# UNIT 5 CUSTOMER VALUE EXPECTATIONS

**Structure**



## 5.0 OBJECTIVES

After studying this unit, you will be able to:

- Comprehend the customer expectations from the purchases;
- Describe the determinants of customer value;
- Analyse the impact of social status on customer value expectations;
- Discuss the role of cultural aspects on customer value expectations;
- Comprehend the influence of personal and physiological factors on customer value expectations;
- Analyse the changes in the customer expectations;
- Recognize the factors which influence change in expectations; and
- Explain the ways to develop the right value expectations.

## 5.1 INTRODUCTION

When a customer or consumer purchases a product, they do not only buy the product but also buys bundles of hopes, expectations, and beliefs. In the modern marketing concept, the customer is the king, and all the marketing activities revolve around the customers. Hence, customer' satisfaction is the prime focus. Customers' expectations from a product or service play a vital role in attaining customer satisfaction and they pose significant challenges. Customers' expectations are not constant. It keeps growing over a period. Their expectations may change from situation to situation. There are many reasons why customer expectations are likely to change over time. Process improvements, the advent of new technology, changes in customer's priorities, and improved quality of service provided by competitors are just a few examples of something competition has started which is unknown to you as a retailer or business.

Moreover, the customer is always right. Hence, the job of the businesses is to provide the customer with what he wants, how he wants and when he wants. To find out whether customers are satisfied or not and if satisfied up to what extent, the businesses need to perform effectively to meet their expectations.

Customers' level of satisfaction is usually affected by changes in their expectations or changes in the business delivery performance. Hence, it becomes imperative to understand customers' expectations properly and pay attention to their performance. It might sound straightforward to pay attention to business performance and customer satisfaction, but virtually, it is very tricky. Marketers might think that their performance is up to the mark, but customers' perception of a business' performance can be different. Even if marketers are working very hard to satisfy the customer, it is all in vain company post-shopping if the business is not rated good by the customers on many levels, say product quality, pricing, experience while shopping, post-shopping issues, delivery issues, etc. On the other hand, it can happen that even if the business is not doing very well ,customers perceive that the company is delivering its best generally it is not true but when competition is limited then customers might have to shop as no option for them to go anywhere else. Thus, customer satisfaction is customers' perception that a supplier has met or exceeded their expectations. To put it simply, it can be stated that customers' satisfaction is determined by their perceptions essential. Therefore, it is essential to understand both customers' expectations and customers' perceptions to ensure customer retention. This unit aims to discuss customer expectations in the context of retail business. It also examines the determinants of customer value, factors influencing change in expectations and the ways to develop right value expectations.

## 5.2 CUSTOMER VALUE EXPECTATIONS

Without customers, there is no business. Businesses perform effectively when they properly define their target customers, develop a solid understanding of customers' needs and expectations and meet those expectations. If the customers' expectations are met, they are satisfied, and when they receive over and above their expectations, they are delighted, which is termed the "wow effect" in marketing. There are three fundamental questions that business needs to answer:

1. Who are my business customers?
2. What do they desire and expect from my business?
3. How well does the business perform to meet those expectations?

Highlighting each expectation of customers in detail along with the process must be defined.

"Value is the customer's overall assessment of the utility of a product based on perception of what is received and given" (Zeinthaml 1988, p.14). Customer value expectations mean a customer's total expectations from a product which they are willing to buy. We call it the value of money a customer pays to your business. Total expectations are a combination of product and service benefits (performance, reliability, responsiveness, and competency) at a fair price.

Generally, customers want a product/ service of the highest quality at the lowest price and as quickly and conveniently as possible. This full understanding can be expressed in the form of an equation:

**Customer Value Expectation = Highest Quality at Lowest Price + Quick Service and warranty**

Thus, we can say that if we put together the quality of the product or service and quick and convenient services at a reasonable price ,that product or service, it becomes the total expectation of the customer.

