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The Role of Consumers in Creating Business Value

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Abstract

Business value is the net quantifiable benefit derived from a business endeavor that may be tangible or intangible or both. Business value consists of different components that lead to creating its value, these components are profitability, increasing revenue, consumer satisfaction, determining market share, and standing out from the competition. Revenue and profitability mean the earnings received from a company's service and the analysis of profit to measure a company's financial success. Consumer satisfaction is a client's happiness with a company's products or services and their willingness to return as a customer. Consumer behavior plays an important role in creating value for business organizations. A business organization has to observe the behavior of consumers, understand how they deal with the organization, and fulfill their expectations according to consumers' will, if the organization succeeds in persuading consumers to buy products, satisfy them, and sustain with organization, absolutely business organization creates its value. Meeting consumers' expectation by business organizations grows reputation and value in the market and increase profit and wealth. This paper studies how Business organizations build their value and how capable they are of increasing the number of consumers/customers in the market, which factors support organizations in increasing value. Secondary data were collected from different books, newspapers, journals, websites, and magazines.

Keywords: Business value, consumer behavior, income, business ethics and development.

Introduction

According to the Project Management Institute, Business value is the 'net quantifiable benefit' derived from a business endeavor that may be tangible or intangible or both. Business value is a formal term that ensures the health and well-being of the firm in the long run. It consists of different components like employee value, social value, customer value, suppliers' value, alliance partners' value, channel partners' value, and managerial value beyond economic value, economic profit, and shareholders' value, most of these values cannot directly measured in monetary term, yet they include in business value [1].

The business organization works with suppliers and customers, if problems occur to customers, they come to the customer and understand the problems and improve them with good quality service to get customers gold with business. Organizations continue to visit customers and ask for changes required; their response is paramount to be needed to change. Products are designed and presented to customers to check product marketing and consumers' expectations to critique the products. If design changes, the organization make strategies to stop, regroup, and respond to those design changes. Suppliers create value for their customers by consolidating the supply base by delivering an integrated system as opposed to single parts. The business organization provides product quality as performance, reliability and consistency, delivery as online, flexibility and accuracy direct products cost as price above, below at competition, annual price decrease cost reduction program, service support as products related, customers information, outstanding of activities and personal interaction as communication, problem-solving, and mutual goals [2].

Service quality and customer satisfaction are two very closely related factors, service quality leads to customer satisfaction. It is harder to define customer satisfaction without service quality and these two factors are the major decision factors in maintaining long-term and successful business relationships. Both factors emerged as very important factors in the current business environment. The business organization always tries to provide such good quality service which satisfies consumers and gets hold with business [3].

Objective of the Study

Creating business value by providing overall good service to consumers is the main objective of the study. Besides major objectives following objectives are as below:

i). To know the components that creates business value
ii). Whether a business increases its value by meeting consumers' expectation
iii). Are Organizations able to prospect themselves when increasing value in the market?
iv). To know how consumers behave in an organization
v). What does business value consist of?

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Data and Methodology

Secondary data were collected from different books, newspapers, journals, websites, and magazines. The probability sampling method was applied to generalize the results of the study.

Literature Review

The researcher explored one of the elements of business value creation ICT (Information and Communication Technology). ICT helps businessmen to collect relevant information required to create business value. In addition to this, found that business organizations focused on the improvement of different elements like innovation, differentiation, customer focus, operational efficiency, strategic partnership and alliance, talent management, effective marketing and branding, financial performance, growth, sustainability, corporate social responsibility, adaptability, and agility. ICT played an important role in collecting data related to the elements mentioned above and analyzing and interpreting (P.S.Aithal, 2023) [4].

G. Singh, A. Shaheen, and Aiyub, (2023) [5] investigated two outcomes one positive outcome associated with customers' attitudes toward expected personal outcomes and a second negative outcome impacted customers' attitude toward expected community-related results. Factors that positively impact customers' panic-buying intention include attitude, subjective norms, scarcity, time pressure, and perceived competition while perceived social detection risk negatively influences customers' panic-buying intention.

Redro carvelho, Helena Alves, (2023) [6] revealed in their study that there are two fundamental dimensions

i). Consumer behavior and
ii). Factors shaping co-creation that help to create customers' value. However, some antecedents are closely linked to the customers, social environment, service providers, and technology resources.

