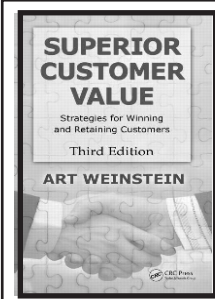


# Book Review: Superior Customer Value: Strategies For Winning And Retaining Customers

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**Book: Superior Customer Value: Strategies for Winning and Retaining Customers**

**Author: Art Weinstein (2012)**

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## ABSTRACT

Customer value has become a strategically significant factor in global competitiveness and its value as a vehicle for transitioning from market-driven and reactive to market-driving and anticipatory firms is being increasingly recognized. Dr. Art Weinstein communicates this understanding and paradigm in customer value theory and conception more effectively than any other writers, academicians, practitioners and authors. This book review examines Dr. Art Weinstein's recently published book, *Superior Customer Value: Strategies for Winning and Retaining Customers* (Third Edition, 2012). The reviewer explores the contents of Dr. Weinstein's book and his customer value theory by examining the major theoretical and practical frameworks and principles that affect and underscore the creation of value in today's highly competitive new economy characterized by a dominant service sector and technology-based activities and firms. This book review further explores Dr. Weinstein's rationale and wisdom for making such a poignant and devoted call to companies large and small, private and public, as well as those which are manufacturing and those which are service firms to design, implement, and deliver superior customer value not only as a quality-based competitive strategy, but simply because it is the right thing to do because customers expect only the very best from today's organizations – no less and no more. This book review explores Dr. Weinstein's philosophy that designing and delivering superior customer value is not an option in today's rapidly transforming global economy and market; it is a requirement; and one critical in determining which companies will remain market followers (market driven), which will emerge as market leaders (market driving), and which companies will simply disappear as they fail to create and deliver value that meets customers' growing and changing needs and wants.

**Keywords :** Benchmarking, Customer Experience Management (CEM), Customer Loyalty, Customer Satisfaction, Customer Value (CV), Customer Value Theory (CVT), Customer Value Funnel (CVF), Customer Retention (CR), Customer Relationship Management (CRM), Customer Value Assessment Tool (CVAT), Empathy, Integrated Marketing Communications (IMC), Integrated Supply Chain Management (ISCM), Key Performance Indicators (KPIs), Market-Driving, Market-Driven, New Economy, Net Promoter Score (NPS), PDCA Cycle, Recency Frequency and Monetary (FRM) Analysis, Retention, Supply Chain Management (SCM), Total Quality Management (TQM), Process Innovation, Service - Quality- Image - Price (SQIP), Responsiveness, SERVQUAL, Service Quality, Value Proposition (VP), Value

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## INTRODUCTION

The aim of designing and delivering customer value, not just value, but superior value, is to overwhelm customer expectations and close the service gaps that affect retention, relationship marketing, customer loyalty, brand satisfaction and competitive advantage. Dr. Art Weinstein proposed and provided several models and strategies to effectively and efficiently approach creating and adding value through the various components of customer value (service, image, quality, and price – the SQIP elements). These approaches range from market driving strategies and innovative practices such as Total Quality Management (TQM), six sigma, benchmarking, the PDCA cycle, business

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process orientation, customer experience management, process innovation, among others, and are specifically dealt with in Chapter 3, “Process Management – Best Practices” of his book. Three important models are especially critical in the design and delivery of superior customer value and Dr. Weinstein skillfully uses these as conceptual frameworks to underpin his Customer Value Theory (CVT). These are the Customer Value Funnel (CVF), the Customer Value Assessment Tool (CVAT), and the SERVQUAL model of Zeithaml, Parasuraman, and Berry. Additionally, he integrates the IMC (Integrated Marketing Communications) concept into value creation and delivery in services firms and comprehensively demonstrates concepts, strategies, business models and frameworks of both market driving and market driven companies through several case studies. Most importantly, he provides a brilliant synthesis of related customer value and marketing theories and concepts from several leading thinkers in the field of marketing such as Philip Kotler, Tom Duncan, Regis McKenna, etc., and moulds them into the most comprehensive and credible, useful theory on customer value, service management, and value marketing strategies over the last several decades.