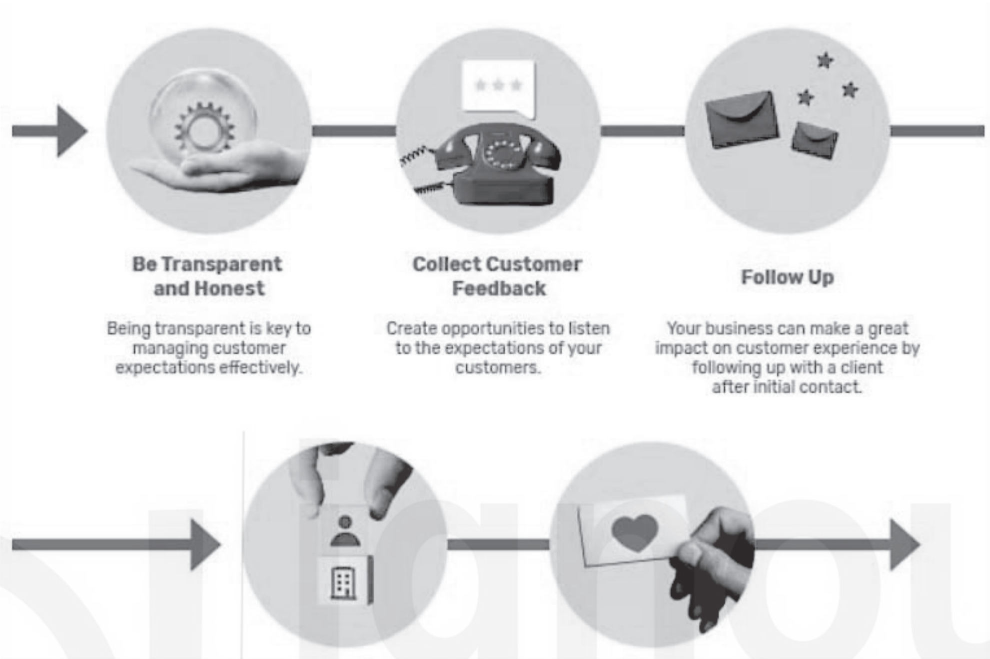
Customer expectations can be of two types: (1) Expressed and (2) Implied customer expectations.

**Expressed Customer Expectations**: Wants written down in the contract or spoken orally and agreed upon by both parties (buyer and seller), for example, product specifications and delivery requirements. Since these are written, the performances of the businesses can be easily and directly measured. case a customer wants to buy a white formal shirt and visit a retail shop, he may express his / her their expectation from the sweater to the sales executive. This is a typical case of expressing customer expectations.

These can also be termed as stated expectations.

**Implied Customer Expectations**: The customers' expectations (wants or desires) are neither written nor expressed in words. They are the wants that customers would 'expect' the business to understand and deliver. These are also termed as unstated expectations. For example, a customer expects from the store attendant that they will come forward and help the customer be informed about the product and solve all his queries regarding the product. This, in turn, helps the customer to make purchase decisions. Exceeding customer expectations is achieved when retailers can anticipate customer needs or can deliver based on unstated needs as understanding and catering to tacit expectation provides an edge to the firm. What is stated is known to all and is incorporated in/with the product, but catering to implied expectations may become the dividing factor for customers. An illustration, in a retail store, a lady along with a child and items for purchase may require help in at least holding her belongings so that she can shop freely. However, she may not know whether she will get any help from the staff. A sharp observation by the staff and offering their service will surely exceed her expectations. Similarly in case of a pregnant woman always has unstated expectations for extra care and concern from the retailer while shopping.

Now, let us first understand the concept of customer value expectations with a few examples.




Curtsey: - https://trio.dev

**Example 1**

To understand the concept of customer expectations, let us imagine a typical scene in a readymade garment store. The store is a leading brand, and the shelves are full of attractive clothes. A lady customer walks to the lady's garment section, browsing through the stock, and picks out a particular Indian kurta. She tries the kurta and finds that it does not fit her liking, so she requests an alternate size. She asks the identical piece (colour, print, design, and style) in her size. The lady attendant searches for the exact piece, but does not find it in her size. She offers many choices of colours, prints and designs, but not the identical ones. The customer is unhappy and leaves the shop without making any purchases.

Did the customer expect anything extraordinary? Or was the merchandiser at the store at fault if the identical piece was not available in the alternate size?

The scenario above is common in any Indian retail store, from a mall to a local baniya. At any given time, it is hard to predict a customer's needs and satisfy his needs and wants.

**Alternate Solution to the Above Situation**: The lady attendant could have borrowed some time from the customer and intimated the customer's concern to the manager. The respective manager could have checked for the required size with the other stores. If the same would be available at the different location, could do the home delivery of the product within the stipulated time to meet the customer's expectation. This has become a common practice with most organised organised retail players in India.

