

See discussions, stats, and author profiles for this publication at: <https://www.researchgate.net/publication/328106564>

# The impact on competitiveness of customer value creation through relationship capabilities and marketing innovation

Article in *Journal of Business & Industrial Marketing* · October 2018

DOI: 10.1108/JBIM-03-2017-0081

CITATIONS

59

READS

2,916

4 authors:



**Jose Sanchez-Gutierrez**

University of Guadalajara

183 PUBLICATIONS 270 CITATIONS

[SEE PROFILE](#)



**Pablo Cabanelas**

University of Vigo

57 PUBLICATIONS 549 CITATIONS

[SEE PROFILE](#)



**Jesús F Lampón**

University of Vigo

79 PUBLICATIONS 575 CITATIONS

[SEE PROFILE](#)



**Tania Elena González Alvarado**

University of Guadalajara

94 PUBLICATIONS 238 CITATIONS

[SEE PROFILE](#)

Some of the authors of this publication are also working on these related projects:



Educación a distancia [View project](#)



REGIONAL AND METROPOLITAN INNOVATION STRATEGIES [View project](#)



## Journal of Business & Industrial Marketing

The impact on competitiveness of customer value creation through relationship capabilities and marketing innovation

José Sánchez-Gutiérrez, Pablo Cabanelas, Jesús F. Lampón, Tania E. González-Alvarado,

### Article information:

To cite this document:

José Sánchez-Gutiérrez, Pablo Cabanelas, Jesús F. Lampón, Tania E. González-Alvarado, (2019) "The impact on competitiveness of customer value creation through relationship capabilities and marketing innovation", Journal of Business & Industrial Marketing, Vol. 34 Issue: 3, pp.618-627, <https://doi.org/10.1108/JBIM-03-2017-0081>

Permanent link to this document:

<https://doi.org/10.1108/JBIM-03-2017-0081>

Downloaded on: 02 May 2019, At: 05:24 (PT)

References: this document contains references to 75 other documents.

To copy this document: [permissions@emeraldinsight.com](mailto:permissions@emeraldinsight.com)

The fulltext of this document has been downloaded 327 times since 2019\*

### Users who downloaded this article also downloaded:

(2018), "From external information to marketing innovation: the mediating role of product and organizational innovation", Journal of Business & Industrial Marketing, Vol. 33 Iss 5 pp. 693-705 <<https://doi.org/10.1108/JBIM-12-2016-0291>>

, "Marketing innovation and sustainable competitive advantage of manufacturing SMEs in Ghana", Management Decision, Vol. 0 Iss 0 pp. - <<https://doi.org/10.1108/MD-08-2017-0784>>

Access to this document was granted through an Emerald subscription provided by Token:Eprints:I9458NPHNEAH73PERZII:

### For Authors

If you would like to write for this, or any other Emerald publication, then please use our Emerald for Authors service information about how to choose which publication to write for and submission guidelines are available for all. Please visit [www.emeraldinsight.com/authors](http://www.emeraldinsight.com/authors) for more information.

### About Emerald [www.emeraldinsight.com](http://www.emeraldinsight.com)

Emerald is a global publisher linking research and practice to the benefit of society. The company manages a portfolio of more than 290 journals and over 2,350 books and book series volumes, as well as providing an extensive range of online products and additional customer resources and services.

Emerald is both COUNTER 4 and TRANSFER compliant. The organization is a partner of the Committee on Publication Ethics (COPE) and also works with Portico and the LOCKSS initiative for digital archive preservation.

\*Related content and download information correct at time of download.

# The impact on competitiveness of customer value creation through relationship capabilities and marketing innovation

*José Sánchez-Gutiérrez*

Department of Marketing and International Business, University of Guadalajara, Zapopan, Mexico

*Pablo Cabanelas*

Department of Business Organization and Marketing, University of Vigo, Vigo, Spain

*Jesús F. Lampón*

Department of Business Organization and Marketing, University of Vigo, Ourense, Spain, and

*Tania E. González-Alvarado*

Department of Marketing and International Business, University of Guadalajara, Zapopan, Mexico

## Abstract

**Purpose** – The identification of customer needs through relationship management and their transformation into marketing innovation are two key processes in customer value creation. When combined, they can improve a firm's competitive position, not only in terms of profitability but also by reducing costs and promoting the use of technology. The purpose of this paper is to analyze the link between managerial relational capability and marketing innovation in customer value creation, and to look at how that value creation affects competitiveness.

**Design/methodology/approach** – We analyze 450 small- and medium-sized enterprises (SMEs) in the furniture industry in the metropolitan area of Guadalajara (Mexico). To this sample is applied a confirmatory factor analysis and a structural equation model to analyze the impact of management capabilities in relationships and marketing innovation on customer value creation and to determine how the value created affects competitiveness.

**Findings** – The results show that management capabilities in customer relationships and in the way they convert knowledge of customer needs into specific choices in the market have a positive effect on customer value creation, as well as on financial performance, cost optimization and the use of technology, all of which can be used as indicators of competitiveness.

**Originality/value** – The study covers customer value creation in an emerging economy, that of Mexico, and relates it to business competitiveness from a holistic point of view which goes beyond profitability by also including cost reduction and the use of technology.

**Keywords** Competitiveness, Marketing innovation, Customer value creation, Relationship capabilities

**Paper type** Research paper

## Introduction

Although the creation of higher value for customers is a keystone in the contemporary literature on industrial marketing (Keränen and Jalkala, 2013; Lindgreen *et al.*, 2012), it is also a challenging task for marketing managers. This is because they have systematically to examine customers' needs in order to assign their available resources (Srivastava and Singh, 2010). This systematic examination, in the words of Kumar and Reinartz (2016), is a worthwhile thought process because it can promote a sustainable business model, allowing value to be created for customers while also obtaining some type of customer value for the firm, e.g. profits or a long-term customer relationship.

According to Prahalad and Ramaswamy (2000), that creation of value for customers lies in two key processes: building up relations and cooperation. In the former, value creation stems from continued exchanges rather than sporadic relations (Wong and Sohal, 2002). In the latter, it comes from a collaborative conceptualization, rather than an independent or isolated process (Payne *et al.*, 2008; Vargo *et al.*, 2008). In both cases, the organizational culture must be imbued with the importance of generating and using market intelligence (Zhou *et al.*, 2008). Furthermore, the firm's internal capabilities that transform customer needs into specific offerings must be promoted. (Bendapudi and Leone, 2003; Preikschas *et al.*, 2017). The combination of both processes makes it possible to identify customer needs more clearly (Hult and Ketchen, 2001) and develop a heightened sensitivity toward customers that will increase a firm's capabilities and marketing innovation (Ostrom *et al.*, 2010).