## **BOOK CHAPTERS AND CONTENTS**

In the third edition of his book on Customer Value, Weinstein (2012) integrates several new ideas and concepts consistent with current and predicted-future market and economic trends affecting customer value. This eleven (11) chapter book is rich in practical and useful examples and its major theoretical framework underlies the central idea of “superior customer value” in the form of value creating activities and practices that serve to create differentiation and distinction for companies wishing to overwhelm or wow their customers using the right tools and strategies as recommended by Dr. Weinstein. In fact, Dr. Weinstein's Customer Value Theory (CVT) revolves around one indisputable fact: businesses exist to serve customers; responding to their needs and wants – and they must do so to the best of their abilities by setting service, quality, price, and image standards that deliver above and beyond customers' expectations.

## **SECTION I: CUSTOMER VALUE – THE BUILDING BLOCKS**

❖ **Chapter 1: Customers Want Exceptional Value!** : Dr. Weinstein's Superior Customer Value: Strategies for Winning and Retaining Customers (Third Edition, 2012) is divided into five sections (I-V) with eleven chapters. Section I of the book deals with the building blocks of customer value. In Chapter 1, “Customers Want Exceptional Value!” Dr. Weinstein discusses the importance and meaning of customer value and the four elements or components of customer value: Service, Quality, Image, and Price. According to Weinstein (2012), customer value must be the overall basis for business strategy because it differentiates great companies from the ones that are simply companies. Weinstein (2012) argues that great companies do not simply satisfy customers, but “strive to amaze, astound, delight, or wow them” (p. 4). Thus, superior customer value engenders the continuous creation of business experiences that exceed customers' expectations. Weinstein then discusses the meaning of value with the most useful definition being one from the customer's perspective as a tradeoff between the benefits received from the offer versus the sacrifices to obtain it (Weinstein, 2012).

In this chapter, Weinstein also looks at value-driven marketing strategies that help organizations and how customer transaction is evaluated. According to Weinstein (2012), “providing outstanding customer value has become a mandate for the management” (p. 6), and managers must focus on value as a combination of Service, product Quality, Image, and Price (what he calls the “S-Q-I-P approach”). Among the SQIP elements, the author argues that the service factor must reign supreme in value-creating organizations. Weinstein then progresses to explore the business climate conducive to value creation and the rise and fall of the new economy that has created challenges and opportunities for businesses in designing and delivering superior customer value. This important chapter also presents the concept of the “Newer Economy” or today's hybrid economy, in which businesses must meet customer demands. Dr. Weinstein points to three major components of this economy:

- (1)** The traditional economy ;
- (2)** A dominant service sector ; and
- (3)** A technology-based economy (Weinstein, 2012).

The chapter closes with a brief look at the impact of the Great Recession which began in 2007, the customer-centric approaches of value-creating organizations, and the marketing management implications of customer value.

❖ **Chapter 2: Be Customer Driven and Market Driving** : Chapter 2 of Dr. Weinstein's Customer Value book is titled, "Be Customer Driven and Market Driving" and communicates the author's profound marketing and management message to business leaders and practitioners. According to Weinstein (2012), true customer orientation changes the culture of a business and creates and maximizes customer value, thereby leading to improved business performance. Here, Weinstein tells us that great companies are those with an obsession about their customers and are masterful at creating and delivering value to their highly satisfied customers because they have deep customer commitment. In accomplishing this, he encourages companies to follow the market leaders and provides several examples of companies going above and beyond to overwhelm customers' expectations.

