic value' refers to the *rational* or *logical* aspects of the inherent relationships among concepts in their systematic interaction – for example, the relationship between sacrifices and returns.

Mattsson (1991) adapted the framework of Hartman (1967, 1973) by referring to three generic value dimensions:

- emotional (E), which focused on the feelings of the consumers;
- practical (P), which focused on the physical and functional aspects of consumption; and
- logical (L), which focused on the rational and abstract characteristics of the purchase.

In this adaptation, E was posited as being greater than P, which, in turn, was posited as being greater than L. These dimensions have found support in research from various disciplines, including philosophy, psychology, education, social psychology, and business administration (see Danaher and Mattsson, 1994).

Several studies have analysed the three-dimensional structure of value in the service encounter. Danaher and Mattsson (1994) adopted the axiological model of Hartman (1967, 1973) and demonstrated that their three value dimensions could be understood as antecedents to satisfaction, with each value dimension having both a positive and negative inclination. Similarly, de Ruyter et al. (1997), in a cross-cultural study, examined how different stages in the service-delivery process can be profiled in terms of the three axiological value dimensions and how each stage relates to an overall satisfaction judgment. Danaher and Mattsson (1998) also compared the three-dimensional structure of value in three service-delivery processes of varying complexity, and Lemmink et al. (1998) validated the value dimensions in the specific context of a restaurant setting. Finally, Huber et al.



(2000) added to these models by including the dimension of 'perceived risk' to the three-dimensional structure of value.

Consumption-value theory The theory of 'consumption value' (Sheth et al., 1991a, 1991b) states that the multifaceted consumer choice – to buy or not to buy, to choose one type of product or service over another, and to choose one brand over another – entails a variety of forms of value. These forms of value can be categorized as functional, social, emotional, epistemic, and conditional. *Functional* value pertains to whether a product is able to perform its functional, utilitarian, or physical purposes. *Social* value refers to an image that is congruent with the norms of a consumer's friends or associates and/or with the social image the consumer wishes to project. *Emotional* value is related to various affective states, which can be positive (for example, confidence or excitement) or negative (for example, fear or anger). *Epistemic* value is concerned with a desire for knowledge, whether this be motivated by intellectual curiosity or the seeking of novelty. Finally, *conditional* value reflects the fact that some market choices are contingent on the situation or set of circumstances faced by the consumers. According to Sheth et al. (1991a), this theory rests on three fundamental propositions: (i) that market choice is a function of multiple values; (ii) that these forms of value make differential contributions in any given choice situation; and (iii) that the forms of value are independent.

Subsequent studies of this theory have focused mainly on the lack of generalizability of its original operationalization. In this regard, Sweeney et al. (1996) developed measures for the three dimensions of value in the original multi-dimensional scale – functional, social, and emotional. They omitted measures for epistemic value and conditional value because these are transient and because they were not suitable for the methodology that the authors used in their particular study.

Williams and Soutar (2000) analysed the proposed dimensions of value in a tourism context. Their research was exploratory and qualitative, but the results indicated that four of the value categories of the model of Sheth et al. (1991a) – functional, emotional, social, and epistemic – were evident for the consumers in their study. However, none of the responses fitted neatly into the category of conditional value.

Utilizing the consumption-value theory, Sweeney and Soutar (2001) developed the so-called 'Perval' model, which was a measurement scale of consumers' perceptions of the value of durable goods. Their findings identified four value dimensions (emotional, social, quality/performance and price/value for money), but their exploratory study did not generate items for epistemic value and conditional value.

Wang et al. (2004) also adapted the framework suggested by Sweeney and Soutar (2001), but included sacrifices other than price – that is, non-monetary factors such as time, effort, and energy. All dimensions of perceived value (functional, social, emotional, and perceived sacrifices) were found to have a significant effect on customer satisfaction, although no significant evidence was found to support the direct influence of any dimensions of value on brand loyalty.



Pura (2005) analysed the direct effect of the dimensions of perceived value on attitudinal and behavioral components of loyalty in mobile telephony services. In this context, the authors defined six dimensions – monetary, convenience, social, emotional, conditional, and epistemic. In doing so, they adapted the functional dimension to the electronic service context and depicted it by monetary value and convenience value.

These various contributions (Pura, 2005; Sweeney and Soutar, 2001; Sweeney et al., 1996; Wang et al., 2004; Williams and Soutar, 2000) thus adapted the model of Sheth et al. (1991a) to particular study contexts, and these studies therefore represented early steps in the development of a general scale for consumption value.