---

The current issue and full text archive of this journal is available on Emerald Insight at: [www.emeraldinsight.com/0885-8624.htm](http://www.emeraldinsight.com/0885-8624.htm)



Journal of Business & Industrial Marketing  
34/3 (2019) 618–627  
© Emerald Publishing Limited [ISSN 0885-8624]  
[DOI 10.1108/JBIM-03-2017-0081]

---

Received 28 March 2017  
Revised 2 October 2017  
Accepted 20 November 2017

Customer value creation thus becomes a strategic commitment with important economic consequences for the firm (DeSarbo *et al.*, 2001) because it implies combining relationship management (Ulag and Eggert, 2005, 2006) with specific and innovative offerings for the market (Lindgreen and Wynstra, 2005; Ngo and O’Cass, 2013). This blend of capabilities requires an appropriate organizational culture (O’Cass and Ngo, 2012; Bucic, Ngo and Sinha, 2016), and its impact may be positive for business competitiveness, in terms of not only *Profitability* (Omil *et al.*, 2011) but also *Cost optimization* (Primo and Amundson, 2002) and advanced *Technology Use* within the firm (Clark and Guy, 1998). Particularly, this paper analyzes both customer value creation and competitiveness from the firm’s viewpoint, that is, how the commitment to meet customer needs can help create customer value and how this value can lead to greater competitiveness (Zhou *et al.*, 2005).

Despite its importance in industrial marketing literature and practical experience, surprisingly little research connects the sources of customer value creation and its effect on a firm’s competitiveness. Therefore, this study contributes to the literature by providing a model with two axes for the creation of value for customers: *managerial relationship capabilities* and *Marketing innovation*. It also includes the subsequent impact on competitiveness, measured in terms of *Profitability*, *Cost optimization* and *Technology Use* within the organization. It relates theoretically to two key sources of value creation in marketing – relationships and innovation capabilities – adopting a holistic approach to competitiveness. Therefore, by analyzing the effect of marketing actions on competitiveness, this research partially takes up the challenge presented by Hanssens and Pauwels (2016), who encourage researchers to stress the impact of such actions given that marketing is often viewed with great skepticism. In addition, it deals with a challenge posed by O’Cass and Ngo (2012) by studying an emerging economy, namely, Mexico, rather than a developed one, which should allow a comparison with previous research in different environmental conditions.

To achieve those objectives, there is an initial review of the literature on the relevance of *management relationships* and *Marketing innovation* as keys to customer value creation. Later, this new value is related to competitiveness and the theoretical model is developed. After the theoretical section, there is an explanation of the methodology, including the approach applied, the data collection process and the measurement of constructs. Later, the statistical results are explained and discussed. The paper ends with conclusions, including both theoretical and practical implications and future research lines.

## 2. Theoretical background

### 2.1 Managerial relationship capability and value creation: the importance of relationships

In recent years, many concepts have appeared in marketing literature stressing the relational and highly cooperative nature of value creation (Ranjan and Read, 2016): co-design, co-production, relational marketing and, especially, co-creation of value. All these concepts reflect a process in which many agents are involved either directly or indirectly, with customers being a key asset for value creation (Tapscott and Williams, 2006; Zhang and Chen, 2006).

Particularly, the inclusion of customers in the value creation process opens the door to the construction of relationships that can lead on to a relational advantage and future business opportunities (Ngo and O’Cass, 2009, 2010; O’Cass and Ngo, 2012). Relational capabilities towards customers are key for knowing, understanding and meeting their needs and for dynamic feedback in social exchange (Charterina and Landeta, 2010; Madhavaram and Hunt, 2008; Preikschas *et al.*, 2017). It is important for firms to build a reciprocal communication channel to give customers the capacity to interact with the firm (Bonsu and Darmody, 2008). Furthermore, routines need to be established to help update the stock of resources (Ambrosini and Bowman, 2009; Charterina *et al.*, 2016), acquire new resources (Cabanelas *et al.*, 2013) and adapt operational processes in the search for greater effectiveness (Zollo and Winter, 2002). Essentially, the relationship with customer has to be systematized to bring in rare, valuable and inimitable knowledge about them, and thus, gain market power (Zhou *et al.*, 2008; Morgan *et al.*, 2009). Promoting customer relations makes it easier to understand market dynamics, obtain ideas to improve market offerings (Hurley and Hult, 1998) and adapt resource allocation (Wong *et al.*, 2010).

This process, whereby the firm moves on from creating value for the customer to creating value with the customer (Prahalad and Ramaswamy, 2004), plays a key role in strategic relationship management, in that it leads to a better understanding of customer perceptions and needs (O’Cass and Ngo, 2012). This process is in line with an increasing strategic sensitivity centered on customers (De Sarbo *et al.*, 2001) and the firm’s relationship with them (Cabanelas-Omil *et al.*, 2007; Omil *et al.*, 2011). It is defined as *Managerial relationship capability*, and it covers routines promoted by the management to help identify key aspects in relations with customers, assessing how those aspects change over time and adapting them dynamically to customer changes with a view to taking up any opportunities detected. The development and management of relations is a strategic commitment for customer value creation (Srivastava and Singh, 2010), and our first hypothesis is along these lines:

*H1. Greater Managerial relationship capability favors greater customer value creation*

### 2.2 Marketing innovation and value creation

As explained above, sensitivity toward relationships and greater contact allow firms to understand their customers’ needs better (Payne *et al.*, 2008). However, to obtain advantages in the market, firms should convert this into value offerings (Lindgreen and Wynstra, 2005). In this respect, *Marketing innovation* capabilities are an important source of advantages (O’Cass and Ngo, 2012). The ability to encourage new marketing actions leads to greater differentiation (Damanpour *et al.*, 2009; Ostrom *et al.*, 2010) and such a capability is an alternative way to capitalize on opportunities stemming from adjustment to market needs (O’Cass and Ngo, 2012).

For the purpose of this research, *Marketing innovation* refers to the processes carried out by the firm to adapt the product to customers’ specific needs, improve its functionalities and innovate in customer management, while always being aware that everything must be in line with what its employees are capable of.