In this chapter, Dr. Weinstein revisits and extends the marketing concept by focusing on company-wide interfunctional coordination, customer orientation, and profitability. According to Weinstein (2012), customer value can be created at trigger points such as company-customers, employee-customers, and technology-customers points. He argues that customer-oriented service organizations employ personnel that are value adders and looks at two key dimensions for good service providers:

- (1) The ability to satisfy customer needs ; and
- (2) The degree to which interacting with customers constitutes an enjoyable experience.

Weinstein (2012) examines e-marketing opportunities for value creation, and the approach to building a marketing orientation and becoming customer oriented. He also examines market-driving practices through examples such as Amazon, Apple, FedEx, JetBlue Airways, Netflix and other companies. Weinstein (2012) tells us that "Market-driving companies lead customers from the established to the emerging and even the imagined" (p. 33). The chapter closes with a discussion on creating a bias for action based on Barrett's five-stage continuum, corporate entrepreneurship, and co-creation of value.

❖ **Chapter 3: Process Management – Best Practices** : Chapter 3, which was briefly mentioned in the Book Review Introduction, examines process management practices that lead to the design and delivery of superior customer value. Here, Weinstein (2012) presents several tools for accomplishing this. For example, the Deming PDCA cycle (Plan, Do, Check, and Act) is explored, as well as the process innovation which engenders five steps:

- (1) Identifying a business problem or challenge ;
- (2) Generating ideas ;
- (3) Finding a tentative solution ;
- (4) Pretesting ; and
- (5) Going to the market and making adjustments.

The author discusses the use of Customer Experience Management (CEM) in building value and looks at three dimensions of customer experience: Functionality, Accessibility, and Emotionality. A presentation on benchmarking and related process tools follow as well as tools for monitoring value creation.

## **SECTION II: DESIGNING A SUCCESSFUL CUSTOMER STRATEGY**

❖ **Chapter 4: Building A Winning Business Model And Value Proposition** : Section II of Dr. Weinstein's book deals with the design of a successful customer strategy. In Chapter 4, the author teaches us how to build a winning business model and value proposition. According to Weinstein (2012), one of the greatest challenges for service firms is to differentiate themselves from competitors. Companies must ,therefore, strive to be better as "better is always different!" (p. 57). Business models, which are methods or approaches, or frameworks for capturing, creating, and delivering value, are explored with several business models that have been presented: Bricks and Mortar, Bricks and Clicks, Internet pure-play, etc. The Value Proposition (VP) is a statement matching up a firm's distinctive competencies with the needs and preferences of a carefully identified and designed set of prospective customers (Weinstein, 2012).

Several examples of value propositions are provided, and Dr. Weinstein looks at how consumers measure value  $[VP = (Quality + Service + Intangibles) - (Price + Non-monetary Costs)]$ , and examines the characteristics of good

value propositions - they should be “clear, concise, credible, and consistent over time” (p. 60). Here, he revisits and further explains the crux of customer value (service, image, quality and price), and looks at five knowledge-based routes to designing customer value:

- (1) Knowledge as product ;
- (2) Knowledge transfer ;
- (3) Customer-focused knowledge ;
- (4) Personal responsibility for knowledge ; and
- (5) Intellectual-asset management (Weinstein, 2012).

In closing out the chapter, the author examines the importance and strategic implications of differentiation and presents the Customer Value Assessment Tool (CVAT), an instrument designed to help product and service providers evaluate and improve value delivery to customers.

❖ **Chapter 5: Service and Quality – The Core Offering** : Chapter 5, “Service Quality – The Core Offering” examines service and quality as the heart of the value proposition and defines services as value-creating processes. According to Weinstein (2012), effective services marketers must know how to tangibilize the intangible. Here, the author provides several examples of services, from pure services to the marketing of blended products. The co - creation of services, especially as pioneered by recent streams of research by Prahalad and Ramaswamy is explored, and Weinstein (2012) contends that co- creation of value essentially means “an obsessive focus on personalized interactions between the consumer and the company” (p. 81). Thus, he argues that value creation occurs where roles of companies and customers converge (Weinstein, 2012). The author then examines the managerial implications of customer service findings, and why quality matters – it is one of the most powerful competitive forces facing companies – and defines quality using Garvin's dimensions to examine five categories of quality:

- (1) Transcendence ;
- (2) Product-based quality ;
- (3) Manufacturing-based quality ;
- (4) User-based quality ; and
- (5) Value-based quality (Weinstein, 2012).