**Example 2**

A family purchases its first microwave oven, which offers various combinations of cooking methods. The decision to buy a particular brand of microwave is guided by multiple factors, viz., brand, price, size, utility, features, etc. The lady in the family (a working professional) is not well versed in the operation of the microwave, and the store manager promises to send his person to demonstrate how to use it optimally. The store manager never sends his man because it is impossible for him to send him at the day and time convenient for the lady. Eventually, the demonstration does not happen. The family is dissatisfied with the store and brand for poor after-sales service. This situation is not just detrimental to the store but also to the brand. Next time this family wants to buy another FMCG (Fast Moving Consumer Goods) product, they may base their purchase decision on the above experience. They either will not make their purchase from this store or will select another brand.

**Alternate Solution to the Above Situation**: In the above example, the store is at complete fault because they committed to send the salesperson for the demo to the customer's residence, and later, they failed to fulfil their promise. The store must not have made such a false promise in the first place. Rather, they could have offered the demo at the customer's office during the lunch hour or any other time when she would be accessible in the office.

In the retail industry, customer rules and expectations become the decisive factors in making or breaking a retail outlet. Each customer comes with different expectations and different levels of expectations.

One dissatisfied customer can have two effects on a retail store they: (1) they may spread a negative word about the stocks and merchandise at the retail store and (2) dissuade other customers from visiting the store. Similarly, one satisfied customer may not necessarily speak about their positive experience in a store. A negatively satisfied customer can be very harmful for a retail outlet.

We can, therefore, summarise that customer value expectation is what a customer perceives of the product attributes along with what utility the product represents to the customer and what utility he derives from it.

The above examples explain how customer expectation is important for businesses.

Now, let us understand how a customer expectation is formed. It is based on various factors, like the needs and desires of a customer, the image of the company, word-of-mouth communication or referrals or customers' own experience. For instance, If Mr. X goes to a retail store, say shoppers stop, he will have certain expectations from that store and many reasons can be many. One reason could be that his friend (Mr. Y) was very delighted to visit that place, and while listening to his experience, Mr. X felt that this was the kind of store he was looking for. Likewise, there may be several reasons for his expectations.

1. Word of mouth - hearing from other customers who are highly satisfied with the brand.
2. Customers' own past experiences.
3. Overall brand image and then influence from the brand image
4. Pricing strategy also sometimes meets customer expectations as they are getting product at an amazing price
5. Customer unstated needs and need fulfilment. It depends on the customers.

With the growth of the business, the liability towards the customers increases. The store personnel have to anticipate the needs and anxieties (expectations) of the customers even before the customers themselves realise it. This strengthens the relationship with the customers and gains customer loyalty. There are specific needs or anxieties of the customers (other than the product itself), meeting which ensures a higher level of customers satisfaction and increased sales. These are also termed expectations. These are discussed below:

1) **Customers Expect Product-Related Information: They expect product-related** information which helps them in their decision-making process to purchase a product. Giving them the right and reliable information makes them feel that they are valued. This feeling ensures customer loyalty and customer retention. For instance, when a customer enters a retail store and starts scanning the merchandise (say, a travel cooker, priced at Rs. 1500/-), he gets confused about whether it will be of optimum use. When the store attendant greets him and asks, “may I help you, sir?” The first comfort comes from that soft offer (question). When, and when he (the store attendant) tells him about the various uses and convenience of that product, the customer’s perceived value increases.

2) **Customers Expect Various Options of a Purchase**: When a customer visits a retail store, he expects to have various options to satisfy his need and wants to analyse all the opportunities before reaching a purchase decision as he wants maximum value for the money spent on the product. Customers tend to respond positively when they are given options. Options provide scope to create open dialogue and discussion, which can lead to increased sales.

3) **Customers Expect Convenient Shopping:** Customers want to enjoy shopping without discomfort. They don’t want to wander into the store from one section to the other unnecessarily. If there is someone (store

attendant) who can take care of the customers' requests, apprehensions, problems, etc and ensure that their needs are met to derive satisfaction, it can be inferred that customers' value expectations are taken care of. A company like ,the Shoppers-stop Ltd. has introduced a new position of a sales associate as "Personnel Shoppers, i.e., PS their prime task is to invite customers over the phone and accompany them from section to section wherever the respective customer wants to shop from.