It is the combination of external knowledge obtained on customers and the firm's capabilities, which together will not only adjust what is offered so that it meets customer expectations but also establish new routines (Bendapudi and Leone, 2003; Fang, 2008; Charterina et al., 2016). As a consequence, this combination of customer knowledge and marketing skills may lead to new, unique actions in a firm's commercial management (Vorhies and Morgan, 2005). Relationship management processes have to be converted into innovative marketing proposals that promote the creation of greater value for customers. We therefore pose our second hypothesis as follows:

H2. The greater the *Marketing innovation*, the greater the customer value creation.

### 2.3 Influence of customer value creation on competitiveness

The strategic emphasis on relationships and *Marketing innovation* has many implications that go beyond the process of *customer value creation*, such as greater differentiation of the firm against its competitors (Hult and Ketchen, 2001). Establishing closer and more collaborative relations with customers makes it easier to understand and meet their needs through innovative proposals (Preikschat et al., 2017). It also allows for better alignment in the exchange of value with the customer, leading to greater *competitiveness* for the firm (Ulaga and Eggert, 2005) in different areas (Man et al., 2002), such as *profitability* (Srivastava and Singh, 2010), cost reduction, improvements in quality or product design (Primo and Amundson, 2002) or the use of technology (Clark and Guy, 1998).

Therefore, in this research, customer value creation includes a strategic commitment that not only leads to greater value for the customer but also improves the firm's competitive position (Kumar and Reinartz, 2016), which helps to make the business model sustainable. Our third hypothesis is therefore as follows:

H3. Customer value creation improves the firm's competitiveness.

### 2.4 Theoretical model

Because of all the processes mentioned above and in line with the hypotheses, we propose a model in which value creation stems from the managers' capability to promote customer relations and to transform the knowledge gained into innovative marketing actions. This process, in turn, boosts competitiveness when seen from a holistic point of view that includes *Financial performance*, *Cost optimization* and *Technology use*. Figure 1 reflects this global model, the nature of relations and the directions they take:

## 3. Methodology

### 3.1 Research approach

To assess the influence of *Managerial relationship capabilities* and *Marketing innovation* in customer value creation, and its subsequent effect on competitiveness, a quantitative approach is required. More specifically, the research combines a confirmatory factor analysis (CFA) and a structural equation model (SEM). The CFA intends to test statistically the factorial

model's capability to reproduce the data obtained (Kline, 2015) and the reliability and validity of the measurement scales (Lévy et al., 2005). The SEM analyses the correlations proposed in the theoretical model, identifying the significance and degree of relationships among variables and the significance of the whole model.

As the study aims to identify the correlation between customer value creation and competitiveness while also identifying the factors that influence such variables, the independent variable is customer value creation and the dependent variable is competitiveness. As the nature of the information obtained is in the form of a Likert scale, the techniques applied are adequate. The EQS 6.1 (Bentler, 2005) software was used.

### 3.2 Sample and data collection

The study was conducted among furniture manufacturing firms in the metropolitan area of Guadalajara, Mexico, covering the municipalities of Guadalajara, Zapopan, Tlaquepaque, Tonalá, Tlajomulco and El Salto. Random sampling was used to gain a broad representation of the population of firms. The industry in this area has 2,847 SMEs, employing 11,250 workers. The confidence level of the research is 95 per cent with a 4 per cent error.

Data collection was done through personal questionnaires answered by senior managers. The procedure began with an initial pilot questionnaire that was drawn up and discussed with 25 SME managers. Any doubts and difficulties arising were resolved during this preliminary process. In an attempt to minimize the common method biases, the following procedural remedies were considered (Podsakoff et al., 2003). The interviewers guaranteed anonymity of the results from the outset to allay any fears among respondents. Additionally, the pilot questionnaire submitted to managers helped reduce any ambiguity or misunderstanding of the items. This provided content validity which helped improve the wording and clarity of questions and concepts. Once these precautions had been taken, the final questionnaire was sent to 483 small and medium manufacturing firms in Guadalajara (Mexico), and 450 surveys with complete information were obtained. Data collection took place from January to July 2016.

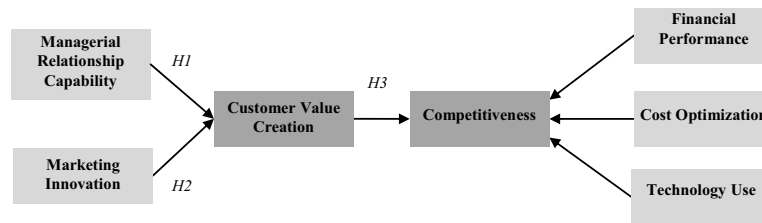
### 3.3 Measurement of constructs

The selected constructs come from a review of the literature on *relationship management* and *Marketing innovation*, both linked to value creation and the literature on competitiveness. Content validity was tested by triangulation among experts, in a similar way to the first questionnaire and the pilot test. Intervention in both cases reduced the possibility of any items being misplaced. Items with high redundancy were eliminated, as were any that were not congruent with the variables considered (Pedrosa et al., 2013). The measurement of items was through a Likert scale, where 1 was "totally disagree" and 5 "totally agree".

#### 3.3.1 Customer value creation

*Customer value creation* is a second-order construct and in the theoretical model shown in Section 2.4, it is built from two constructs associated with the capability for generating customer relations and *Marketing innovation* (Ling, 2000; Prahalad and Ramaswamy, 2000; O'Cass and Ngo, 2012).

Figure 1 Theoretical model



Each of these constructs includes several items. *Managerial relationship capabilities* is made up of the capability to identify customer needs in their relationship with the firm (MRC1), understand the factors associated with the customer relationship (MRC2), adapt the relationship to the customer needs (MRC3) and take advantage of the relationship to identify new business opportunities (MRC4) (Mohr and Sarin, 2009; Hunt et al., 2012; O’Cass and Ngo, 2012). The *Marketing innovation* construct was built from three items that emphasize the adaptation of products or services to customer preferences (MI1), the launching of products with a high added value for the customer (MI2) and the alignment of the firm’s capabilities with those of the employees (MI3) (O’Cass and Ngo, 2012; Preikschas et al., 2017). Table I shows that the items perform well in the construction of the factors analyzed, both in factorial loading and Cronbach’s alpha.

### 3.3.2 Competitiveness

As competitiveness is ultimately concerned with a firm’s long-term performance in relation to its competitors, it should be considered a multidimensional concept (Man et al., 2002). In this research, the *Competitiveness* construct is built from three associated variables. *Financial performance* and *Cost optimization* are made up of four items, and *Technology Use* of two (Ghalayini et al., 1997).