Deming's 14 points on quality are expounded and the importance of managing service quality, the service-delivery stages, and the SERVQUAL model and Gap Analysis are also discussed. The five major dimensions of the SERVQUAL model are defined:

- (1) Reliability ;
- (2) Responsiveness ;
- (3) Assurance ;
- (4) Tangibles ; and
- (5) Empathy.

Using a management-based theoretical framework, Weinstein (2012) looks at levels of service in terms of core benefits, hygiene factors, and satisfiers. Finally, several strategies for improving service quality are presented.

❖ **Chapter 6: Price and Image – The Communicators** : Chapter 6 of Weinstein's book examines price and image, the other two components of customer value as the “communicators of value.” According to Weinstein (2012), price and image express value to potential customers and they function in three ways:

- (1) To signal value for products or services ;
- (2) To differentiate offerings from competitors ; and
- (3) To shift customer demand.

Price is important to a company's overall marketing strategy, and customers consider price as a cue of the sacrifices they make to obtain benefits from products and services (Weinstein, 2012). The author examines typical pricing strategies and the concept of value-pricing as well as the importance and use of reference prices, strategic pricing, and four important practices for effective strategic pricing:

- (1) Preparation of a value map ;
- (2) Relating pricing to the target market's demand elasticity ;
- (3) Making the firm's pricing strategy reflect the perceived value of the service rather than just value delivered ; and
- (4) Assigning price-setting responsibility to a dedicated staff function (Weinstein, 2012).

The author examines pricing methods, specifically looking at six market-based pricing approaches by value-driven companies (price-driven costing, demand-based pricing, value-based pricing, price customization, psychological pricing, and price differentiation), as well as how companies should make good pricing decisions and deal with future pricing issues. Weinstein discusses how image functions as a communicator of value and looks at how many popular companies build their images, explains image-based differentiation and positioning, and provides examples of companies that have used technology and innovation to create a superb image.

### **SECTION III: EXCELLING IN THE MARKETSPACE**

❖ **Chapter 7: E-commerce – Opportunities In The Marketplace** : Section III of Dr. Weinstein's Customer Value book explores ways in which companies can excel in the marketplace. Chapter 7 which deals with e-commerce - opportunities in the marketplace, looks at how the shift in emphasis from products and transactions to services and relationships has affected the 21st century marketing arena. According to Weinstein (2012), customers' expectations are now shaped by advanced technologies and ever-expanding electronic networks in terms of where, when, and how customers choose a service provider. Furthermore, e-service quality has become important in measuring business success. E-service quality is “the extent to which e-commerce providers effectively manage customer interactions involving searching, shopping, purchasing, and order fulfillment” (p. 128). Weinstein (2012) looks at available research on e-commerce and customer satisfaction and how mobile and new technologies are defining e-service quality and customer loyalty.

❖ **Chapter 8: Integrated Marketing Communications and Social Media** : In Chapter 8, the roles of Integrated Marketing Communications (IMC) and social media are examined in the design and delivery of superior customer value. According to Weinstein (2012), a progressive marketing communications program can add value to customers as firms strive to coordinate all promotional activities – Advertising, Databases, Direct marketing, Internet, Personal selling, Sales promotion, and Public relations into building strong customer value frameworks. Weinstein (2012) examines how IMC programs communicate value and identifies the forces impacting IMC: drivers and restraints, as well as presents an eight-point plan for initiating an IMC program:

- (1) Using zero-based budgets ;
- (2) Focusing primarily on current customers ;
- (3) Using targeted mass promotion and personalization ;
- (4) Building marketing relationships ;
- (5) Understanding that everything an organization does sends a message ;
- (6) Making two-way dialogue the key ;
- (7) Using cutting-edge communication technologies, and
- (8) Measuring promotional effectiveness (pp. 144-145).