Finally, it should be noted that Sheth et al. (1991a: 12) suggested that the dimensions of value are independent, and that they ‘... relate additively and contribute incrementally to choice’. However, Sweeney and Soutar (2001) contended that the dimensions of value might not be independent because the hedonic and utilitarian components of attitude might be related.

Holbrook’s typology of perceived value Holbrook (1994: 22, 1996: 138, 1999: 5) defined perceived value as an ‘... interactive relativistic preference experience’. Holbrook (1994, 1996, 1999) therefore proposed a ‘typology of consumer value’ based on three dichotomies – (i) *extrinsic* versus *intrinsic* (a product viewed instrumentally as a means to some end versus a consumption experience prized for its own sake as an end in itself); (ii) *self-oriented* versus *other-oriented* (something valued by virtue of the effect it has on oneself or for one’s own sake versus an aspect of consumption positively evaluated because of how others respond or for the sake of someone else); and (iii) *active* versus *reactive* (involving the manipulation of some product by its user versus the appreciation of some consumption experience wherein an object affects oneself rather than vice versa). When combined in all possible combinations, as shown in Table 3, these three distinctions produce eight types of value, each illustrated by one or more salient examples (shown parenthetically). A crucial aspect of Holbrook’s argument is that all eight types of perceived value tend to be ‘compresent’ – that is, they tend to occur together to varying degrees – in any given consumption experience.

Regarding all the uni-dimensional and multi-dimensional approaches in the value literature, Holbrook’s proposal, based partially on the axiology of value, has been, in our opinion, one of the approaches that has contributed more to the study of the nature of perceived value. According to this view, perceived value implies an interaction between a subject (the consumer) and an object (the product); it is comparative, personal, and situational (specific to the context); and it embodies a preference judgement.

There have been several theoretical reflections on the ‘typology of consumer value’ (Bevan and Murphy, 2001; Kim, 2002) and some empirical studies (Bourdeau et al., 2002; Mathwick et al., 2001, 2002). In particular, Mathwick et al. (2001) developed an experiential value scale that focused on self-oriented dimensions of experiential value – that is, a subset of Holbrook’s (1999) consumer-value domain. The same authors (Mathwick et al., 2002) subsequently used their scale to



Table 3

Typology of consumer value

		Extrinsic	Intrinsic
Self-oriented	Active	Efficiency (output/input, convenience)	Play (fun)
	Reactive	Excellence (quality)	Aesthetics (beauty)
Other-oriented	Active	Status (success, impression management)	Ethics (virtue, justice, morality)
	Reactive	Esteem (reputation, materialism, possessions)	Spirituality (faith, ecstasy, rapture, sacredness, magic)

Source: Holbrook (1999: 12)

examine the effect of consumer shopping tasks and the retention of information displayed on consumer perceptions of experiential value. Similarly, Bourdeau et al. (2002) identified five value factors underlying the use of internet – social, utilitarian, hedonic, learning, and purchasing.

Discussion

Despite numerous attempts to establish a model for perceived value, researchers have produced divergent views on the conceptualization of this construct. A review of the extensive literature on the subject reveals ambiguity with respect to the definition, dimensions, and measurement of perceived value.

Traditionally, marketers have believed that market choices and consumer preferences are driven by utilitarian value (Chiu et al., 2005). This view flows from neoclassical economic theory, which holds that consumers are rational beings who make choices that maximize utility, while being constrained by prices and income (Sweeney et al., 1996). The most popular conceptualizations of value in the literature have thus been functional in nature, whereby ‘value’ is defined in terms of performance (quality) and price – that is, ‘value’ has been considered to be a cognitive trade-off between benefits and sacrifices. This view has dominated the uni-dimensional approach to the study of value, and the majority of studies in the field have focused on such an economic-based consumer utilitarianism to define perceived value. In particular, Monroe’s (1979, 1990) research stream was grounded in pricing theory when it posited consumers’ quality–price perceptions as the key determinants of perceived value. Similarly, Zeithaml (1988), who adapted the model first proposed by Dodds and Monroe (1985), proposed that the



construct should be understood as a trade-off between benefits and sacrifices in which consumers infer benefits by evaluating all attributes of products and services (including price). In so doing, Zeithaml (1988) proposed a means–end structure of cognitive or rational decision-making.

