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Conceptualising value creation for social change management

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Conceptualising value creation for social change management

Abstract

Australian and international governments are increasingly adopting social marketing as a social change management tool to deal with complex social problems. Government decision makers typically need to balance the use of business models and management theories whilst maintaining the integrity of government policy. In taking this approach, decision makers experience management tensions between a social mission to equitably deliver social services and the accountability and affordability of providing quality social and health services to citizens. This is a significant challenge as the nature of the 'social product' in government is often more service-oriented than goods-based. In this paper the authors examine value creation in government social marketing services. The contribution of this paper is a value creation process model, which considers the nature of governments to create social good. This is particularly important for governments where consumers still expect value and quality in the service delivered, despite that offering being 'free'.

1. Introduction

Social marketing has a well-established history as a social change management tool (Andreasen, 2002). As social change in the interests of the community is a key mandate for governments, it is not surprising that governments are adopting social marketing as a means to manage individual and societal change. Yet achieving social change in a climate of accountability and effectiveness is a challenge that many governments face. Since the early 1990s, public sector policy-makers have become more sensitive to the needs of their consumers (Behm, Bennington and Cummane, 2000) and many government organisations around the world have adopted business models to assist them with affecting social change in this climate. A recent example is the UK government's (2006) review of health services which recommended that social marketing be used as key intervention strategy (NSM, 2008). Given the prominence and use of social marketing in health services (e.g., health screening, quit smoking services, etc.) (Hastings, 2007), the scope of this paper is limited to government services. However, this paper does not revisit the extensive research published on government marketing, nor the published literatures in social marketing focused on individual behaviour change. Rather, the authors turn to an examination of the organisation's value creation process and question how government services can better deliver value to government service customers. As such, this paper makes a further contribution to the study of social change strategies as it introduces ideas from commercial marketing's value creation literature to focus the discussion on the customers' perspective, rather than the marketing of government services in general.

One business approach that has limited evidence of use in government is value creation. Despite the widespread acceptance of customer value principles based on the seminal work of Levitt (1960), the related but distinct area of value creation is relatively new as a research area (Sheth and Uslay, 2007). This generates the need for researchers to develop conceptual approaches in the area that can then form the foundations for future empirical work. This paper seeks to contribute to the value creation discussion by way of conceptually examining its usefulness to bring about social change within social marketing's management function.

A key challenge for governments seeking to affect social change is understanding the motivations and the barriers for consumers to participate in the change process. This is particularly important for many government services where the financial cost of consuming the service is nothing. Economic theory suggests that complaints are more frequent in monopoly contexts, such as government, compared to competitive markets (Fornell and Didow, 1980). The number of complaints tribunals within government to deal with dissatisfied customers of government services suggests that not all consumers perceive value to be high, despite the financial cost being eliminated. For instance, in Western Australia a whole of government website has been established to facilitate customer complaints (Western Australian Government, 2008). If customers do not perceive value in using a government service, then they are unlikely to adopt the sustainable behaviour recommended by the government of the day seeking social change. Thus, an understanding of how value is (or is not) created is an important part of changing individual behaviour. This paper proposes a value creation process model for government that can be used as a diagnostic tool in determining both the level of value and the key sources of value for customers.