*Financial performance* is a dimension with great impact on business development. This makes it a factor for explaining

competitiveness (Cabanelas and Lorenzo-Paniagua, 2007). However, there are no databases in Mexico giving reliable information on SMEs and people have reservations about sharing such information, which means it is necessary to ask about *Financial performance* both directly and indirectly. The items analyzed include whether the return on investment is above the sector average (FP1), if their increase in sales is also above the sector average (FP2), and the comparison of *Financial performance* (FP3) and profits with the sector averages (FP4).

In very competitive and free market industries, such as the furniture sector, profitability tends to be inversely related to costs. This means that lower costs mean better *Financial performance* and vice versa, so greater *Cost optimization* means higher *Competitiveness* and vice versa. Again, it was necessary to resort to direct questions to analyze *Cost optimization* due to the lack of official information. In this variable, we consider the performance of costs in relation to orders (COP1), transport (COP2), the delivery of raw materials by suppliers (COP3) and production costs (COP4).

The last dimension considered for the *Competitiveness* construct is *Technology use* (Clark and Guy, 1998; Tracey et al., 1999). In Mexico, the trend for SMEs is to acquire technology and adapt it to the firm rather than to develop it in-house (Dutrénit et al., 2003). New technologies are mostly linked to information and communication services (Guerrieri and

Table I Factors reliability

Variable	Item	Factorial loading	Cronbach’s alpha	CRI	EVI
Managerial relationship capability	MRC1	0.613***	0.834	0.860	0.582
	MRC2	0.834***			
	MRC3	0.862***			
	MRC4	0.702***			
Marketing innovation	MI1	0.703***	0.791	0.823	0.595
	MI2	0.792***			
	MI3	0.766***			
Financial performance	FP1	0.770***	0.898	0.916	0.661
	FP2	0.883***			
	FP3	0.896***			
	FP4	0.757***			
Cost optimization	COp1	0.925***	0.951	0.965	0.792
	COp2	0.968***			
	COp3	0.882***			
	COp4	0.790***			
Technology use	TU1	0.925***	0.862	0.847	0.726
	TU2	0.764***			

Note: \*\*\* $p < 0.001$

Meliciani, 2005; Qureshi *et al.*, 2010) and, to a lesser extent, to production processes or for in-house technological development (Estrada, 2006). However, some studies point to a positive relation between firm size and technological development and innovation in SMEs in developed economies (Swamidass and Kotha, 1998). Therefore, the variable was constructed with the following items: work with suppliers on the development of production and/or service processes (TU1) and actions to improve machinery and equipment (TU2). Again, as can be seen in the Cronbach's alpha and factor loading figures in Table I, the items show good behavior in the development of the factors.

## 4. Results

### 4.1 Reliability

The first step in the analysis was to test the reliability of the five factors involved in the theoretical model. As mentioned in Section 3.3, Cronbach's alpha showed satisfactory results in all cases (Table I); the five factors achieved the minimum acceptance value of 0.70 (Nunnally and Bernstein, 1994; Schumacker and Lomax, 2011). Among them, *Cost optimization* showed the highest value and *Marketing innovation* the lowest value, although it was close to 0.8.

Reliability and validity were assessed through CFA, using the maximum likelihood method. CFA allows researchers to define how many factors to expect, what factors are inter-related and what items are associated with each factor (Lloret-Segura *et al.*, 2014). Compared to exploratory factor analysis (EFA), which is used to build theory, the CFA is appropriate for confirming theory by testing if the previously defined theoretical model fits with the data (Lloret-Segura *et al.*, 2014). In CFA, there is no

error because it does not distinguish between common and non-common variance (Jolliffe, 2002; Lloret-Segura *et al.*, 2014). Table I shows that the results obtained with CFA are consistent for each factor. The results of the composite reliability index (CRI) are higher than 0.7 in all cases, confirming the internal reliability of the construct (Bagozzi and Yi, 1988; Schumacker and Lomax, 2011).

### 4.2 Convergent and discriminant validity

As evidence of convergent validity, all items related to the factors are significant ( $p < 0.001$ ), and the size of all standardized factor loadings are greater than 0.60 (Bagozzi and Yi, 1988). Table I also illustrates that the values of Cronbach's alpha are above 0.70, while the CRI and the variance extracted index (EVI) values are above 0.7 and 0.5, respectively, which is satisfactory (Fornell and Larcker, 1981; Kline, 2015; Winston and Albright, 2015).

Table II presents the estimate of the correlation factors with a confidence interval of 90 per cent and the EVI, calculated for every pair of constructs, the results for which are above the 0.50 recommended by Fornell and Larcker (1981). Based on these two criteria, there is sufficient evidence of convergent and discriminant validity for the scales used in the model.

### 4.3 Model estimation

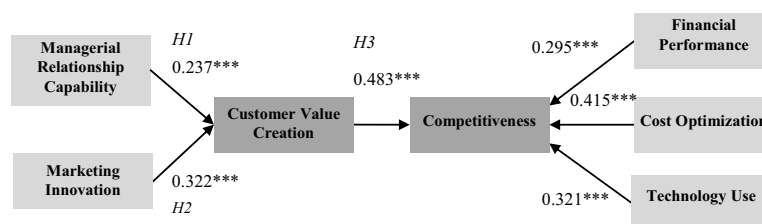
Finally, Figure 2 shows the results of the hypotheses included in the theoretical model after applying a structural equation model (SEM). The following figures show the model provides a good fit for the data:  $S-BX2 = 312.23$ ,  $df = 112$ ,  $p = 0.000$ ;  $NFI = 0.935$ ;  $NNFI = 0.933$ ;  $CFI = 0.963$  and  $RMSEA = 0.075$ . All results are satisfactory and acceptable, so the internal

Table II Discriminating validity of the theoretical model

Variables	Managerial relationship capability	Marketing innovation	Financial performance	Cost optimization	Technology use
Managerial relationship capability	0.582	0.560	0.263	0.297	0.445
Marketing Innovation	0.425-0.683	0.595	0.298	0.323	0.406
Financial performance	0.165-0.333	0.183-0.396	0.661	0.052	0.127
Cost Optimization	0.173-0.398	0.199-0.473	0.078-0.159	0.792	0.159
Technology Use	0.282-0.541	0.273-0.546	0.007-0.249	0.034-0.302	0.726

Notes: Diagonal: extracted variance index (EVI); Above diagonal: variance (correlation squared); Below the diagonal: correlation factors including a confidence interval of 90%

Figure 2 Results of the SEM theoretical model



Notes: \*\*\* =  $p < 0.001$ ; Goodness of fit of the Model S- BX2 (312.23)= 982.1552,  $P = 0.001$ ,  $NFI = 0.943$   $CFI = 0.970$   $RMSEA = 0.075$

consistency and convergent validity are positive in the model proposed. The normalized adjustment index (NFI), non-normalized adjustment index (NNFI) and comparative adjustment index (CFI) values between 0.80 and 0.89 represent a reasonable adjustment (Segars and Grover, 1993), and a value that is equal or higher to 0.90 is evidence of a good fit (Jöreskog and Sörbom, 1986; Papke-Shields et al., 2002). The root mean square of error approximation (RMSEA) values below 0.080 are acceptable (Jöreskog and Sörbom, 1986; Kline, 2015).

