

## **Establishing the antecedents and outcomes of value creation in business banking**

Value is considered the core of business-to-business marketing, and creating superior value from customers' perspectives is key to gaining and maintaining a differentiating advantage in an increasingly competitive and price-sensitive business environment. This quest for differentiation has led to business managers and researchers paying attention to understanding the factors that shape business customers' perception of value, as well as perceived value's ensuing influence on long-term business relationships.

Despite the growing interest in the concept of customer value creation in business-to-business industries, the business banking industry seems to be lagging. In fact, most of the largest banks in the world (e.g. China Construction Bank, HSBC, Deutsche Bank and Barclays) only refer in their mission statements to value creation for the shareholder, while mostly failing to mention value creation for customers.

In order to move banks from a view of value as a way to optimise short-term financial performance, the purpose of this study was to establish the antecedents and outcomes of business banking customers' perceptions of value with the aim of developing a value creation strategy. The study, which was conducted by Mariëtte Zietsman, a Doctoral student in the Department of Marketing Management, developed and tested a model focused on value creation strategy in business banking. The model included 'perceived value' as its central constituent, along with antecedent- (price fairness, perceived price and service quality) and outcome-related (customer satisfaction and customer loyalty) variables. The research also incorporated the multidimensionality of both satisfaction and loyalty to establish how ultimately to secure future revenue through a value offering.

The target population consisted of micro-enterprises – that is, businesses that employ only one to two people. Online, self-administered surveys were used to collect primary data from the target population. The sample was drawn through convenience sampling

from a business customer database provided by one of the largest South African banks.

Results of the study ( $n = 381$ ) revealed that enhanced perceptions of price fairness among micro-enterprises were found to influence both their perceived price and service quality, which in turn influenced micro-enterprises' perception of value. In fact, perceived price and service quality were established as mediators between price fairness and perceived value in service encounters between micro-enterprises and their banks.

The results further reveal that economic satisfaction and non-economic satisfaction are direct outcomes of micro-enterprises' perceived value, and that attitudinal and behavioural loyalty are indirect outcomes. Also, non-economic satisfaction mediated the relationship between economic satisfaction and behavioural loyalty, indicating the importance of building personal connections and offering an enjoyable service experience in order to drive loyalty behaviours.

This research was the first to empirically investigate the interrelationships between the above-mentioned constructs under micro-enterprise business customers. Furthermore, the separation of economic and non-economic satisfaction, and of attitudinal and behavioural loyalty, provides theoretical and managerial insights into how to structure a value creation strategy in the business banking industry to ensure that value is translated into actual purchasing behaviour, resulting in increased revenues and profits for business banks.

By specifically conducting this research among micro-enterprises in a developing country that depend on banks for access to finance on competitive terms for their business survival and expansion opportunities, this research contributes to practice by providing banks with recommendations that, if followed, would ensure that a profitable customer base is retained that can contribute to economic growth and job creation.

*The research was conducted by Mariëtte Zietsman, as part of the fulfilment of the requirements of a [Doctor of Philosophy \(PhD\) degree](#) with specialisation in Marketing*

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