Traditionally, customer value has drawn from an economic theory base that defined value as a function of benefit and costs (Payne and Holt, 1999). Marketing scholars in the past decade, however, have questioned this adherence to economic theory and offered alternative theories in a range of marketing areas, one of which is customer value (c.f., Lovelock and Gummerson, 2004; Sheth and Uslay, 2007; Vargo and Lusch, 2004). The experiential approach to customer value goes beyond the economic utility of a transaction (Holbrook, 2006; Sweeney and Soutar, 2001) and examines value over the consumption process (Holbrook, 2006). This approach is more consistent with the American Marketing Association's (AMA) current definition of marketing, which emphasises the concept of
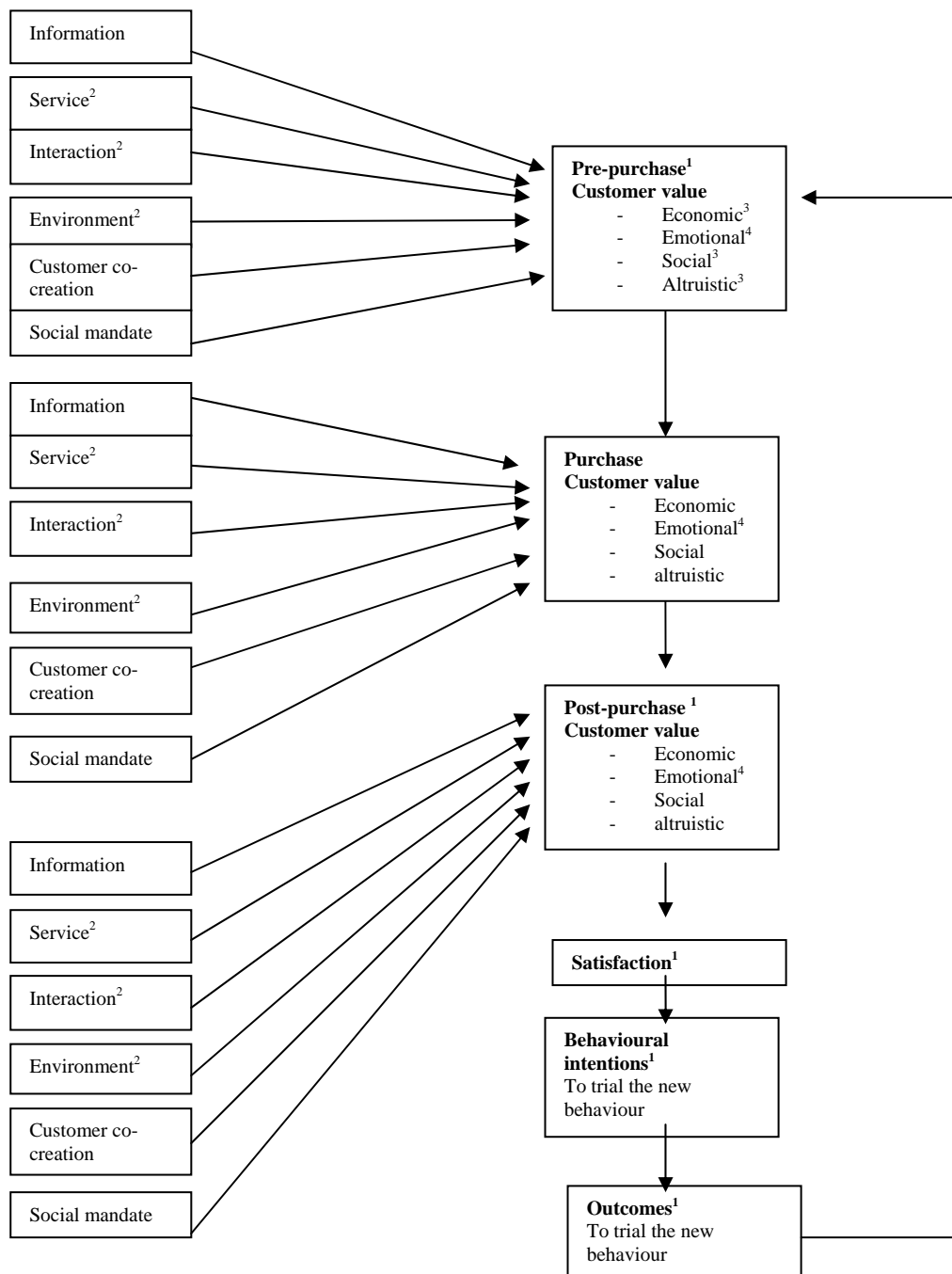
value creation over exchange (AMA, 2007) and the concept of co-creation (Vargo and Lusch, 2006). In embracing the experiential approach to value, this paper makes two contributions. First, we offer a process model of value creation that departs from the traditional economic view of customer value and includes functional, social, emotional and altruistic value. We propose in our process model that the type of value at each stage of the consumption process (pre-, during and post-consumption) will vary for consumers, and that the relative importance of each of the four types of value will vary depending on the type of service. In taking up this approach we extend the work of Holbrook (2006), Sheth, Newman and Gross (1991) and Sheth and Uslay (2007) by incorporating their conceptualisations of value in a process model that covers all three stages of the consumption process. To date, there have been no process models of value creation (either conceptual or empirical) that adopt an experiential approach to value as a foundation in any field of marketing, including social marketing.

Second, we propose six sources of value at each of the three stages of consumption. In conceptualising a value process, we derive four sources of value from Smith and Colgate's (2007) sources of value conceptualisation (i.e., information, service, interaction and environment) but discard their fifth source, which is ownership, as it relates to goods rather than services. Instead, we propose co-creation as the fifth source of value in government services, as it goes beyond the organisation-centric value-chain base of Smith and Colgate (2007) and is thus more consumer-centric. The sixth source of value proposed is 'social mandate', which reflects the obligation of governments to provide social change services. Thus, work outlined in this paper extends Smith and Colgate's (2007) framework by proposing relationships between sources and types of value throughout the consumption process that are relevant to a social marketing service which aim to achieve individual and societal change. From the government's perspective, individual behaviour change will accumulate and benefit society as each consumer becomes a healthier and happier citizen, which may result in reduced consumption of government-based social and health services.