In the context of purchasing decisions, (Faye Maya Devi, Lod Sulivyo, Listiawati, 2022) [7] revealed that marketing mix has a significant effect in mediating the relationship between consumer behavior to purchasing decisions. The 4Ps make up a typical marketing price, product, promotion, and place.

Trivedi, Krunal, Trivedi, Puja, and Goswami Vandana, (2018) [8] explored the sustainability practice that helps firms gain more investors and leads to an increased market value of the form. The proposed practices helped markets in gaining maximum business value from their sustainability initiatives.

About consumers changing expectations (Egboro Felix, 2015) [9] investigated challenges like marketing, technology turbulence, general economy intelligence responsiveness and competition, etc. hindered the company in achieving success in today's highly competitive business environment and found understanding customers changing expectations and preferences is critical for a firm's superior performance and long-term success. In addition to this, consumer satisfaction led to the strengthing of the relationship between customers and a company, and thus a deep sense of collaboration was found to be profitable.

(Jagdish N. Sheth & Banwari Mittal, 1996) [10] identified three specific paradigms for planning expectation-shaping actions: One of these human resources management (HRM) suggested customer expectations can be managed, second framing in developing reference points before processing information includes three basic mechanisms: direct instruction, content setup, and selective priming and the third is compliance. These three paradigms assisted the company in identifying the factors relating to consumers' expectations.

In context to BDA, 2018 [11] researchers revealed the investment in BDA (Big data analysis) created business value through BDA the skilled analysts analyze big data collected and find facts that relate to consumers' expectations and attitude trends require data infrastructure and analytical technologies with high salaried skilled analysts needed much investment. Businesses need to assess the strategic role of BDA and invest in quality data state of art tools and data survey people who understand relevant technologies and data drive business opportunities.

Researchers found information technology (IT) played an important role in the business, it helped to collect data related to consumers and analyze data to understand the current situation to require changes to maintain the sustainability of businesses. IT-supported the business organization in framing process-oriented management schemes (1996) [12].

Researcher explored organization resources used in the creation of business value was 100% helpful. Other factors along with the organization involved in the creation of business value like business analytic resources, insights decisions, driven competitive action, organization benefits from benefits, enabling technology, analytical people, etc. all these factors combine to create business value (2017) [13].

(K. Leong and A. Sung, 2018) [14] investigated financial technology (FinTech) that created business value through providing service in different categories as follows

i). Payment
ii). Advisory service
iii). Financial and
iv). Compliance

Fin-Tech ensures data transaction technology, security issues, user experience, data analytics, and advisory services.

In context to social media, Authors, (2010) [15] revealed that most of the firms used social media platforms such as Twitter, Facebook, blogs, and clients-hosted forums to communicate with their customers and found that creating an online presence is not sufficient to ensure that the firm would gain business value from social media. A successful implementation strategy requires three elements: Mindful adoption, community building, and absorptive capacity. Using three elements, the business organization gains business value from interacting with its customers and other stakeholders through social media.

(S. Pearson 2016) [16] identified key factors charming customers to make decisions including quality, innovation, and value for money. Customers' decision-making is a mix of the rational and the emotional, they choose the brands with which they associate and perceive will.

Research Gap

Researchers found different factors affecting business value, and support in the creation of business value. They explained Fin Tech, customer value, goods and service quality, BDA, ICT, marketing mix, social media, organization resources, paradigms, sustainability practices, fundamental dimension, and consumer behavior and how all these play role in creating business value, but no one tried to explain what business value consists of and how meeting consumers' expectation creates business value.

Consumers Behavior

Consumer behavior is the process whereby individuals decide whether, what, when, where, how, and from whom to purchase goods and services (Walter C. G. & G. W. Paul). Consumer behavior refers to those purchase habits, characters, tendencies, behaviors, or ways whereby being inspired individual decides to purchase goods and services. It shows the decision and selection of consumers' purchases. Consumers fulfill their needs and satisfaction of willing what, when, where, how, and from whom to purchase goods and services. Business success depends on consumers' purchase or not purchase, if consumers' behavior is positive with business leads to business success vise-versa [17].