According to Romero and Ramajo (2005), the standardized coefficients or beta coefficients ( $\beta$ ) assess the relative importance of each independent variable in the equation, defining the strongest variables for the explanation. Additionally, Wooldridge (2009) explains that robust statistics serve as an alternative approach to classic statistical methods because their estimators are not affected by small variations in the assumptions of the models. In this regard, the robust  $t$  values must be greater than 10. Figure 2 shows that all relationships are highly significant since  $t$ -value is higher than 10.

The results in Figure 2 also show that *Managerial relationship capability* has a significant and positive relationship with *Customer value creation* ( $\beta = 0.237, p < 0.001$ ). Thus, we can accept  $H1$  and the influence of relationship capabilities on value creation. The connection between *Marketing innovation* and *Customer value creation* is also significant and positive ( $\beta = 0.322, p < 0.001$ ), supporting  $H2$ , and shows a higher standardized coefficient for explaining *Customer value creation*. Finally, the results obtained in the relationship between *Customer value creation* and *Competitiveness* are also significant and positive ( $\beta = 0.483, p < 0.001$ ), proving  $H3$ , which suggests that value creation fosters competitiveness. As a consequence, when relationship management capability is taken together with increased marketing and innovation, there is a higher level of competitiveness.

Among the dimensions of competitiveness, *Financial performance* ( $\beta = 0.295, p < 0.001$ ) has a positive and significant impact on the competitiveness of small and medium furniture manufacturers. The same behavior is found in *Cost optimization* ( $\beta = 0.415, p < 0.001$ ) and in *Technology use* ( $\beta = 0.321, p < 0.001$ ). It demonstrates good behavior of the factors in the explanation of competitiveness.

## 5. Discussion

There are a number of theoretical and managerial implications regarding the influence of *Managerial relationship capabilities* and *Marketing innovation* on *Customer Value Creation* and how this value creation process fosters *Competitiveness*.

### 5.1 Theoretical implications

Although no direct reference is made to them, three theories underlie this research – market orientation, relationship marketing and resources-based view of the firm (RBV). Each has its own space and exists in synergy with the others. Market orientation contributes to the sensitivity to customer needs and to market intelligence (Zhou et al., 2008; Bucic et al., 2016). Relationship marketing emphasizes the importance of customer relations for achieving links that continue over time and firm

differentiation (Ulaga and Eggert, 2005, 2006). RBV promotes the development of unique capabilities that differentiate the firm (Ambrosini and Bowman, 2009; Preikschas et al., 2017). The three theories are in harmony and make a relational approach possible in the systematization for obtaining customer knowledge. This leads to dynamic adaptation to customer needs in line with the evolutionary nature of the market. That is, it covers three key aspects – customer sensitivity, the existence of communication channels and dialogue and the transformation of knowledge exchanged into specific measures for creating customer value. Furthermore, this co-existence not only leads to the creation of customer value but also to global improvement in the firm's competitiveness, understood to be a multi-dimensional construct measured in terms of *Profitability*, *Cost optimization* and *Technology Use*. Essentially, this study makes valuable use of an empirically tested, multi-dimensional theoretical approach that helps to explain complex concepts such as the creation of customer value and business competitiveness.

### 5.2 Managerial implications

The results show the relevance of relationships management when generating customer value in that it becomes possible to establish a communication channel that is fed by customer requirements. Development of sensitivity towards the promotion of customer relations and towards continued feedback at every level of the firm, starting with the management, is increasingly required in today's competitive context. Marketing managers have to systematize this process of dialogue and understanding of the market as a basis for their decisions. This is the second main path of action because knowledge has to be converted into specific offerings and proposals for customers. Customer sensitivity itself can only achieve results if the knowledge obtained is converted into offerings with greater added value and new market-based marketing practices. Innovation has a great impact on value creation, in that it helps update what the firm offers to the market, adjusting it dynamically to market evolution and creating greater customer value. The results obtained identify both constructs as significant elements in the explanation of customer value creation. However, some challenges remain in understanding the explanation of customer value creation, as there is a need to add new variables and analyze the indirect effects that exist during this process.

In addition, this way of caring for and listening to customers not only allows for renovation but also has positive effects on the firm's financial flows, on operating decisions that lead to *Cost optimization* and greater use of technological capabilities by the firm and its employees. To the extent that customer value creation leads not only to better understanding of customers and better customer service but also to a system for overall improvement of the firm, the conditions for sustainability of the business model increase. That is, actions in the field of marketing have implications that affect many dimensions of business competitiveness, such as cost savings or the use of technology. This is important, as it stresses the systemic approach that characterizes marketing within the firm. Better alignment with the market can lead to a reduction in superfluous expenditure and better identification of the technological capabilities to be developed. All this has consequences for the firm's overall competitiveness.



This process, however, is not simple and requires that management in general, and particularly in marketing, makes a great cognitive effort to both systematize customer relations and adapt the offering to customer requirements. In contexts in which urgency prevails, this can be complicated. There may also be different points of view within the firm, with managers preferring to look inwards rather than outwards when competing. According to the results obtained in the Mexican furniture industry, such introspection could jeopardize the creation of a more competitive firm. In firms where such a stance still exists, an effort would be needed to change it.

## 6. Conclusions

The link between the *Managerial relationship capability* plus *Marketing innovation* and customer value creation has been proven. Customer relationship capabilities contribute decisively to value creation, in that they allow for two-directional communication with customers. This sensitivity towards customers, combined with *Marketing innovation* and the conversion of knowledge into specific marketing decisions, amounts to an essential explanatory factor for customer value creation in firms. This process is also very important for competitiveness because it allows various business dimensions to improve, such as returns, costs and *Technology Use*. So a strategic commitment by managers toward greater market orientation when offering products and services leads to combined improvements in the firm.