To situate this model in the social change literature, we first examine the nature of value and argue that drawing together Holbrook's (1994, 2006) and Sweeney and Soutar's (2001) experiential typology of value is appropriate for social marketing. Second, we propose how value may vary for different government services drawing from Lovelock's (1983) classification of services. Third, we propose a value creation process model for social marketing services (see Figure 1) by combining Sweeney's (2003) *Customer Value Development Model* with Smith and Colgate's (2007) *Sources of Value* and Holbrook's (1994, 2006) four *Value Types*. Finally, we outline implications for social marketing and a future research agenda.

Figure 1. Proposed Value Creation Process for Government Social Marketing Services

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┌──────────────┐
│ Information  │──────────┐
└──────────────┘          │
┌──────────────┐          │
│ Service²     │────────┐ │
└──────────────┘        │ │        ┌────────────────────────┐
┌──────────────┐        │ │        │ Pre-purchase¹          │
│ Interaction² │──────┐ │ │        │ Customer value         │◄─────────┐
└──────────────┘      ▼ ▼ ▼        │   -  Economic³         │          │
┌──────────────┐      ───────────► │   -  Emotional⁴        │          │
│ Environment² │──────────────────►│   -  Social³           │          │
└──────────────┘                   │   -  Altruistic³       │          │
┌──────────────┐                   └────────────────────────┘          │
│ Customer co- │──────────────────►           │                        │
│ creation     │                              ▼                        │
└──────────────┘                                                       │
┌──────────────┐                                                       │
│ Social mandate│                                                      │
└──────────────┘                                                       │
┌──────────────┐                   ┌────────────────────────┐          │
│ Information  │──────────┐        │ Purchase               │          │
└──────────────┘          │        │ Customer value         │          │
┌──────────────┐          │        │   -  Economic          │          │
│ Service²     │────────┐ │        │   -  Emotional⁴        │          │
└──────────────┘        ▼ ▼        │   -  Social            │          │
┌──────────────┐        ─────────► │   -  altruistic        │          │
│ Interaction² │──────────────────►└────────────────────────┘          │
└──────────────┘                              │                        │
┌──────────────┐                              ▼                        │
│ Environment² │──────────┐                                            │
└──────────────┘          │        ┌────────────────────────┐          │
┌──────────────┐          │        │ Post-purchase ¹        │          │
│ Customer co- │──────────┼──────► │ Customer value         │          │
│ creation     │          │        │   -  Economic          │          │
└──────────────┘          ▼        │   -  Emotional⁴        │          │
┌──────────────┐       ─────────►  │   -  Social            │          │
│ Social mandate│                  │   -  altruistic        │          │
└──────────────┘                   └────────────────────────┘          │
┌──────────────┐                              │                        │
│ Information  │──────────┐                    ▼                        │
└──────────────┘          │        ┌────────────────────────┐          │
┌──────────────┐          │        │ Satisfaction¹          │          │
│ Service²     │          │        └────────────────────────┘          │
└──────────────┘          │                   │                        │
┌──────────────┐          │                   ▼                        │
│ Interaction² │          ▼        ┌────────────────────────┐          │
└──────────────┘       ─────────►  │ Behavioural            │          │
┌──────────────┐                   │ intentions¹            │          │
│ Environment² │                   │ To trial the new       │          │
└──────────────┘                   │ behaviour              │          │
┌──────────────┐                   └────────────────────────┘          │
│ Customer co- │                              │                        │
│ creation     │                              ▼                        │
└──────────────┘                   ┌────────────────────────┐          │
┌──────────────┐                   │ Outcomes¹              │          │
│ Social mandate│                  │ To trial the new       │──────────┘
└──────────────┘                   │ behaviour              │
                                   └────────────────────────┘
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Notes: [1]Sweeney's (2003) CVDM; [2]Smith and Colgate's (2006) Sources of Value; [3]Holbrook's (2006) Value Types; [4]Sheth *et al.* (1991) and Sweeney and Soutar (2001)

2. Value in Social Marketing

2.1 Value Literature
An article by Behm *et al.* (2000) on creating value in public policy outlines several key features of a policy service that are necessary to create value. While the authors label their model *The Value-Creating Policy Service Model*, it is more reflective of service quality (i.e., responsiveness, timeliness, accessibility, speed) than of value as defined by Holbrook (2006) and Sweeney and Soutar (2001). When