4) **Customers Want Polite and Meaningful Communication**: All customers invariably expect that the sales force in the store is an excellent communicator. Other than a peppy talk, many also expect a consultation in making their purchase decision. On the contrary, many customers don't want to be consulted. It becomes highly imperative to analyse their needs, likes and dislikes to meet their expectations. For, you may come across a situation during your visit to a retail store where the sales attendant approached the customer for help or advice by saying "May I help you sir/madam" and the respective customer replies, "No, thanks will call you if required" that means the customer is aware of his needs and he/she doesn't want to be consulted.

5) **Customers Expect a Flawless Relationship**: Customers feel happy when they realise that people in the store know them. For example, when a store attendant greets a customer and tells him that a new product of his choice is available in the store, the customer feels satisfied and motivated to buy that product, provided he is convinced that it has been told in good faith. Although it takes time and effort to build this kind of relationship, the result is customer retention, which yields better profit for the business.

6) **Customers Expect Help When They Face Issues**: - Any product-related or service-related issues a customer has bought. Businesses must ensure that it is resolved without any hindrance.

## 5.2.1 Customers' Expectations and Customers' Perceptions

There is a direct relationship between customer expectations and customer perceptions. Consumers' beliefs, expectations, and feelings toward a brand, product, or service are directly linked to how they perceive their experience with it. These perceived experiences are affected by prior expectations, feelings, and beliefs, subsequently affecting future engagements. Between each customer's expectations and perceptions, there are specific gaps. Therefore, a larger gap means more unsatisfied customers and vice versa. If the customers' expectations are low, they can be met easily. If the customer's expectations are high and you don't meet or exceed them, they may go elsewhere.

In the business world, there is no free lunch. Every activity taken expects certain positive returns. The goal of a business is to attain success. Business success depends heavily or rather merely on its customers having a positive perception of the company and its products and/or services. ***As we have discussed earlier, how a customer perceives the business's efforts is more important than how effectively it delivers. Positive perception indicates that, up to a considerable extent, customers' expectations are met.***

**Positive Perception of the Customer Yields Several Benefits, like: -**

a) Develop and improve customer relationships

b) Increase new and repeat sales

c) Improve the market share

d) Positive company image

e) High-quality customer referrals

f) Enhance customer retention

On the other hand, unhappy or dissatisfied customers (with negative perception) can make the company suffer on various fronts, for instance, lost sales, negative word-of-mouth publicity, image, and lost referrals, etc. Hence, essential obtaining customers' positive perception is important, which is not an easy task. It involves several steps to be taken.

Steps for obtaining customer's positive perception:

1) **Survey the Customers to Find their Current Level of Satisfaction**: First, it is important to know the current level of satisfaction of the existing customers. In retail stores, often questionnaires in the form of short pamphlets are distributed while a customer is shopping, usually termed as feedback. The primary aim is to bridge the gap, if any, between the delivery of services and customers' expectations so that positive perception is ensured.

2) **Assess the Positive Value of the Benefits Already Delivered**: The next step is to assess the value of the delivery, that is, products and services. Customers should be made to realize the types of services offered by the business.

3) **Create a Value Proposition**: Creating a value proposition is very important to identify how products and/or services differ from the competition. Businesses need to define some unique feature, i.e., USP or benefit of the product, which makes all the difference, and differentiate the said product from the all-other available alternatives.

Customer perception has been explained in the following unit (Unit 3)

**Check Your Progress A**

1 What are Customer value expectations?

.....................................................................................................

.....................................................................................................

.....................................................................................................

2 List the expectations a customer has from a product/business.

..........................................................................................................

..........................................................................................................

..........................................................................................................

3 "Negatively satisfied customers can harm the retail outlet." Comment.

..........................................................................................................

..........................................................................................................

..........................................................................................................

## 5.3 DETERMINANTS OF CUSTOMER VALUE

We have already discussed customer value concepts in detail in the previous unit (unit 1). We had discussed that the trend now is not just to deliver an excellent product / service at a great price, but also to offer service (in the store and after-sale) as an additional value to their customers, to a point of differentiation.

Various factors determine the customer value expectations. They are termed as determinants of customer value expectations. to understand the determinants that shape customers' value expectations. These expectations are influenced by personal needs such as norms, values, learning ability, personality, and lifestyle. Factors like reference groups and family influence will also help shape customers' value expectations. In a study by Rong Liu Titled "Dynamic Impact Factors of Customer Lifetime Value: An Empirical Study of Mzone", the factors are described as follows:

**Customer Related Factors**

Customer-related factors are associated with a customer's own particular attitude, beliefs, cultural background, and personality. These factors are the characteristics of the customer's own separate decision, which the business cannot change. So, companies should understand and predict the factors that influence customer value and make better use of the customer-related elements to improve Customer Lifetime Value (CLV). It is essential to work with different groups of customers, say female, male, youngsters, kids, teens, mature, and old customers.