This study has the following limitations. First, it covers SMEs with 10 to 250 employees in a very specific sector. This must be taken into account when interpreting and generalizing the results, which should be applicable to manufacturing sectors with a high level of interaction between customers and firms. Second, only senior managers answered the questionnaires, so the results could diverge if lower levels had a voice. Third, this is a cross-sectional study, with the drawbacks that implies in terms of the position in the economic cycle and contingencies. Fourth, the study was carried out in an emerging economy so factors associated with that environment must be stressed. Finally, the explanations given for the *Customer value creation* and *Competitiveness* constructs are not complete, so new variables should be included in future studies. Furthermore, indirect effects were not considered because the purpose of this research was to analyze the general functioning of the theoretical model developed.

Those limitations open future research lines. First, research could be developed in other sectors to confirm the results provided by the model. This new research could include different levels in the same enterprise to monitor the effect of the different viewpoints within the firm. It would also be valuable to analyze the results in a dynamic model, that is, in the form of panel data; a longitudinal approach would help explain developments over time and validate the results, minimizing the effect of economic cycles. Finally, it would be very interesting to not only improve the model by adding new variables but also study the direct and indirect effects to better understand the functioning of customer value creation and the impact on competitiveness. Those new variables could also add the customer point of view, to test and improve the results obtained.

Concluding, the study sheds light on a factor stressed by Hanssens and Pauwels (2016), namely, the need to include an analysis of competitiveness in marketing actions taken by firms and to improve the communication of the analytical results to decision-makers so that greater priority is placed on marketing.

## References

- Ambrosini, V. and Bowman, C. (2009), "What are dynamic capabilities and are they a useful construct in strategic management?", *International Journal of Management Reviews*, Vol. 11 No. 1, pp. 29-49.
- Bagozzi, R.P. and Yi, Y. (1988), "On the evaluation of structural equation models", *Journal of the Academy of Marketing Science*, Vol. 16 No. 1, pp. 74-94.
- Bendapudi, N. and Leone, R.P. (2003), "Psychological implications of customer participation in co-production", *Journal of Marketing*, Vol. 67 No. 1, pp. 14-28.
- Bentler, P.M. (2005), *EQS 6 Structural Equations Program Manual*, Multivariate Software, Encino, CA, available at: [www.mvsoft.com](http://www.mvsoft.com)
- Bonsu, S.K. and Darmody, A. (2008), "Co-creating second life: market-consumer cooperation in contemporary economy", *Journal of Macromarketing*, Vol. 28 No. 4, pp. 355-368.
- Bucic, T., Ngo, L.V. and Sinha, A. (2016), "Improving the effectiveness of market-oriented organisation: empirical evidence from an emerging economy", *Australian Journal of Management*, Vol. 42 No. 2, pp. 308-327.
- Cabanelas, P., Omil, J.C. and Vázquez, X.H. (2013), "A methodology for the construction of dynamic capabilities in industrial networks: the role of border agents", *Industrial Marketing Management*, Vol. 42 No. 6, pp. 992-1003.
- Cabanelas-Omil, J., Cabanelas Lorenzo, P. and Lorenzo-Paniagua, J. (2007), "La gestión de las relaciones con los clientes como característica de la alta rentabilidad empresarial", *Revista Europea de Dirección y Economía de la Empresa*, Vol. 14 No. 3, pp. 133-148.
- Cabanelas, P. and Lorenzo-Paniagua, J. (2007), "Las competencias de la empresa como factor básico en la rentabilidad económica", *Revista Galega de Economía*, Vol. 16 No. 1, pp. 1-19.
- Charterina, J. and Landeta, J. (2010), "The Pool effect of dyad-based capabilities on seller firms' innovativeness", *European Journal of Innovation Management*, Vol. 13 No. 2, pp. 172-196.
- Charterina, J., Basterretxea, I. and Landeta, J. (2016), "Types of embedded ties in buyer-supplier relationships and their combined effects on innovation performance", *Journal of Business & Industrial Marketing*, Vol. 31 No. 2, pp. 152-163.
- Clark, J. and Guy, K. (1998), "Innovation and competitiveness: a review: practitioners' forum", *Technology Analysis & Strategic Management*, Vol. 10 No. 3, pp. 363-395.
- Damanpour, F., Walker, R.M. and Avellaneda, C.N. (2009), "Combinative effects of innovation types and organizational performance: a longitudinal study of service organizations", *Journal of Management Studies*, Vol. 46 No. 4, pp. 650-675.
- DeSarbo, W.S., Jedidi, K. and Sinha, I. (2001), "Customer value analysis in a heterogeneous market", *Strategic Management Journal*, Vol. 22 No. 9, pp. 845-857.
- Dutrénit, G., Vera-Cruz, A.O. and Navarro, A.A. (2003), "Diferencias en el perfil de acumulación de capacidades