value is addressed in the context of government, much of the existing government literature either takes a consumer perspective, where the focus is on the consumers of the government services, or a management perspective, where the focus is on public administration and the management of public services. Whether a consumer perspective or a management perspective is used, much of this research uses service quality as a means of assessing customer satisfaction with public services (e.g., Ancarani and Capaldo, 2001; Brady, Cronin, and Brand, 2002; Brysland and Curry, 2001; Wisniewski, 2001a, 2001b). Researchers using a consumer approach tend to consider value as being customer satisfaction (e.g., Roth and Bozinoff, 1989; Callahan and Gilbert, 2003), while researchers using a management approach often define value in economic terms (e.g., Kirlin, 1996). Much of the government social marketing literature is found in the public health area (e.g., Grier and Bryant, 2005; Ling, Franklin, Lindsteadt, and Gearon, 1992; Walsh, Rudd, Moeykens, and Moloney, 1993), yet there is little that looks at value or value creation in public health services. The model proposed thus makes a contribution to furthering our understanding of value creation in government services by regarding satisfaction as one of the outcomes of value, rather than being representative of value. Furthermore, applying this in the context of government, social marketing services will address the apparent gap that lies in the existing literature.

2.2 Economic versus Experiential Approaches to Value

There are essentially two approaches to value in the marketing literature: economic and experiential. Traditionally, marketing has adopted an economic approach whereby value is the outcome of a cost-benefit analysis focused on the utility gained (Payne and Holt, 1999). When the costs exceed the benefit gained there is less value compared to when the benefits outweigh the costs. A more contemporary experiential approach defines value as being more than just economic and proposes additional types of value, including value from the interaction itself and not just the outcome (Holbrook, 2006). Thus, we adopt Holbrook's (2006, p. 715) definition of customer value as being an 'interactive, relativistic, preference experience'.

In recent years, leading marketing scholars have conceptualised value as having a core of social, emotional, and functional dimensions (c.f., Sheth *et al.,* 1991; Sweeney and Soutar, 2001; Holbrook, 1994). These three dimensions plus additional dimensions posed by other researchers are synthesised in Table 1.. For instance, Holbrook (1994) adds an altruism dimension, and Sweeney and Soutar (2001) separate Sheth *et al.*'s (1991) functional dimension into sub-dimensions of price and quality.

Table 1. Comparison of Conceptualisations of Value

Features	Sheth *et al*. (1991)	Holbrook (1994)	Sweeney and Soutar (2001)	This paper
Research paper	Quantitative	Qualitative	Quantitative	Conceptual
Relationship between items	Independent	Inter-related	Inter-related	Inter-related
Dimensions	Functional	Economic	Price quality	Functional
	Social	Social	Social	Social
	Emotional	Hedonic	Emotional	Emotional
	Epistemic (novelty)		No empirical support	
	Conditional (situational)		No empirical support	
		Altruistic		Altruistic

Drawing from these scholars' work, we propose dimensions of value that are relevant to a social marketing services context. Whilst we retain the labels of *social* and *altruistic*, we

adopt the terms *functional* rather than *economic* and *emotional* rather then *hedonism*. The term *economic* is less appropriate for a social marketing context because it implies monetary exchange and in social marketing this is rarely the case. Hedonism is primarily used to imply emotions that are positive, yet in social marketing the emotional range also includes negative emotions such as shame or fear. A more balanced affective term is needed and so we argue for the use of *emotional* rather than *hedonism*. Finally, social marketing relies on individuals perceiving benefits both to self and to society; thus, altruism is highly relevant. The following section now turns to a brief explanation of each of the four dimensions: functional, social, emotional and altruistic.

Functional value, similar to Holbrook's (1994) *economic value* and Sweeney and Soutar's (2001) *price value*, is extrinsically motivated (i.e., a means to an end) and for the benefit of the self rather than others (Holbrook, 2006). This type of value focuses on performance and functionality. Social value is also extrinsically motivated, but it is directed at others and focuses on influencing other people as a means to achieving a desired goal such as status or influence. Emotional value is intrinsically motivated (i.e., an end in itself) and self-oriented, whereby products are consumed for the emotional experience and for no other end goal (Holbrook, 2006). Altruistic value is also intrinsically motivated but is directed towards others, whereby the goal may be self-fulfilment or a sense of well-being (Holbrook, 2006). Thus, value is not just a calculation of the difference between costs and benefits, it is inclusive of the achievement of customer goals through experiencing the good or service (Holbrook, 2006). Value is therefore attained by the customer when the goal for experiencing or consuming the product or service is achieved.

Some or all of these value types may be present for a consumer during the three consumption stages. Let us consider the topical issue of water conservation. Governments around the world are adopting social marketing as a tool to management water consumption (e.g., Garbrecht, Steiner and Cox, 2007; Schwarz and Megdal, 2008; Wallace and Barrett, 2007). If the 'price' for changing behaviour is giving up longer showers, then the value may be functional for those

consumers focused on avoiding fines for exceeding the recommended water limits. However for a different consumer group, the value derived from giving up a longer shower may be altruistic. As the consumer turns the water off after the recommended time, they may experience value from knowing they are saving resources for future generations by conserving water today.

