

CUSTOMER VALUES OFFERED BY RETAIL STORE CHAINS IN TODAY'S MARKETPLACE

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Purpose: This article aims to identify the customer value offered in today's market by retail chains.

Design/methodology/approach: The aim of the article is based on an analysis of the topic of customer value as described in current source material and on the use of a research technique such as the author's participatory observation of consumer behaviour in response to offers from retail chains.

Results: In today's competitive market, retail shop chains are faced with the necessity of resolutely meeting increasingly demanding customer expectations. The results of the author's market observation confirm that issues related to the creation of customer value are becoming crucial for every retail shop as they determine its development and sometimes also its survival on the market, and definitely play an important role in the competitive struggle.

Practical application: The customer values described in the article can provide retail chains with a guideline for creating a retail offering that takes into account the proposition of a comprehensive package of the most valued and expected values by customers.

Social application: The topics described in the article can be a source of valuable inspiration not only for retail chains, but also for other retailers with a particular interest in creating customer value through the best possible mix and match.

Originality/value: This article is an attempt to organise the literature's consideration of customer value and to highlight the role it plays in the retail chain's offer to dedicated customers and in building competitive advantage in today's market.

Keywords: Value for the customer, value categories, retail.

Category of the paper: Theoretical article.

1. Introduction

Creating customer value is one of the key elements of the strategy of today's businesses, regardless of the industry in which they operate. In the context of a dynamically changing market environment and increasing customer expectations, companies are challenged not only to meet these demands, but also to exceed them in order to gain and maintain customer loyalty. The orientation of retail operations in today's market is clearly towards increasing the

importance of the customer and targeting all activities towards the customer in order to ensure maximum satisfaction and complete satisfaction. Nowadays, customers' needs, tastes and also desires largely determine not only the companies' offers, but also the selection and delivery of appropriate values in line with customer expectations. 'Product' alone often no longer guarantees market success.

The relationship between the processes of identifying, creating and delivering value to customers determines the customer relationship management skills, the internal resources of the company and the relationships with business partners.

The modern customer, is not only educated, aware or well-informed about the market, but is increasingly making rational and well-considered decisions and has strongly defined expectations of the products he or she decides to buy. As a result, retail chains strive not only to design positive experiences for their customers, given their increasing importance in their market choices, but also to offer customers a comprehensive package of values designed to best meet their needs.

2. The concept of value

In today's turbulent and increasingly unpredictable market environment, it is extremely important to correctly define customer value and then develop the offer according to customers' expected preferences, requirements, values, etc.

The customer value concept takes into account the comparison between what the customer receives and what the product provider gives in return. This concept furthermore assumes that the basis for building competitive advantage lies in the processes of delivering customer value (Beliczyński, 2009, p. 39).

Table 1 shows the different approaches of selected authors to defining the concept of 'customer value' in evolutionary terms.

Table 1.
Defining 'customer value' according to selected authors - an evolutionary approach

| Year – author | Definition |
|----------------------------|---|
| 1985 – Michael Porter | Customer value is the excess of the benefits that the customer received as a result of acquiring and using a product over the price he paid to acquire the product. The author links the category of customer value to the added value for the purchaser and for the company. |
| 1988 – Valerie A. Zeithaml | Value is the consumer's overall assessment of the utility of a product based on their perception of what is received versus what is given. |
| 1990 – Kent B. Monroe | Perceived benefits are a combination of physical product features, features related to accompanying services, technical support in the process of using the product, price and quality. Perceived costs include the costs that the purchaser incurs at the time of purchase, such as purchase price, acquisition costs, transport, installation, operation, repair. |

Cont. table 1.