The author moves on to discuss the role of social media in creating customer value, online customer typologies, the concept of viral marketing, and the challenges associated in measuring the impact of social networks and new media on customer value, performance and profitability.

### **SECTION IV: RETAINING CUSTOMERS – ANALYSIS AND STRATEGY**

❖ **Chapter 9: Creating Value Through Relationship Marketing** : Section IV of Weinstein's Customer Value book contains the final three chapters and provides a strategic analysis of customer retention practices. In Chapter 9, the author explores how companies can create value through relationship marketing. According to Weinstein (2012), relationship creation and management regulate the complex nature of buyer-supplier interactions in today's economy.



Here, the author points to important practices such as personalization, and describes relationship marketing as a fundamental transformation, where relationships in businesses shift from adversarial to cooperative and from market share to share of customers in customer-oriented, value-creating organizations (Weinstein, 2012).

The author compares traditional and relationship marketing concepts and practices and the role of the Value Decade (1990s) in promoting relationship marketing in service-oriented organizations. According to Weinstein (2012), companies should strive to build strong customer relationships as part of their business model and philosophy. Furthermore, he analyzes buyer relationships, and explores ways in which organizations can improve supply chain relationships through effective supply-chain management (SCM) and integrated supply-chain management (ISCM) practices. According to Weinstein (2012), customer relationship management (CRM) is a business strategy that involves selecting and managing customer relationships in order to optimize the long-term value of the company, with the major goal being “to acquire, grow, and retain the right customer relationships” (p. 175). The author examines the challenges in using and applying CRM to improve customer value and why companies' CRM efforts fail:

- (1) Lack of focus,
- (2) No change-management policies,
- (3) Existence of business unit silos,
- (4) Lack of buy-in, and
- (5) Existence of complicated procedures.

Finally, the author looks at social customer relationship management (SCRM) practices, marketing automation, and the keys to successful relationship marketing.

❖ **Chapter 10: Customer Loyalty and Retention** : Chapter 10 deals with “Customer Loyalty and Retention” by exploring why companies need to focus on customer retention. According to Weinstein (2012), keeping existing customers and enhancing existing relationships are the keys to business success. This means offering top quality services since customers leave organizations for service reasons. The author also examines customer loyalty in terms of issues and strategies and recommends three guiding principles to loyalty management:

- (1) Most customers buy on a portfolio basis ;
- (2) All customers are not created equal ; and
- (3) Loyalty is retention with attitude (Weinstein, 2012).

There are different types of customers who patronize businesses; “Loyals” are described as involved ; “Habitual” as indifferent ; “Variety Seekers” as proactive searchers ; and “Switchers” as price shoppers (Weinstein, 2012). Loyal customers are what organizations seek and should strive to retain. Weinstein looks at four customer loyal segments; strangers are regarded as short-term and low-profit customers, butterflies as having high-profit potential but short-term orientation and tendency to be disloyal, barnacles as those staying around long-term but generating relatively low profits, and true friends as highly profitable and long-term oriented. Here, Weinstein (2012) notes that “true friends” are the ideal customers that companies should strive to retain. The author moves on to explore ways of measuring customer loyalty such as using the Net Promoter Score (NPS) and Recency, Frequency, and Monetary value (RFM) analysis. Weinstein (2012) discusses the use-analysis and customer retention, presents a customer value-retention model consisting of the following major pillars: customer attraction, customer value, shareholder value and affected by satisfaction, loyalty and business performance, and provides five steps for designing a customer retention (CR) program:

- (1) Determining the current customer retention rate ;
- (2) Analyzing defection problem ;
- (3) Establishing a new CRM objective ;
- (4) Investing in a targeted CR plan to enhance customer loyalty ; and
- (5) Evaluating the success of the CR program.