**B Enterprise-Related Factors**

Enterprise-related factors are the enterprise's factors. Such factors are closely related to the image of the business ability and influence customer's consumption behaviour. Businesses should perfect the enterprise-related factors to improve customer satisfaction and customer loyalty and then increase CLV: company online customer support, offline customer support. High service levels in all customer interface departments' focus area.

**C Customer-enterprise Relationship Related Factors**

Customer-enterprise relationship related factors are the relationship between customers and enterprises and the interaction result between enterprise and customer. Relationships between the impact factors can be controlled and adjusted by the enterprise.

**D Social Environmental Related Factors**

Social environmental factors are related to the community, which has a whole impact on environment-related aspects. Enterprises are unable or entire having difficulty taking charge of these factors, and they should be mindful of the whole state of the environment, adapting and making use of them to enhance CLV.

These social, environmental factors can further be categorised into three categories. They are as follows:

- Social and Cultural factors
- Personal factors
- Physiological factors

## 5.3.1 Social and Cultural Factors

Culture refers to values, ideas, artefacts, and other meaningful symbols that help individuals communicate, interpret, and evaluate as members of society. Culture is described as a blueprint of human activity, determining the coordinates of social action and productive activity (Grant Mc Cracken).

Culture is the most fundamental determinant of a person's wants and expectations. The growing child acquires values, perceptions, preferences, and behaviours through his family and other key social institutions.

As human beings are said to be social animals, their expectations are primarily influenced by the environment in which they live. Social and cultural factors influence the buyers' expectations in different ways. For some products, the result of these factors is quite apparent; for some, the impact of these factors is quite clear, and for some,, it may not.

Elements of cultural factors include who in the family is making the purchase decision (the decision is male-driven or female-driven) and whether an individual need or a collective want is being satisfied. Other factors also include nationality, religion, race, etc.

Social factors include family (economic stature, role of decision maker, his status in the family/group), status in the society, reference and social groups, profession, etc. Social and cultural factors include the following:

**Reference Groups:** Every buyer is a member of several organisations and groups. He interacts in his group which leaves some imprint on him and influences him in his day-to-day life and consequently his expectations.

**Family:** There is a strong bond and close, continuous interaction amongst the family members, and thus, family members largely influence an individual's expectations.

**Social Status:** Every individual belongs to some social status, and this strongly influences the individual's buying decisions. Customers' expectations are often based on the, belief attitudes, and beliefs of the social class they belong to.

## 5.3.2 Personal Factors

Personal or individual characteristics also influence customers' expectations. The person and the personal choice decide what he or she desires and what to buy. Age, marriage, personality, wealth, occupation, lifestyle, and family structure notably influence purchase decisions or shape customer expectations. For repeat purchases, age is an important factor. The younger generation believes in change and experimenting with different kinds of products. Likewise, gender, occupation, etc, also have an impact on customers' expectations.

**Personal Factors Can Be:**

**Age and Life Cycle Stage**: Customers change the goods and services they buy over their lifetime. Needs and interests often vary with age and life cycle stage. For example, the clothes that we wear and our recreation choices are all age-related.

**Occupation**: The occupation of the individual also affects his choice and expectations. For example, drivers and mechanics may earn as much as a young corporate executive or a teacher, but the buying patterns are likely to differ for all of them.

**Income and Lifestyle**: Purchasing power, of course, has its impact on the customers' expectations. Customers must spend money to get the desired satisfaction. People belonging to the same culture, occupation and social class may exhibit different lifestyles. For each kind of lifestyle, the needs and desires are different, influencing the individual expectations from the market.

## 5.3.3 Physiological Factors

Physiological determinants also shape customers' value expectations. The physical condition and structure of the purchaser also influence the expectations. For instance, the needs of a pregnant woman for clothes, nourishment, etc. differ, etc., are different from those of a non-pregnant woman. The consumption patterns of adults are widely different from those babies and school-going children.