Consumer behaviour[18] refers to the tendency of consumers' incline toward business organizations to purchase, select, and consume goods and services to satisfy their wants. First of all, consumers find commodities that they would like to consume and finally select those commodities that satisfy greater utility and for which able to spend money at a given price at the same time. Consumer behavior is quite complex and consists of many variables and their tendency to interact with and influence each other. Factors that affect consumer behavior are as follows:

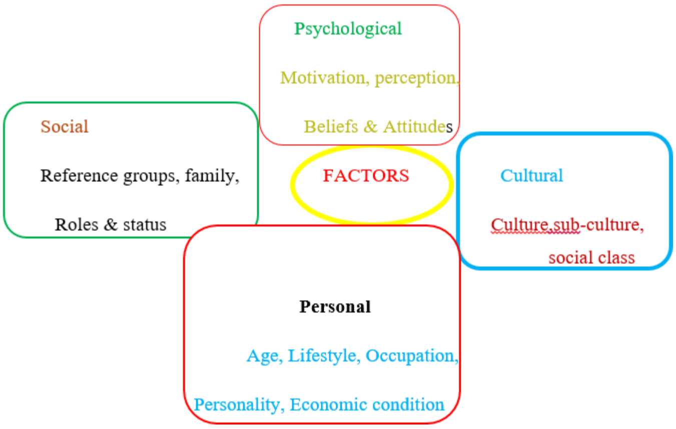

Fig 1: Factors that affect consumer behavior

Marketers understand all these factors in depth and then decide to introduce products in the market as per consumers' demand. It has to understand consumers' behavior according to categorized factors and segment markets that target desired consumers and grow toward the achievement of goals and progress of the business organization. If organizations succeed in capturing a large no. of consumers understanding factors emerge as the organization having a large number of consumers increases turnover of the business and increases its value in the market.

Business organisation[19] influences consumers' behavior by a variety of factors interacting in complex ways and determining the action required to meet the consumers' needs with a better understanding of consumers' expectations. Organizational analysis factors affect consumer behavior and understanding the psychology phenomenon of consumers, if responses are got to the sustainability of consumers, provide quality services to consumers to satisfy them and continue to join with the organization. The organization makes its brand have good quality, satisfied price packaging leads to consumers' satisfaction. Through consumer satisfaction organizations not only increase economic profit revenue but increase their value with an increased number of consumers. Most consumers want to remain in an organization if they get the satisfactory services they desire. It is a fact that an organization has a large no. of consumers in comparison to its competitors automatically revenue, profit, and value increase.

Today's world is a throat-cut competition where ignoring consumers' expectations leads to organizational failure, if consumers do not get service from competitor organizations, and will be attracted toward other organizations and discontinue the old one, for the success of the business organization to care for consumer's expectation are important factors.

Marketers make strategies that transform into product design, advertising, and other marketing cues to drive consumers to buy and consume more detrimental effects on the environment. Consumers are empowered to behave more sustainability with organizations by understanding consumers' decision-making. This strategy made policy succeed in capturing more consumers and taking advantage of creating value. Consumers are the most important key of the business without consumers cannot imagine of doing business to establish a base for success and development as well as growth of the business[20].

Income

Income generally refers to the amount of money, property, and other transfers of value received over a set period in exchange for service or products[21]. The business organization increases its no. of customers by meeting customers' expectation which leads to a growth in turnover of the business and supports income growth. Income is the most important thing for any business unit since no one can last longer without income.

Income[22] is considered the difference between revenue and expenses. For example, goods costing Rs. 50000 are sold for Rs. 72000. Here, the cost of goods sold Rs. is expenses. The sale value of goods i.e. Rs. 72000 is revenue and thus the difference i.e. Rs. 22000 is Income.

Thus, Income = Revenue – Expenses
= 72000-50000
= 22000

Attracting customers through good service quality and reaching a good position in the market has a greater impact on economic results than loyalty. Business organizations concentrate on consumer joining the organization and persuading them to buy products, taking services meeting their desires which increases income[23].

Variables like initial capital the length of business, length of business process, business operating hours, and no. of product variation played an important role in increasing business earning[24].

Business Ethics

Business ethics is a set of rules and norms that govern the business unit. It consists of morality, values, norms, and rules originating from individuals, organization statements, or the legal system. It encourages both businessmen and customers to transact with each other under certain principles and standards. For example, trades always measure the products in proper weight, behave with them in a good manner, place fair value of products, tell details information, service after sale, remain under policy made by govt. or legal agency, an association of commerce, never tries to cheat customers in any way and customers also pay in proper time. Business ethics applies to all aspects of business conduct and is relevant to the conduct of individuals and the entire organization. Norms, values, and ethical and unethical practices are the principles that business ethics refers to contemporary organization standards, principles, sets of values, and norms that govern the action and behavior of an individual in the business organization. Business ethics have two dimensions i.e. normative business ethics and descriptive business ethics. As a corporate practice and a career specialization belong to normative and academics attempting to understand business ethics employ descriptive. The range and quality of business ethical issues refer to the interaction of profit-maximizing behavior with non-economic concerns[25].