- tecnológicas en tres empresas mexicanas”, *El Trimestre Económico*, Vol. 70 No. 277(1), pp. 109-165.
- Estrada, S. (2006), “Diferencias regionales en la conducta tecnológica de las empresas manufactureras mexicanas: el caso de Guanajuato Economía”, *Sociedad y Territorio*, Vol. 20, pp. 821-869.
- Fang, E. (2008), “Customer participation and the Trade-Off between new product innovativeness and speed to market”, *Journal of Marketing*, Vol. 72 No. 4, pp. 90-104.
- Fornell, C. and Larcker, D.F. (1981), “Structural equation models with unobservable variables and measurement error: algebra and statistics”, *Journal of Marketing Research*, Vol. 18 No. 3, pp. 382-388.
- Ghalayini, A.M., Noble, J.S. and Crowe, T.J. (1997), “An integrated dynamic performance measurement system for improving manufacturing competitiveness”, *International Journal of Production Economics*, Vol. 48 No. 3, pp. 207-225.
- Guerrieri, P. and Meliciani, V. (2005), “Technology and international competitiveness: the interdependence between manufacturing and producer services”, *Structural Change and Economic Dynamics*, Vol. 16 No. 4.
- Hanssens, D.M. and Pauwels, K.H. (2016), “Demonstrating the value of marketing”, *Journal of Marketing*, Vol. 80 No. 6, pp. 173-190.
- Hult, G.T.M. and Ketchen, D.J. (2001), “Does market orientation matter? A test of the relationship between positional advantage and performance”, *Strategic Management Journal*, Vol. 22 No. 9, pp. 899-906.
- Hunt, D.M., Geiger-Oneto, S. and Varca, P.E. (2012), “Satisfaction in the context of customer co-production: a behavioral involvement perspective”, *Journal of Consumer Behaviour*, Vol. 11 No. 5, pp. 347-356.
- Hurley, R. and Hult, G.T.M. (1998), “Innovation, market orientation, and organizational learning: an integration and empirical examination”, *Journal of Marketing*, Vol. 62 No. 3, pp. 42-54.
- Keränen, J. and Jalkala, A. (2013), “Towards a framework of customer value assessment in B2B markets: an exploratory study”, *Industrial Marketing Management*, Vol. 42 No. 8, pp. 1307-1317.
- Jolliffe, I.T. (2002), *Principal Component Analysis*, 2nd ed., Springer, New York, NY.
- Jöreskog, K.G. and Sörbom, D. (1986), *LISREL VI: Analysis of Linear Structural Relationships by Maximum Likelihood, Instrumental Variables and Square Methods*, Scientific Software, Moorsville.
- Kline, R.B. (2015), *Principles and Practice of Structural Equation Modeling*, Guilford publications.
- Kumar, V. and Reinartz, W. (2016), “Creating enduring customer value”, *Journal of Marketing*, Vol. 80 No. 6, pp. 36-68.
- Lévy, M., Pierre, J. and Varela, M.J. (2005), *Análisis Multivariable Para Las Ciencias Sociales*, Prentice Hall, Madrid.
- Ling, L. (2000), “An analysis of sources of competitiveness and performance of Chinese manufacturers”, *International Journal of Operations & Production Management*, Vol. 20 No. 3, pp. 299-315.
- Lindgreen, A. and Wynstra, F. (2005), “Value in business markets: what do we know? Where are we going?”, *Industrial Marketing Management*, Vol. 34 No. 7, pp. 732-748.
- Lindgreen, A., Hingley, M.K., Grant, D.B. and Morgan, R.E. (2012), “Value in business and industrial marketing: past, present, and future”, *Industrial Marketing Management*, Vol. 41 No. 1, pp. 207-214.
- Lloret-Segura, S., Ferreres-Traver, A., Hernández-Baeza, A. and Tomás-Marco, I. (2014), “El análisis factorial exploratorio de los ítems: una guía práctica, revisada y actualizada”, *Anales de Psicología*, Vol. 30 No. 3, pp. 1151-1169.
- Madhavaram, S. and Hunt, S.D. (2008), “The service-dominant logic and a hierarchy of operant resources: developing masterful operant resources and implications for marketing strategy”, *Journal of the Academy of Marketing Science*, Vol. 36 No. 1, pp. 67-82.
- Man, T.W., Lau, T. and Chan, K.F. (2002), “The competitiveness of small and medium enterprises: a conceptualization with focus on entrepreneurial competencies”, *Journal of Business Venturing*, Vol. 17 No. 2, pp. 123-142.
- Mohr, J.J. and Sarin, S. (2009), “Drucker’s insights on market orientation and innovation: implications for emerging areas in high-technology marketing”, *Journal of the Academy of Marketing Science*, Vol. 37 No. 1, pp. 85-96.
- Morgan, R.E., Vorhies, D.W. and Mason, C.H. (2009), “Market orientation, marketing capabilities, and firm performance”, *Strategic Management Journal*, Vol. 30 No. 8, pp. 909-920.
- Ngo, L.V. and O’Cass, A. (2009), “Creating value offerings via operant resource-based capabilities”, *Industrial Marketing Management*, Vol. 38 No. 1, pp. 45-58.
- Ngo, L.V. and O’Cass, A. (2010), “Value creation architecture and engineering: a business model encompassing the firm-customer dyad”, *European Business Review*, Vol. 22 No. 5, pp. 496-514.
- Ngo, L.V. and O’Cass, A. (2013), “Innovation and business success: the mediating role of customer participation”, *Journal of Business Research*, Vol. 66 No. 8, pp. 1134-1142.
- Nunnally, J.C. and Bernstein, I.H. (1994), “The assessment of reliability”, *Psychometric Theory*, Vol. 3 No. 1, pp. 248-292.
- Omil, J.C., Lorenzo, P.C. and Liste, A.V. (2011), “The power of intangibles in high-profitability firms”, *Total Quality Management & Business Excellence*, Vol. 22 No. 1, pp. 29-42.
- O’Cass, A. and Ngo, V. (2012), “Creating superior customer value for B2B firms through supplier firm capabilities”, *Industrial Marketing Management*, Vol. 41 No. 1, pp. 125-135.
- Ostrom, A.L., Bitner, M.J., Brown, S.W. and Burkhard, K.A. (2010), “Moving forward and making a difference: research priorities for the science of service”, *Journal of Service Research*, Vol. 13 No. 1, pp. 4-36.
- Papke-Shields, K.E., Malhotra, M.J. and Grover, V. (2002), “Strategic manufacturing planning systems and their linkage to planning system success”, *Decision Science*, Vol. 33 No. 1, pp. 1-30.
- Payne, A.F., Storbacka, K. and Frow, P. (2008), “Managing the co-creation of value”, *Journal of the Academy of Marketing Science*, Vol. 36 No. 1, pp. 83-96.
- Pedrosa, I., Suárez-Álvarez, J. and García-Cueto, E. (2013), “Evidencias sobre la validez de contenido: avances teóricos y métodos Para su estimación”, *Acción Psicológica*, Vol. 10 No. 2, pp. 3-18.