Physiological needs are influenced by factors such as health, food, water, and sleep, i.e., to do with the health and maintenance of our body. This is an essential factor as the individual and family needs and health must be taken care of. When a customer seeks value from a product that satisfies his physiological conditions, the quantum of customer value sought is enormous. Some examples of products that meet physiological needs are medicines, bottled water, skin and hair care products, alternate medicines (such as branded ayurvedic products), health foods, organic foods, and so many more. Here they are, a customer lays complete trust in the product they are using, and this trust is based on advertising, personal experiences, or others' experiences. Services such as pathological labs, renowned doctors and diagnostic services carry a considerable burden of customer value satisfaction. This is because they diagnose and treat illness, and they have the huge responsibility of human life.

Besides the factors discussed above, certain other factors play a significant role in shaping the customers' buying decision and thus shaping their expectations.

1) Product (its utility and benefits).
2) Price (value derived for the consideration paid): A customer always wants to gain more benefit vis-a-vis the price. Value for money plays a vital role in purchase.
3) Life of the product compared to its price: How long will the product be used to optimise its cost?
4) Service (in the store and post-sale): Customers want quick and convenient services. fast that offer them fast and convenient services are desired and preferred by the customers. Customers want and prefer businesses that offer them quick and timely services.
5) Social status after acquiring a product, which is guided by brand selection.

## 5.4 FACTORS INFLUENCING CHANGE IN EXPECTATIONS

As we have already discussed in this unit, customers' expectations are not a static phenomenon some what; instead, they vary from situation to situation. While some situations are beyond the control of the businesses, some factors can be controlled and tamed.

Customers' expectations can be changed either by a change in their own perception or a change in the performance of the business. Some of those factors that cause change in customers' expectations are as follows:

1) The most influential factor in readily after-sales etc the change in customer expectations is the availability of an alternative product (better quality and utility, at a better price, readily available, assuring after-sales service, discount offers, etc.).
2) The second factor affecting change is the experience of a product/service or a retail outlet.
3) social status change (income rise, aspiration to rise in society and peer group).

4) Increased awareness about customer rights.
5) Increased income levels of customers lead to looking for other options.
6) A drop in income level also sometimes led customers to buy on a need basis ,reduce consumption, or buy locally.

## 5.5 HOW TO DEVELOP RIGHT VALUE EXPECTATIONS

Retail businesses must develop the right expectations in the minds of their customers. These value expectations can be either or both regarding the store and products. The correct value expectations can also be created through a creative and effective advertising strategy and during the customer's visit to the store.

There are a few ways to develop the right value expectations, which are as follows:

1) With the proper advertising correct, the retailer can create the correct perception in the minds of the customer about the product, its features, price, benefits, benefits over other competitor products, discounts, etc.

2) Along with setting the right value expectations for the product (mentioned above), the retailer can also set expectations for the store by promoting the store as the sole distributor, offering fresh and attractive stocks, special discounts for loyal customers, additional discount for certain bank debit/credit cards, location of the store, parking facility, convenient location, etc.

3) While the above are two ways of creating a positive perception in the minds of the customer, the retailer also creates a positive perception in the store by having good salespeople who are very well knowledgeable about the products (features, price, contents, uses, etc.), obtaining primary data through questionnaires about what the customers expect from the store and whether the store satisfied their expectations, attending to customer requirements, etc.

4) Sometimes, loyal customers build new customers through word-of-mouth publicity. Sometimes, building schemes to connect new customers through loyal customers also builds new customers. It basically happens because customers are satisfied and they are knowingly telling their friends and relatives to shop from your retail outlet.

**Check Your Progress B**

1 How do personal factors like age, occupation, etc determine customer value?

.............................................................................................................

.............................................................................................................

2 State the factors that affect the decision-making process to purchase.

.....................................................................................................

.....................................................................................................

.....................................................................................................

3 What are the enterprise-related factors that shape the customers' expectations?

.....................................................................................................

.....................................................................................................

.....................................................................................................

## 5.6 LET US SUM UP

The prime focus of marketing nowadays is customer' satisfaction. Customers' satisfaction depends upon customers' expectations of the product or service and their perception of the efforts taken by the marketer to meet their expectations. Hence, it becomes important to understand the customers' value expectations properly. Various factors influence customer value expectation. They are social and cultural factors, personal factors, and physiological factors. To understand what factors affect change in expectations, we need to know the factors that influence the decision-making process to purchase. For instance, the price of the product, its length of use and benefits derived from the product determine customer satisfaction.