| | |
|---|---|
| 1994 – Bradley Gare | Customer value is the perceived quality in the markets in relation to the price of a product. |
| 1994 – Philip Kotler | The value delivered to the customer is the difference between the total value of the product to the customer and the cost to the customer of obtaining it, where the total value of the product to the customer is the sum of the benefits the customer expects from the product or service. |
| 1996 – Howard E. Butz, Leonard D. Goodstein | Customer value is the emotional connection created between the customer and the producer after the customer has used a particular product or service produced by the supplier and found that it provides them with added value. |
| 1996 – Annika Raval, Christopher Gronroos | The value to the customer derives not only from the product itself, but from the relationship between the transacting parties. Total episodic value is the ratio between the sum of the episodic and relationship benefits and the sum of the episodic and relationship costs. |
| 1997 – Robert B. Woodruff | Customer value is the customer's perceived and assessed preference for the attributes of the product, the attributes of its performance and the consequence of its use, which enable (or prevent) the customer to achieve its goals and objectives in the process of use. |
| 1997 – Philip Kotler | Customer delivered value is the difference between the total value to the customer and the total cost to the customer. Total customer value is the bundle of benefits expected by the customer in relation to a product or service. Total cost to the customer is the bundle of costs that customers expect to incur in evaluating, acquiring and using a product or service. |
| 1998 – James C. Anderson, Jim A. Naurus | Customer value refers to the benefits received minus costs other than price. In this view of value, raising or lowering the price of an offer does not change the value of the offer to the buyer, it only changes the intention to purchase such an offer. |
| 2000 – Stanley F. Slater | Customer value is created when the customer's benefits associated with the product or services exceed the life cycle costs of the product/service to the customer. |
| 2001 – Robert Kaplan, David Norton | Customer value is understood as the benefit to the customer created during the use of the product [...] and as the benefit that the organisation proposes in the form of products and services to ensure customer loyalty and satisfaction in the target market segments. |
| 2003 – Maja Szymura-Tyc | The value to the customer is the difference between the benefits the customer achieves and the price the customer has to pay to purchase the product on offer. |
| 2004 – Barbara Dobiegała-Korona | Customer value is the sum of the benefits to the customer when purchasing and using products and services. |

Source: Compiled from: Beliczyński, 2009, pp. 36-45.

Value plays a very important role. Customers, faced with a large number of competing offers, choose only those products and services and shopping destinations that they consider to be of the highest value.

3. Retail chains

Retail is, in the simplest terms, the sale of goods or services to the final purchaser, usually in smaller quantities known as retail. The basis is direct contact with the customer to provide a wide range of products according to individual demand.

The segmentation of the retail market in Poland developed by the Nielsen IQ Research Agency distinguishes nine channels that dominate sales in the FMCG industry. They comprise:

- 1) hypermarkets - area above 2500 m²,
- 2) Supermarkets - area above 300 m² and below 2500 m², excluding discounters,
- 3) discount shops - Biedronka, Lidl, Netto and Aldi chain shops,
- 4) large grocery shops - shops with an area between 100 and 300 m²,
- 5) medium grocery shops - shops with an area between 40 and 100 m²,
- 6) small grocery shops - shops with a floor area of less than 40 m²,
- 7) kiosks,
- 8) shops in petrol stations,
- 9) drugstores.

According to the survey results presented in the report (Figure 1), there were around 98,000 grocery and cosmetics/chemical shops in 2021, which was 1800 fewer shops than in the previous year. Kiosks and small grocery shops were most responsible for the decline, with a decrease of around 1.6 thousand establishments and drugstores with a decrease of 3%. From 2020 to 2021, 13 hypermarkets also closed. On the other hand, medium-sized grocery shops developed most strongly, with an increase of around 500 outlets and supermarkets, of which as many as 300 were opened. Large grocery shops also contributed positively, with 200 openings and discount shops, of which around 130 were opened. Żabka shops numbered as many as 7954 in 2021. They were located in the small and medium-sized grocery shop channels, accounting for 14.7% of the total (Nielsen IQ, 2021).

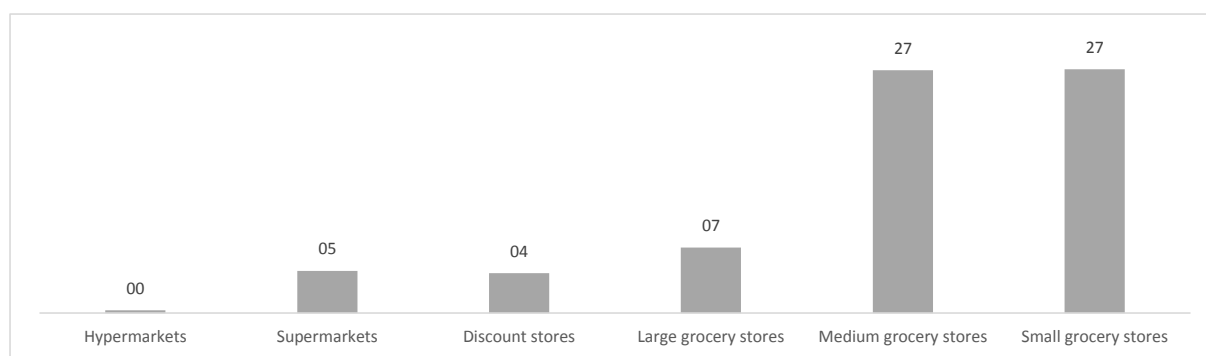


Figure 1. Number of shops in each retail channel [in thousands].