3. Value Creation in Social Marketing

3.1 Value Creation

In the 2004, the AMA removed the concept of exchange from its definition of marketing and replaced it with the creation and delivery of value (Sheth and Uslay, 2007). This shift coincided with the publication of several seminal articles in prominent marketing journals that articulated the importance of value creation and co-creation (c.f., Vargo and Lusch, 2004; Lovelock and Gummerson, 2004). Most recently, however, the notion of exchange has been reinserted by the AMA (2007). In spite of this move, Sheth and Uslay (2007) still argue that the future of marketing lies with value co-creation. They take this stance because they view value creation as a paradigm that involves multiple stakeholders in the marketing process, who work together at different points of the consumption process to create value (Sheth and Uslay, 2007). Additionally, consumers are a stakeholder group who desire to co-create value with organisations (Prahalad and Ramaswamy, 2004) and as such it is important to understand the process by which consumers participate in generating value.

The fundamental difference between exchange and value creation paradigm is that value consists of more than utility and that the consumption experience is a critical component (Sheth and Uslay, 2007). The value creation paradigm is still in its infancy with researchers struggling to reach agreement on the conceptualisation of value, and to date there has been limited theorisation or empirical evidence published to support the value creation processes (Smith and Colgate, 2007). Consequently, there is a need for discussion and conceptualisation of value creation in all

aspects of marketing, including social marketing.

The 2007 AMA definition of marketing gives prominence to the application of marketing concepts to societal needs (AMA, 2007). While the inclusion of the social marketing arena in the definition of marketing was done in 1985, it was through the addition of the term *ideas* as a form of product. The definition was revised again in 2004 with the beneficiary of marketing activities being limited to the organisation and its stakeholders. This immediately excluded social marketing, where the main beneficiary is an individual who adopts the behaviour or the broader society (Dann, 2008). The most recent definition corrects this omission by stating that beneficiaries are customers, clients, partners and society at large (AMA, 2007).

Social marketing requires consumers to voluntarily change their behaviour to bring about the desired social change (Rothschild, 1999). In order for consumers to be willing to exert effort to change, there needs to be a value proposition that incentivises the consumer (Dann, 2008; Kotler and Lee, 2008). However, if the value proposition strongly privileges societal benefit over individual benefit, individuals may be less inclined to change due to low perceived personal benefit.

The history of social marketing demonstrates the transferability of commercial marketing thinking and practice to social and health problems (Hastings and Saren, 2003). Wood (2008) points out, however, that whilst most commercial marketing practices are translatable for use in social change agendas, some social products delay gratification, may be costly or unpleasant, and may require persistence and patience from consumers (Donovan and Henley, 2003). This creates a considerable challenge for social marketing to create value and emphasises the need to involve consumers in the value creation process. In other words, co-creation may be a fundamental success criteria for social marketing campaigns to be effective.

An important distinction made within the value creation literature is the role of co-creation. Sheth and Uslay (2007) support Lusch and Vargo's (2006) notion of co-creation of value whereby the customer needs to be actively involved in the value development process in order for the 'best total value' to be created. In this proposition, value creation is a process that is inclusive of the customer and where the customer is not the passive recipient of firm-created value (Prahalad and Ramaswamy, 2004). The inclusion of the customer within the value creation process contrasts with the traditional approach where the firm exchanges a good or service with the consumer (Prahalad and Ramaswamy, 2004). When value is co-created, consumers are no longer the passive recipients of the product offering as determined by the organisation (Prahalad and Ramaswamy, 2004). Instead, consumers jointly create the experience that is suited to their particular situation. While this might seem a difficult task for organisations who manufacture goods, it is far more achievable for service-based organisations because interaction is a core-component.

Co-creation becomes an important consideration then for any social change program because co-creation empowers the consumer around their needs (Prahalad and Ramaswamy, 2004). Consider again a social marketing program that has a social change agenda focused on water conservation. There are many such programs operating in Australia and part of this involves minimising household use of water. Using a co-creation approach, which asks consumers to change their water use habits or invest in plumbing systems that reduce water consumption, may empower consumers to affect change that deliver household benefits (i.e., reduced water rates for example). Another example is Australia's Home WaterWise program in Queensland (Home WaterWise, 2008). Consumers are encouraged to book a home inspection of their plumbing that is tailored to their needs (e.g., they can select replacement showerheads they like amongst other things) where they receive $150 worth of service for $20. This initiative has seen 208,000 customers participate in the social marketing program to save 4.3 million litres of water in two years (Home WaterWise, 2008). These examples illustrate that when consumers interact with an organisation or its offerings, the ability to tailor the experience to the consumer's needs is only limited by the organisation's resources and policies. Thus, the co-creation of value paradigm places emphasis on the 'characteristics of the total experience environment' (Prahalad and Ramaswamy,

2004, p. 12). This may well overcome many of the traditional challenges that face social marketing.