- Podsakoff, P.M., MacKenzie, S.B., Lee, J.-Y. and Podsakoff, N.P. (2003), "Common method biases in behavioral research: a critical review of the literature and recommended remedies", *Journal of Applied Psychology*, Vol. 88 No. 5, pp. 879-903.
- Prahalad, C.K. and Ramaswamy, V. (2000), "Co-opting customer competence", *Harvard Business Review*, Vol. 78, pp. 79-87.
- Prahalad, C.K. and Ramaswamy, V. (2004), "Co-creation experiences: the next practice in value creation", *Journal of Interactive Marketing*, Vol. 18 No. 3, pp. 5-14.
- Preikschas, M.W., Cabanelas, P., Rüdiger, K. and Lampón, J. F. (2017), "Value co-creation, dynamic capabilities and customer retention in industrial markets", *Journal of Business & Industrial Marketing*, Vol. 32 No. 3.
- Primo, M.A.M. and Amundson, S.D. (2002), "An exploratory study of supplier relationships on new product development outcomes", *Journal of Operations Management*, Vol. 20 No. 1, pp. 33-52.
- Qureshi, S., Kamal, M. and Wolcott, P. (2010), "Information technology interventions for growth and competitiveness in micro-enterprises", *Global Perspectives on Small and Medium Enterprises and Strategic Information Systems: International Approaches*, IGI Global, Hershey, PA, pp. 306-329.
- Ranjan, K.R. and Read, S. (2016), "Value co-creation: concept and measurement", *Journal of the Academy of Marketing Science*, Vol. 44 No. 3, pp. 290-315.
- Romero, R. and Ramajo, L.R.Z. (2005), *Métodos Estadísticos en Ingeniería*, Universidad Politécnica de Valencia, Valencia, España.
- Schumacker, R.E. and Lomax, R.G. (2011), *A Beginner's Guide to Structural Equation Modelling*, Lawrence Erlbaum Associates, NJ.
- Segars, A.H. and Grover, V. (1993), "Re-examining perceived ease of use and usefulness: a confirmatory factor analysis", *MIS Quarterly*, Vol. 17 No. 4, pp. 517-525.
- Srivastava, V. and Singh, T. (2010), "Value creation through relationship closeness", *Journal of Strategic Marketing*, Vol. 18 No. 1, pp. 3-17.
- Swamidass, P.M. and Kotha, S. (1998), "Explaining manufacturing technology use, firm size and performance using a multidimensional view of technology", *Journal of Operations Management*, Vol. 17 No. 1, pp. 23-37.
- Tapscott, D. and Williams, A.D. (2006), *Wikinomics: How Mass Collaboration Changes Everything*, Portfolio, New York, NY.
- Tracey, M., Vonderembse, M.A. and Lim, J.S. (1999), "Manufacturing technology and strategy formulation: keys to enhancing competitiveness and improving performance", *Journal of Operations Management*, Vol. 17 No. 4, pp. 411-428.
- Uлага, W. and Eggert, A. (2005), "Relationship value in business markets: the construct and its dimensions", *Journal of Business-to-Business Marketing*, Vol. 12 No. 1, pp. 73-99.
- Uлага, W. and Eggert, A. (2006), "Value-based differentiation in business relationships: gaining and sustaining key supplier status", *Journal of Marketing*, Vol. 70 No. 1, pp. 119-136.
- Vargo, S.L., Maglio, P.P. and Akaka, M.A. (2008), "On value and value co-creation: a service systems and service logic perspective", *European Management Journal*, Vol. 26 No. 3, pp. 145-152.
- Vorhies, D.W. and Morgan, R.E. (2005), "Benchmarking marketing capabilities for sustainable competitive advantage", *Journal of Marketing*, Vol. 69 No. 1, pp. 80-94.
- Winston, W.L. and Albright, S.C. (2015), *Practical Management Science*, Nelson Education.
- Wong, A. and Sohal, A. (2002), "An examination of the relationship between trust, commitment and relationship quality", *International Journal of Retail & Distribution Management*, Vol. 30 No. 1, pp. 34-50.
- Wong, C., Wilkinson, I. and Young, L. (2010), "Towards an empirically based taxonomy of buyer-seller relations in business markets", *Journal of the Academy of Marketing Science*, Vol. 38 No. 6, pp. 720-737.
- Wooldridge, M. (2009), *An Introduction to Multiagent Systems*, John Wiley & Sons, Hoboken, NJ.
- Zhang, X. and Chen, R. (2006), "Customer participative chain: linking customers and firm to Co-create competitive advantages", *Management Review*, Vol. 18 No. 1, pp. 51-56.
- Zhou, K.Z., Yim, C.K. and Tse, D.K. (2005), "The effects of strategic orientations on technology- and market-based breakthrough innovations", *Journal of Marketing*, Vol. 69 No. 2, pp. 42-60.
- Zhou, K.Z., Li, J.J., Zhou, N. and Su, C. (2008), "Market orientation, job satisfaction, product quality, and firm performance: evidences from China", *Strategic Management Journal*, Vol. 29 No. 9, pp. 985-1000.
- Zollo, M. and Winter, S.G. (2002), "Deliberate learning and the evolution of dynamic capabilities", *Organization Science*, Vol. 13 No. 3, pp. 339-351.

### Further reading

DeSarbo, W.S., Di Benedetto, C.A. and Song, M. (2007), "A heterogeneous resource based view for exploring relationships between firm performance and capabilities", *Journal of Modelling in Management*, Vol. 2 No. 2, pp. 103-130.

### About the authors

**José Sánchez-Gutiérrez** is Professor and Chair of Marketing & International Business Department in University of Guadalajara, President of Competitiveness Researchers International Network, member of the Research National System (Mexico), and member of several scientific committees as International Forum Knowledge Asset Dynamics, Society for Global Business and Economic Development and Measuring Business Excellence. His research has been published in several books and journals such as Measuring Business Excellence, China Business Review, Journal of Competitiveness Studies, Competition Forum, International Journal of Strategic Management, European Journal of Management, among other.

**Pablo Cabanelas** is assistant professor of Marketing and Director of the Master's Course in International Commerce at the University of Vigo (Spain). He also belongs to the UNAM (México) faculty in the post-graduate studies. His current research interests are networks, industrial competitiveness and regional development as well as industrial marketing. He has participated in several research projects with different regional

and national institutions and companies. His research has been published in several books and journals such as *Industrial Marketing Management*, *Journal of Business & Industrial Marketing*, *Regional Studies*, *Total Quality Management & Business Excellence* and *Papers in Regional Science*, among other. Pablo Cabanelas is the corresponding author and can be contacted at: [pcabanelas@uvigo.es](mailto:pcabanelas@uvigo.es)

**Jesús F. Lampón** is professor of Business Organization. He collaborates with Mexican University UNAM in the post-graduate studies as Faculty member. He has been principal investigator in over fifty research projects with different institutions and companies. His research has been published in various journals such as the *International Journal of Production Research*, *Papers in Regional Science*, *Regional*

*Studies*, *Universia Business Review* and *REIS*, among others. He was Manager of the Programme to Promote Business Research and Innovation in the Economy and Industry Council of the Galicia Government (Spain).

**Tania E. González-Alvarado** is professor of International Business at the Guadalajara University (Mexico). She is Honorary Collaborator at the Department of Applied Economics I, Complutense University of Madrid (Spain). She is member of Research National System (Conacyt, Mexico). Her research has been published in various journals such as *Revista Hispana de Análisis de Redes*, *Revista Venezolana de Gerencia*, *Revista Universidad & Empresa*, *Competition Forum*, *Contaduría y Administración* and *Estudios Gerenciales*, among others.