Although the uni-dimensional approaches possess the merit of simplicity, they do not reflect the complexity of consumers' perceptions of value; in particular, they fail to take proper account of the numerous intangible, intrinsic, and emotional factors that form part of the construct. For example, Holbrook (1986) noted that shopping trips are not evaluated exclusively on the merits of the goods or services that are acquired; rather, there are numerous intangible and emotional costs/benefits that must be allowed for in attempting to understand the activity of consumption. Drawing on this wider view, the traditional definition of value as a cognitive trade-off has been variously described as 'summarized' (Sweeney et al., 1996) and 'narrow' (Mathwick et al., 2001). As a result, many authors have argued that trade-off models are too simplistic for consumption experiences in that they ignore the multi-dimensionality of the construct (de Ruyter et al., 1997; Mathwick et al., 2001; Mattsson, 1991; Sweeney and Soutar, 2001). In particular, if value is perceived as a combined utilitarian and hedonic response, it is apparent that an affective component that reflects entertainment and emotional worth should also be incorporated in the conceptualization of value (Lemmink et al., 1998).

The emergence of such multi-dimensional models of perceived value has generated considerable debate among researchers. Although multi-dimensional constructs provide holistic representations of complex phenomena, and although they enable researchers to match broad predictors with broad outcomes, critics have contended that multi-dimensional constructs are conceptually ambiguous, explain less variance than explained by their dimensions taken collectively, and confound relationships between their dimensions and other constructs.

It is the contention of the present study that both the uni-dimensional perspective and the multi-dimensional perspective have worthwhile contributions to make to the study of value. Although different, they are not radically so, and they are certainly not polar opposites. Rather, they represent 'simple' and 'complex' approaches to the nature of the construct in question. Some points of comparison and difference between these simple and complex approaches are summarized in Table 4.

Having reviewed the various multi-dimensional approaches to be found in the literature, the present study concludes that Holbrook's typology (1994, 1999), which captures all of the economic, social, hedonic, and altruistic components of perceived value, is the most comprehensive approach to the value construct, since it defines more sources of value than other studies. Therefore, this proposal can be considered to be very useful, interesting, and challenging. Although other models are admirable in many respects, they are less impressive in other areas. For example, the *customer value hierarchy* proposed by Woodruff and Gardial (1996) is commendable in reflecting the complexity and dynamics of the concept, but it fails to delve into the various components of value. Moreover, it is unclear whether it readily translates into an effective operational definition to facilitate the con-

Table 4

Comparing approaches to the nature of perceived value

Uni-dimensional nature	Multi-dimensional nature
<ul style="list-style-type: none"> – Roots in economic theory and cognitive psychology – Utilitarian and economic conception – Cognitive approach – Simplicity – Knowledge of how value is evaluated – Lack of agreement regarding the antecedents of value – Confusion about the relationship among the antecedents – Direct observation of value – Widely embraced in the literature 	<ul style="list-style-type: none"> – Roots in consumer-behaviour psychology – Behavioural conception – Cognitive-affective approach – Richness and complexity – Specific direction on how to improve value – Lack of agreement regarding the components of value – Confusion about the relationship among the components – Observation of value through its components – Hardly embraced in the literature

struction of a general scale for measuring customer value – given the existence of multiple contexts (pre and post-purchase), cognitive tasks (preference and evaluation), and levels of abstraction (attributes, consequences, and objectives) (Parasuraman, 1997). In this regard, although the *axiology theory* defines three generic value dimensions underlying the utilitarian and hedonic aspects of the consumption experience, the conceptual framework and the measurement instruments are rather simplified. Finally, the *consumption-value theory* proposed by Sheth et al. (1991a) is one of the most important contributions to the study of perceived value (in that the authors define a complex multi-dimensional structure for the concept), but it ignores some sources of value such as ethics and spirituality (Holbrook, 1994, 1999).

Nevertheless, despite its richness and complexity, Holbrook’s (1994, 1999) approach does have limitations. The complexity of its structure complicates its operationalization in capturing certain types of value – such as ethical value and spiritual value – which are relatively neglected in the literature (Brown, 1999; Holbrook, 1999; Wagner, 1999). In addition, there is a relatively circumscribed role for certain aspects of sacrifice in this typology, and all but one category – efficiency – refer primarily to benefits perceived by the consumer. For these and other reasons, the few extant empirical explorations of this typology have covered only reduced sets of selected categories (Bourdeau et al., 2002; Gallarza and Gil, 2006; Mathwick et al., 2001, 2002).