3.2 The Value Creation Process

Value creation is a process whereby the organisation and the customer interact at various stages in consumption to co-create the product or service (Prahalad and Ramaswamy, 2004). This differs from previous models on consumer value such as Porter's (1980) *Value Chain*, where value is created within the organisation and the customer was the recipient of this value. However, there is limited theoretical or empirical explanation of the components of this process and how value is created at each stage in the process using an experiential approach to value.

Given the recency of academic attention to value creation using an experiential approach, and considering the co-creation aspects of value, it is not surprising that there has been little discussion of value creation processes amongst social marketers. Social marketing, unlike commercial marketing, can suffer from paternalism. For example, government social marketing programs involving health or social problems can be perceived by some consumers as 'telling them how best to behave' for the betterment of themselves and/or society. On the one hand, a government implements social marketing programs to empower consumers to make the 'right choices'. On the other hand, however, consumers may choose to 'indulge in bad behaviours' such as overeating, binge drinking 'only' once-a-week, or gambling on a regular basis because they believe these activities are relatively harmless. Punitive measures implemented by government to demarket these behaviours, such as increasing taxation on 'sin-products', may be viewed by consumers as interventionist and using enforcement strategies to compel consumers to make the 'right decision' or pay a penalty. In such cases, value creation is viewed by government in the traditional Value Chain construction: it is created by the organisation and then delivered to an under-informed, passive consumer. We argue that this approach is inconsistent with concept of co-creation of value and the needs of modern consumers. Thus, if social marketers seek to affect social change they need to understand how value is created and how it changes throughout the entire consumption process. It is not sufficient to understand levels of customer satisfaction or value at the end of the program when there is nothing that can be done to remedy the situation.

4. Proposed Value Creation Process Model for Government Social Marketing Services

Using the four types of value outlined in Table 1, combined with the four sources of value discussed previously, we propose a value creation process for government social marketing services (see Figure 1). This model illustrates how value might be created at each stage of the three consumption stages leading to outcomes. As behaviour change is a key component for social marketing programs focused on social change (Prochaska and DiClemente, 1984, 1986), any model of value creation for the social marketing context must include the desired behavioural outcomes. Creating value in the consumption process is only relevant to social marketing when it is linked to behaviour change.

4.1 Key Outcomes of Value Creation to Achieve Social Change

As social marketers are focused on achieving sustained change (Prochaska, DiClemente and Norcross, 1992), it is important to understand how the adoption of a behaviour influences the value created at the pre-evaluation stage for the next consumption experience. Thus, a feedback loop from outcomes to the next consumption experience is included in the model. In social marketing, we know that while people can adopt a behaviour (i.e., the desired outcome of many social marketing programs), this may only be temporary (Prochaska *et al.*, 1992). For example, a smoker may stop smoking but may recommence the harmful behaviour three months later. Prochaska and DiClemente's (1986) *Stages of Change* model highlights that trial behaviour is not the final outcome of a social marketing program: it is followed by maintenance of the behaviour.

The proposed value creation process model outlines the three stages of consumption, followed by satisfaction, behavioural intentions, and outcomes (i.e., sustained behaviour change). The authors suggests that consumers of a social marketing service experience value at the three stages of the

consumption process, which leads to three important outcomes of value: satisfaction, behavioural intentions, and sustained behaviour change. Sweeney (2003) proposes that consumer-perceived-value directly relates to consumer satisfaction. The achievement of satisfaction is important as this leads on to intentions to perform the behaviour again and subsequently, the desired behaviours (Sweeney 2003).

4.2 Changes in Value Throughout the Social Marketing Consumption Experience

4.2.1 Pre-consumption At the pre-consumption stage, it is anticipated that consumers will experience high functional value. In a social marketing consumption experience, functional value refers to how well consumers expect the service to perform. At the pre-consumption stage, consumers are still contemplating whether or not to consume the service. Thus, the perceived functionality of the service is likely to be an important factor in the consumer's decision-making. Consumers are likely to also experience high emotional value at the pre-consumption stage. It is anticipated that consumers are likely to feel a heightened sense of emotion prior to the service experience if they are unfamiliar with the service, or if it has been some time since their previous service encounter. This may result in negative feelings such as fear and anxiety. The need to reduce such feelings suggests that consumers may seek emotional value at this stage.