Source: Report. Nielsen IQ, (24.10.2024), <https://wirtualnekosmetyki.pl/-badania-rynkowe/nielsen:-rynek-detaliczny-2021---struktura,-liczebno-sc-placowek,-trendy#:~:text=NielsenIQ%20opublikowa%C5%82%20wyniki%20badania%20liczebno%C5%9Bci,szacowana%20jest%20na%2098%20tys.>

An intrinsic process of any market operator, the course of which is illustrated in Figure 2, is the creation of its own unique range of values for customers, containing a set of priorities arranged hierarchically.

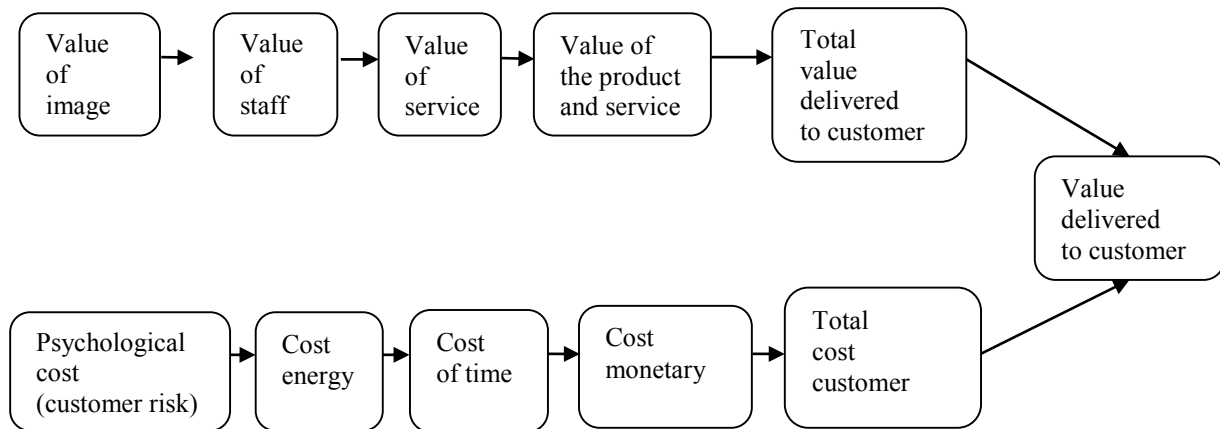


Figure 2. The process of delivering value to the customer.

Source: Own elaboration based on: Kaplan, R., S., Norton, D., P., (2002), *Strategiczna karta wyników. Jak przełożyć strategię na działanie*, Warsaw: PWN.

This enables a personalised approach to customers, whose requirements are growing ever faster and are increasingly difficult to satisfy. For this reason, the values offered by the products must be differentiated, developed, improved, exchanged for new ones and adapted to the changing needs of individual buyers or their specific segments.

4. Value proposition for customers of retail chains

Undoubtedly, players in the trade sector play an important role in value creation, coordinating, as it were, the flows of goods between the production and consumption spheres. They are also a link in the supply chain of goods to final purchasers. The place and role of traders in value chain analysis is important insofar as traders have specific resources and skills, the application of which usually brings incremental value creation along the supply chain.

According to B. Dobiegała-Korona, the catalogue of values that a company can offer to the customer is very extensive and includes diverse value categories (Dobiegała-Korona, 2010, p. 26): value of function, value of form, value of time, value of place, value of experience, value of possession, value of education, value of communication, value of trust, value of security.

The aforementioned values are offered by retail shop chains operating in today's market. They are characterised in Table 2.