Morality is the rules of human behavior that specifies certain action are right or wrong and evaluate human action related to business activity. The relationship of business to morality goes even deeper than human action. Business activity would be impossible without morality. For example, employees expect their employees not to steal from the firm, those who buy a product expect it to be advertised when they take it home and unpack it, Parties to a contract each expect the other to honor an agreement, people who work with other expect their co-workers generally to tell the truth to respect rather than to assault them and to do the job for which they paid. In most cases, these expectations are met. If everyone involved in business buyers, sellers, producers management, workers, and consumers acted immorally or amorally (i.e. without concern for whether their actions were moral or immoral) business would gain to a halt. Morality is the oil as well as the glue of society and therefore, of business, business generally values their reputation[26].

A general value statement sets the ethical tone for organizations' relationship with internal and external stakeholders and influences the content of CSR message[27].

Development

The word 'development' is widely used to refer to a specified state of advancement or growth. It could be used to describe a new and advanced idea or product, or an event that constitutes a new stage under changing circumstances. Generally, the term development describes good change[28].

Development is a process that creates growth and brings in process and positive change. Development is a healthy sign. Here development is considered as business development how the business approach its highest level of progress in the current situation what it access to cope with challenges to survive in throat-cut competition and what technology advance adopt. Business development is a process that brings positive changes in the organization under the current situation making it capable of sustaining itself in the environment, building new ideas, advancing technology or products, and achieving a specified state of advancement or growth.

Business development refers to a wide growth state of advancement under changing circumstances. Business organizations can stand in the changing world and the ways of progress. It is capable of setting up all mechanisms situated under an organization like management system, distribution channels, customer relationships, implementation of good governance, govt. and its policies, financial links, employee relationships, and behavior, completing the throat-cut competition, and new and advanced technology. When a business organization achieves its development it expands its business size, makes strong infrastructure facilities and attractive buildings in comparison to competitors, and manufactures new advanced products that feature standard quality, price, and delivery facilities. The development of a business depends upon various factors that are considered while doing business to meet consumers' expectations leading to the business's success. The business succeeds in increasing business revenue, profit, a large network of business-consumer relationships, customer satisfaction, good business transactions, and innovation. Business organization innovate products and their infrastructures, uses advanced technology to lower the cost of products with maximum profit, have sufficient resources to adjust and maintain within the organization and hire good skilled strategies for making strategies for the successful operation of business[29].

Conclusion and Recommendation

Meeting consumers' expectations is not the only single factor in the creation of business value. It depends upon many factors that support creating business value. The business value consists of customer value, social value, management value, culture, contract value, partner value, supplies value, employees' value, and other visible and invisible value, all these values combine and turn into economic value. Business organizations use ICT to collect data related to consumers that support understanding consumers' choices, attitudes, values, preferences, perceptions, behavior, and culture. Organizations make strategies that improve service and product quality, financial technology (Fin-Tech.), and satisfy consumers' expectations. Product and service quality, Fin-Tech, BDA, ICT, marketing mix, HRM, sustainability practices, framing information process, compliance, organization resources, business ethics, consumer behavior, social media, and innovation, all these factors assist in determining business value, but these factors are useful only when the business organization has a good number of consumers. Business organizations with a good number of consumers transact with organizations capable of increasing income and expanding their business because of sufficient income to achieve development. All these activities are done by the business organization to attract consumers towards its organization and continue to be linked with consumers by meeting their expectations. Thus finally meeting consumers' expectations is the most important factor for business organizations. These organizations collect relevant data related to consumers and analyze data through various techniques to meet consumers' expectations so that the organization can sustain itself in the market and build its value. Consumers are an integral part of the business organization, without it, it can't run and survive more.

Further research can be done on meeting consumers' expectations. Business organizations should always observe consumers' behavior and make changes in the design, size, test, and quality of the products if required to be made changes and provide facilities in easy ways in different fields like delivery system, credit and cash purchase system, payment system, process system and choosing system, etc. by which consumers never feel harder process. It should behave with consumers maintaining business ethics.

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