Alternatively, it is anticipated that consumers will experience moderate social value at the pre-consumption stage. While consumers may experience social pressure from family, friends or colleagues to consume a social marketing service, it is anticipated that pleasing others is not as important as the fulfilment of consumers' functional or emotional needs at this stage. Similarly, it is anticipated that consumers will experience moderate to high altruistic value. Those who may decide to consume a social marketing service do so because they perceive this behaviour to be 'doing their part' for the benefit of society. This may be an important consideration to some consumers of the service, but perhaps not to others.

4.2.2 Consumption At the consumption stage, it is anticipated that consumers will again experience high functional. Consumers who are already at the service have made the decision to act because consuming the service fulfils their objective of satisfying a functional need. It is also anticipated that consumers will experience high emotional value because they are likely to still experience negative emotions at the time of the service delivery. Consumers may thus seek alleviation from their negative emotions in order to reaffirm their decision to act.

It is anticipated that consumers would experience moderate social value at this stage because they may consider the satisfaction of some needs (such as safeguarding their health) to be more important than other needs (such as consuming the service only to please others). Consumers are also anticipated to experience low altruistic value if their main concern is the fulfilment of their functional needs, rather than thinking about how their behaviour contributes to the betterment of society.

4.2.3 Post-consumption At the post-consumption stage, it is anticipated that consumers experience low functional value because once the service has been consumed and the experience is over, their primary objective has been fulfilled. As such, the importance of functional value is diminished. However, consumers may experience intense emotions depending on the type of service they consumer. For instance, if the consumer has consumed a health service such as a blood test, they may be nervous as they anticipate the results of the test.

It is anticipated that consumers may experience low social value at this stage because their service experience is complete. It is not expected that status or influence over others based on a consumer's choice of service provider will have much significance at this stage, and thus consumers are likely to experience low social value. If consumers reflect on their service experience and their decision to act, believing that they have performed socially-desirable behaviours, they may experience altruistic value at the post-consumption stage.

4.3 Sources of Value in Social Marketing

We propose that there are six sources of value that influence value creation at each stage of the consumption process: information, service, interaction, environment, co-creation, and social mandate. The first source of value is information, which relates to the marketing materials produced by the organisation that convey information (Smith and Colgate, 2007). This includes promotional material, websites, packaging, brochures, and instructions. Information can influence economic value by educating and informing, as compared to emotional value, which can be influenced by the creative execution or sensory experience of the information (Smith and Colgate, 2007). Information can also help consumers identify with peers or social groups, thus creating social value (Smith and Colgate, 2007). Finally, it can create altruistic value by showing the benefits to society that the interaction provides.

The second source of value is the product or service (Smith and Colgate, 2007). While the examples used by Smith and Colgate (2007) are goods-focused, their conceptualisation can be extended to services. Services provide value in terms of the benefits and needs they meet though core and supplementary service delivery. Functional value may be created by the service solving a problem for the consumer (i.e., a water-use monitoring service solves the problem of locating where excess water is being used within a home). The service may provide sensory experiences for the consumer, such as the relief of pain by a medical service that provides medication, thus creating emotional value. Social value may be created when the service allows a consumer to express themselves to others through the experience of the service, and altruistic value may be the sense of 'doing good' that is created by receiving the service.

The third source of value is the interaction with employees and system (Smith and Colgate, 2007). Smith and Colgate describe this as the relationship-based and interpersonal aspect of the service, which also relates to interaction and systems service quality. This may influence functional value because the service performance is enhanced by the interaction, or it may influence the emotional and social value of the service by creating relational bonds.

The fourth source of value is the physical environment, which includes the atmospherics, social servicescape, and the physical aspects of the consumption experience such as the building (Smith and Colgate, 2007). Functional value may be influenced if the physical environment facilitates the consumption of the service (i.e., the lighting allows the consumer to read instructions more clearly). Emotional value may be created by the affective state invoked by the environment (i.e., a non-crowded reception may put the consumer at ease and relieve anxiety). Social value may be created when the environment increases a consumer's status or protects their ego (i.e., in situations where the service being consumed is prestigious). Finally, altruistic value may be created when the environment allows the consumer to be pro-social (i.e., when a consumer chooses a service that recycles building materials, thus creating altruistic value).

Co-creation is the fifth source of value and can range from joint problem-solving to the development of a personalised service (Prahalad and Ramaswamy, 2004). An example of co-creation in the consumption of a health service may involve the customer searching the internet prior to a medical appointment to understand their symptoms and assist in a diagnosis when they interact with their doctor. This may reduce the level of anxiety being experienced and thus increase emotional value. During the consumption of the service (i.e., the appointment), the customer may suggest remedies or activities they can undertake to alleviate the problem, and this may provide functional value. Finally, in the post-consumption stage (i.e., after the appointment) the customer may explain the medical condition to family and friends whilst implementing the treatment recommended by the doctor. If the consumer feels confident of both the recommended solution and their ability to enact the solution, this may generate social value as they explain it to others.