Retailers must develop the right expectations in the minds of their customers. These value expectations can be either or both regarding the store and products. The correct value expectations can also be created through a very creative and effective advertising strategy and during the customer's visit to the store.

The Retailers need to create a positive perception in the store by having good salespeople who are very well knowledgeable about the products (features, price, contents, uses, etc.), They usually obtain primary data through questionnaires about what the customers expect from the store and whether the store satisfied their expectations, attending to customer requirements, etc. Meeting customer expectations will help the business gain customer loyalty, which in turn helps the business flourish.

A firm without understanding customer value expectations can never deliver superior value to customers and can never relish the desired success. Therefore, it is essential to understand customer value expectations to win and retain customers.

**Key Learnings:**

- Marketing Focus: Modern marketing primarily emphasizes customer satisfaction.
- Determinants of Satisfaction: Customer satisfaction hinges on their expectations and perceptions of the marketer's efforts to meet those expectations.

- Understanding Customer Value Expectation: Recognizing and comprehending customers' value expectations is crucial.
- Influencing Factors: Customer value expectations are influenced by various factors, including:

1. Social and Cultural Factors
2. Personal Factors
3. Physiological Factors

- Decision-making Influences: Factors like product price, duration of use, and benefits derived directly impact customer satisfaction.
- Creating Value Expectations: Retailers must establish appropriate value expectations for both their stores and products, achievable through effective advertising strategies and customer interactions.
- Role of Salespeople: Knowledgeable salespeople play a vital role in shaping positive perceptions, addressing customer queries, and gathering feedback to meet expectations.
- Customer Loyalty: Meeting customer expectations fosters loyalty, contributing to business growth and success.
- Significance of Understanding Expectations: Firms must grasp customer value expectations to deliver superior value, ensuring customer retention and business success.

## 5.7 KEYWORDS

**Customer Value Expectations**: Customers' overall assessment of the utility of a product or service or both.

**Customer Perception**: Feelings of the customer about getting satisfaction from a product and services.

**Customer Expectations**: A combination of product/ service benefits and at fair price desired by the customers.

**Propensity to Buy**: Includes factors affecting purchase decisions like need, product features, affordability, and emotion.

**Customer Satisfaction**: A measure of how products and services a company supplies meet or exceed customer expectations.

**Value Proposition**: Unique features of the product/ service that make it different from the competitors.

## 5.8 TERMINAL QUESTIONS

1) Define customers' value expectations with suitable examples.
2) Satisfied customers are not the goal of a business. Instead, it is the

delighted customers who are more meaningful to the companies. Discuss.

3) Explain the process of the development of customers' expectations.
4) Elaborate on various determinants of customer value expectations. Explain those determinants with examples from your personal experiences.
5) What are the factors that influence change in customers' expectations? Explain with suitable examples.
6) Explain the importance of customer expectations.
7) What is the difference between customers' expectations and perceptions?
8) How does a retailer create the right value expectations in the minds of its customers?

## REFERENCES AND FURTHER READINGS

Kotler & Keller, "Marketing Management 12e", Prentice Hall, India, 2006. Paul Greenberg, "CRM" 4th edition, Tata McGraw Hill, India, 2010.

Rajiv Lal, John, A., Quetch & V. Kasturi Rangan, "Marketing Management", Tata McGraw Hill, India,

Girdhar Joshi, "Information Technology for retail", Oxford University Press.

S.P. Bansal, "Marketing Management", Kalyani Publisher, India. Walters, D., 2002, "Operations Strategy", Palgrave Macmillan.

Sheehy, B., Bracey, H. and Frazier, R., 1996, "Winning the Race for Value – Strategies to Create Competitive Advantage in the Emerging Age of Abundance", American Marketing Association.

Bovet, D., and Martha, J., 2000, "Value Nets – Breaking the Supply Chain to Unlock Hidden Profits", John Wiley and Sons.

Hutt, M. D., and Speh, T. W., 1998, "Business Marketing Management – A Strategic View of Industrial and organisational Markets", Dryden Press.

Article: Dynamic Impact Factors of Customer Lifetime Value: An Empirical Study of Mzone by Rong Liu School of Economics and Management Beijing University of Posts and Telecommunications Beijing, P.R. China and Jiayin Qi School of Economics and Management Beijing University of Posts and Telecommunications Beijing, P.R. China

https://www.salesforce.com/resources/articles/customer-expectations/