Table 2.*Customer value categories offered by retail shop chains*

| Values | Characteristics |
|---|---|
| <i>Value of form</i> | Enabling the customer to choose the form of the product (e.g. through a large variety of assortments, different sizes, shapes, rich colours, additional equipment, convenience of use) - a large variety allows a wide range of customers to choose. |
| <i>Value of function</i> | Adapting the product or service to the customer's needs and expectations, e.g. the introduction of mobile applications, differentiated forms of payment, simplification of the shopping process in addition to shopping convenience (baskets, trolleys). |
| <i>Value of time</i> | Making the offer available at a time that suits the customer best. The chains are focusing on broad accessibility by extending opening hours (especially at weekends), increasing the number of outlets or introducing self-service checkouts. |
| <i>Value of place</i> | Enabling the purchase of the product through an extensive network of outlets (Lidl, Biedronka, Netto). Convenient locations for customers, easy access, parking (sometimes for a fee, e.g. Lidl). |
| <i>Value of experience</i> <ul style="list-style-type: none"> • <i>The customer experience is a kind of summation of the customer's subjective feelings that have been created as a result of the interaction with the company, as well as its proposed offer (Doroszewicz, 2021, p.146).</i> • <i>According to phenomenology, an individual's everyday experiences form the basis of his or her determination of cognitive and affective goals towards the objects with which he or she comes into contact (Mazurek-Lopacińska, 2006, p. 304).</i> | <p>Using customers' experiences in shaping an offer allows you to give it the qualities they want, not only in material terms, but also in symbolic terms.</p> <p>The professional, competent service that most chains strive to guarantee customers builds a positive experience and contributes to trust, satisfaction and referrals.</p> <p>Building an emotional connection with the service (sometimes important in smaller outlets and among an older generation of customers). Personal salespeople can provide recommendations, advice and information about products that meet individual preferences and needs.</p> |
| <i>Value of possession</i> | Enabling the transfer of ownership in various ways (e.g. through sale, rent, credit). Offering standard and premium products gives customers the added benefit of owning a so-called 'top shelf' product often at an attractive price (price rewards through participation in loyalty programmes). |
| <i>Value of education</i> | Educating the customer on the correct use, handling or effectiveness of the offer (promotional offers, combined offers). |
| <i>Value of communication</i> | Adaptation of information about the offer, how and under what conditions it is purchased to individual customer channels and knowledge. Simple advertising and promotional messages. The use of social media to communicate with customers and the ability to showcase products and encourage purchase (promotion by influencers) is also increasing. |
| <i>Value of trust</i> | Trust in the shop - reputation, credibility, brand. Trust is a value that supports other values. Trust is important because it leads to increased referrals and satisfaction. It also manifests itself in a sense of security (conformity of products to standards). |
| <i>Value of cooperation</i> | Co-creating value together with the customer - being open to customer ideas on how to improve or enhance products (surveying), rewarding customers for innovation ideas (in collaboration with manufacturers). Organising in-store workshops, events can further engage customers and build a sense of community around the brand. |

Source: Own elaboration based on participatory observation in selected outlets of retail chains: Żabka, Dino, Netto, Biedronka, Lidl, Auchan.

With regard to the presented categories of customer value, it is also worth pointing out some of its basic characteristics. The first of these is the subjectivity of customer value, resulting from the fact that it does not depend solely on the product itself, but also on the individual needs and preferences of the customer and his ability to bear certain costs associated with the purchase and use of a given product. Secondly, it is important to note the situational nature of customer value because the costs and benefits associated with the purchase and use of a product depend on the situation in which the product is purchased and used. The benefits received and costs incurred may be perceived quite differently by the same customer in different situations. Thirdly, the value to the customer is perceived value which means that what matters to the customer is the benefits and costs perceived by the customer, not the benefits actually received and incurred. All this makes customer value a category that cannot be measured. Its measurement is based solely on customer satisfaction. Customer value is also dynamic in nature, as it changes over time throughout the entire purchasing, use and disposal process. Therefore, when offering value to their customers, retail chains should take into account not only the benefits and costs associated with the purchase and use of the product, but also the entire life cycle of the product with the customer. The last important characteristic of customer value is its universality, as it applies to all types of buyers who make decisions to purchase a product or service, i.e. individual customers, households, businesses, etc. Despite the differences in the benefits sought by each, the very concept of customer value, i.e. the excess of benefits over costs, remains the same (Szymura-Tyc, 2005, pp. 76-77).

In conclusion, customer value is crucial to the success of any company, as it influences customers' purchasing decisions, loyalty or brand perception. Companies that deliver customer value are far more likely to succeed in the market, build lasting relationships with customers and achieve competitive advantage.

5. Summary

Creating value for the customer means achieving a level of relationship in which the products of a given company give the customer significantly greater satisfaction than those of its competitors. This is because the modern customer chooses those offers which, in his/her opinion, are the most valuable to him/her and, from his/her point of view, provide him/her with the greatest value. The total value provided to the customer is in fact the tangible monetary value of the social, economic, ergonomic and psychological benefits expected by the customer from a particular good. The total cost to the purchaser includes the costs he expects to incur in penetrating, acquiring, using and disposing of a given market offer.

The author's observation confirms that the selected (outlet) retail chains offer customer values such as the value of form, the value of function, the value of time, the value of experience the value of communication, the value of education, the value of possession and trust or the value of cooperation.

It is worth emphasising that not only at each stage of building customer relationships, but also at each stage of their life path, customers will value different values. Therefore, retail chains should offer unique value to customers, modify the values currently provided and adapt them to changing shopper expectations.

In addition to these values, important elements that constitute customer value and at the same time enable retail companies to gain a competitive advantage include the best price, the best product and a customised solution.

Retail chains currently operating in the market that offer value to their customers include Żabka, Dino, Netto, Lidl, Biedronka, Auchan and Carrefour.

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