The sixth and final source of value is the social mandate of government social marketing services. The role of government is to shape society in a positive way by implementing policies and strategies (Ryan, Parker, and Brown, 2003) that ultimately lead to the creation of social good. This includes the provision of services. Government services

contain additional layers of complexity that add to the expectations and attitudes of consumers and influence their satisfaction with the service (Roth and Bozinoff, 1989). One of the characteristics of many government services is that they are 'free' to the user and are often considered cheaper alternatives to private services (Roth and Bozinoff, 1989). Arguably, many consumers believe that because they pay their taxes they are therefore entitled to receive the benefits of free government services. However, how a government allocates its finite funding in response to health and social problems typically correlates with its political ideals and social mandate. As such, competition for resources and funding for particular issues (e.g., funding for services for breast cancer survivors or people with HIV) becomes a sometimes contested, political challenge. We suggest then that the social mandate to 'do social good' will influence the value co-created with customers when these services are accessed. Thus for some consumers, the 'free' nature of the service will reduce the emphasis on functional value as there is no cost outlay. However with consumer complaints and dissatisfaction with hospital services rising in Australia and the UK (BBC, 2006), it appears that the value related to functional attributes of services, such as bed availability and the level of clinical care, is not diminished if you are not paying for it. These contested political contexts create challenging environments in which social marketers can be called upon to create value with customers.

5. Implications for Social Marketing

Recently, there has been intense discussion and significant publication about what constitutes marketing. Much of the debate was ignited by the 'new' definition of marketing (as can bee seen in the special edition of *Journal of Public Policy & Marketing* in 2007). The definition has again been revised (AMA, 2007), raising the role of value yet again. At the heart of the academy's discussion is 'value creation' in the market. This discussion is highly relevant to social marketing theory and practice and has influenced the writers' conceptualisation of the value creation process in government social marketing services discussed in this paper. In summary, we suggest three key implications of adopting a value creation process perspective:

- Focusing social marketing planners on a 'process' view, which involves different value types at different stages of consumption, will encourage them to design and implement social marketing programs that are more responsive to consumers' social and health problems. Adopting a process view will encourage government agencies to move beyond target market strategies that use communication-intensive tactics to persuade individuals to change their behaviour. By focusing on the service opportunities and the different types of value created *with the customer*, social marketers will engage in product and service modification and extension expeditiously, based on consumer feedback.

- Understanding that different 'types' of value can be co-created with consumers intuitively guides social marketers in government towards taking a long-term view to problem behaviours. In Australia, government departments can be hamstrung by the cycle of government elections, which follow a three year cycle. When dealing with complex behaviours, three year funding cycles can be prohibitive to achieving substantial behavioural outcomes. However, by focusing on a value creation process in social marketing, departments will be able to report the incremental change to the market. That is, government social marketing programs should report the social value gained from the services offered, highlight the functional value received by selected markets, and encourage consumers to provide feedback on any social and/or altruistic value gained via government services.

- Social marketing scholars can develop a new research agenda, especially one that can also feed back into commercial marketing thinking. This paper examines value in exchange only. Sheth and Ulay (2007) extended Vargo and Lusch's (2004) point that value also occurs outside the interaction/exchange, resulting in 'value in use' and 'value for money'. Consequently, further research should

be conducted on the value creation process for social marketing services beyond exchange thinking. Examples of this might be:

- What factors intervene between behavioural change and pre-evaluation of the next consumption that alter value?
- Does the duration of the inter-purchase period matter? If so, marketing strategies need to be developed for the inter-purchase period, as well as the three stages of consumption.
- Are there other 'sources of value' relevant to social marketing contexts?
- Does social marketing in non-profit organisations create different types of value? That is, does the social marketing value change because of organisational involvement and brand identity and credibility?

6. Conclusion

This paper makes theoretical contributions to three sub-disciplinary areas of marketing: government marketing, services marketing and social marketing. First, we have proposed a process model of value creation that departs from the traditional economic view of customer value by adopting an experiential view that includes functional, social, emotional and altruistic value. Second, we adapt Smith and Colgate's (2007) sources of value (i.e., information, service, interaction and environment) to a typically 'free' service context and propose in the process model that the four types of value will be influenced by some or all of these sources at each of the three stages of consumption.

Essentially, an understanding of the type of value that is created for different types of government social marketing services will influence the different sources of value, the way that value is created at different stages of the consumption process, and how this value creation influences satisfaction, behavioural intentions and the desired social behaviour change. A deeper understanding of these discrete, yet interrelated, value constructs will enable government social marketers to develop more effective social marketing programs.

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