Holbrook’s (1999) conceptual framework has stimulated thought-provoking discussion and critique among researchers, and this has added considerable depth to contemporary understanding of the typology of perceived value. For example: (i) Leclerc and Schmitt (1999) have suggested that *time* can be a reactive value as well as an active value; (ii) Solomon (1999) pointed out that the distinction



between status and esteem is somewhat ambiguous; (iii) Richins (1999) recognized that it is difficult to distinguish between active and reactive sources of value; (iv) Oliver (1996, 1999) provided an interesting analysis of the value-satisfaction relationship; and (v) Smith (1996, 1999) noted that there is uncertainty about the theory, antecedents, and consequences of the dimensions of the typology (before proposing other additional dimensions – including economic, tangible/intangible, and physical/mental dimensions).

The exact nature of the hierarchical relationship between quality and value is a critical question to be addressed in this typology. Some contributions have suggested that perceived value is a higher-order construct (Bolton and Drew, 1991; Zeithaml, 1988), whereas others have suggested that quality is a component of value (Holbrook, 1994, 1999; Sheth et al., 1991a; Sweeney and Soutar, 2001). This uncertainty requires further research, including an analysis of such issues as: (i) whether quality is extrinsic (that is, a means to an end), rather than an end in itself; (ii) whether the dimensions that affect quality indirectly affect perceived value (and hence whether quality dimensions might be used to define perceived value); and (iii) whether quality exists independently of value (and hence whether the pursuit of quality is distinct from the pursuit of value).

Another interesting issue that needs to be addressed is the extent to which perceived value is situational and context-dependent. The dynamic nature of perceived value has been alluded to by many authors (e.g. Mattsson, 1992; Parasuraman, 1997; Sheth et al., 1991a; van der Haar et al., 2001; Zeithaml, 1988). It would seem that the situation-specific nature of value is a function of the changing standards on which evaluative judgments hinge. These standards tend to change according to the circumstances, culture, time, and location in which they are made (Holbrook, 1999). The assessment of perceived value is not therefore a 'one-off' phenomenon; rather, it must be seen as an ongoing assessment within an evolving consumer relationship.

Conclusions and directions for future research

Despite the growing body of research in the field of perceived value, the conceptualization of perceived value remains unclear. However, the present study has contributed to the literature on the subject by providing a comprehensive and systematic review of the various research streams and the individual studies within those research streams. This analysis and synthesis of the contributions and limitations of the different approaches has revealed the complexity and multi-dimensional nature of perceived value. In doing so, the study should facilitate a more comprehensive understanding of the nature and measurement of perceived value.

The major characteristic features of perceived value revealed by the present study are:



- that the concept of perceived value implies an interaction between a subject (a consumer or customer) and an object (a product) (Holbrook, 1994, 1999; Payne and Holt, 2001);
- that value is relative by virtue of its comparative, personal, and situational nature (Holbrook, 1994, 1999); and
- that value is preferential (Holbrook, 1994, 1999; Zeithaml, 1988), perceptual (Day and Crask, 2000), and cognitive-affective (Babin et al., 1994; Park, 2004) in nature.

This review has revealed a need for continuing research into the conceptualization of perceived value. In particular, it is important to clarify:

- the formative nature of the relationship between this multi-dimensional construct and its constituent dimensions (especially the role of such value components as ethical value and spiritual value in consumer behaviour);
- causal modelling of value in relation to other variables (such as satisfaction, comparative value, commitment, and loyalty);
- the dynamic nature of perceived value; and
- the development of a comprehensive and efficacious measurement scale for the concept.

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Raquel Sánchez-Fernández is Assistant Professor of Marketing at the University of Almería, Spain. She has published a number of research reports and conference papers and is author or coauthor of several articles in scientific business journals. Her research interests are focused on perceived value, personal values, relationship marketing, and value creation through product, service and customer experiences in different research



contexts, such as public transport, restaurants, tourism services, and ecological consumption. Address: Department of Business Management, University of Almería, Carretera Sacramento, s/n, La Cañada de San Urbano, 04120 Almería, Spain. [email: rasanche@ual.es]

M. Ángeles Iniesta-Bonillo is Associate Professor of Marketing and Vice-dean of Marketing Studies at the Economic and Business Faculty, University of Almería, Spain. She is the author of several research studies, specially focused on relationship marketing and consumer behavior, published or defended in some national and international journals and conferences. Her research interests are focused on perceived value, personal values, consumer commitment and trust, loyalty and emotions. Address: Department of Business Management, University of Almería, Carretera Sacramento, s/n, La Cañada de San Urbano, 04120 Almería, Spain. [email: miniesta@ual.es]