Finally, the author closes out this chapter by looking at customer retention approaches built around factors such as efficiency, effectiveness, adaptability, consistency, competitive advantage, ease of implementation and projected profitability.

❖ **Chapter 11: Customer Value Metrics** : The final chapter of Dr. Weinstein's Customer Value book explores various customer value metrics based on the understanding that in order to effectively manage customer value; it must be measurable and measured. This means using the right measures or key performance indicators (KPIs) to assess business success and plan future customer value (CV) strategies (Weinstein, 2012).

The author examines the need for accountability in marketing and how organizations can accomplish this with the use of good management information systems and the sharing of strategic analysis and plans regarding customer value throughout the organization. According to Weinstein (2012), organizations need to become more customer oriented and must create a new mindset about measuring marketing performance based on customer value indices such as satisfaction, retention, and loyalty. Here, he looks at the importance of measuring return on investment (ROI) to effectively adjust customer value programs and strategies and discusses a five-step approach to customer value metrics:

- (1) Collecting voice of the customer (VOC) data ;
- (2) Assessing customer lifetime value ;
- (3) Assessing customer retention ;
- (4) Assessing customer revenue ; and
- (5) Establishing relevant levels of communication (Weinstein, 2012).

In closing out this final chapter, Dr. Weinstein discusses the concept of “marketing dashboards” – a set of key metrics to understand critical evaluative points.

## **SECTION V: CUSTOMER VALUE CASE STUDIES**

Section V, the final section of *Superior Customer Value: Strategies for Winning and Retaining Customers* (Third Edition, 2012) consists of customer value case studies, and most importantly, the Customer Value Funnel (CVF) as an approach to analyzing business situations. According to Weinstein (2012), the Customer Value Funnel (CVF) “provides a systematic and in-depth approach to understanding markets and improving business decisions” (p. 16).

As such, the CVF consists of five levels for management analysis: the macro environment, micro environment, organization, customers, and business performance. Each of these levels consists of the salient actors and factors that affect the design and delivery of customer value across organizational departments and platforms. The global (macro environmental) and market (micro environmental) factors are especially important in shaping competitive strategies in customer value creation. As Weinstein (2012) notes, the CVF captures and summarizes the salient attributes of customer value. The CVF is the framework that is used for analyzing the case studies which Weinstein presents on several companies, including Enterprise Rent-A-Car, FedEx Corporation, Publix Super Markets, among others.

## **CONCLUSION**

Dr. Weinstein's *Superior Customer Value: Strategies for Winning and Retaining Customers* is not only a practical handbook on customer satisfaction, customer value and service wisdom, it is also the most comprehensive customer-focused theoretical and efficient manual any academician, practitioner, leader or manager could get their hands on. Dr. Weinstein's book is the most unique merger of management and marketing theories and practices, and rightly so, because its aim is to increase practitioner success in the area of customer value and service.

Business leaders and managers desiring a competitive edge by focusing on their most important strategic partners in business – the customers – will find this book as an indispensable manual of customer value and marketing wisdom that can lead to better decision making when it comes to designing and delivering superior customer value above their competitors and value that overwhelms customers' expectations and leads to brand loyalty and increased profits. Customers are truly looking for the best in service and product offers, and the levels of customer satisfaction perceived from the combination of Service, Quality, Image, and Price (SQIP) that a company presents to its customers will determine corresponding loyalty and satisfaction, retention levels, the ability to distinguish oneself from the competition, and ultimately, the growth and survival of businesses in the hyper competitive marketplace and marketspace of the 21st century.

Filled with rich examples, customer value insights and exercises, as well as several important case studies, this book, which is currently used as a text for MBA students, is also a practitioner-friendly user manual for designing and

delivering superior customer value. In the realm of customer value theory and practice, Dr. Art Weinstein, Chair and Professor of Marketing at the H. Wayne Huizenga School of Business and Entrepreneurship, Nova Southeastern University, has created what is certainly a masterpiece literature in the field of marketing.

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