From strategic fit to customer fit

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Abstract

Purpose – The purpose of this paper is to extend the strategic fit discourse by proposing a customer-based perspective.

Design/methodology/approach – The paper develops a conceptual framework based on a theory and literature review.

Findings – The paper proposes that, from a customer perspective, the firm and its activities are separate units of analysis that have a fit-like relationship.

Practical implications – A fit-like relationship, here coined "customer fit", has the potential to explain determinants of performance differentials in marketing practice, guide the analysis and dissemination of customer knowledge in organisations and provide grounds for strategic marketing resource allocation.

Originality/value – The paper proposes that the concept of customer fit can be employed to analyze, formulate and coordinate the potential of a firm's value proposal.

Keywords Corporate strategy, Consumer behaviour, Strategic marketing, Perception

Paper type Conceptual paper

Introduction

The concept of strategic fit is based on the contingency perspective, facilitated by strategic management pioneers Chandler (1962) and Ansoff (1965). It reflects the open systems approach, which sees organisations as a set of interdependent parts that form a whole, which in turn is interdependent with larger environments (Zeithaml *et al.*, 1988). The theoretical framework postulates that fit, match or congruence between a firm's strategy and environmental or organisational contingencies leads to enhanced business performance (Andrews, 1971; Zajac *et al.*, 2000). The strategic fit has been established as a superior conceptualisation of a framework under which various bivariate relationships of different strategic fit categories and their impact on third variable, usually performance (contingency), has been researched (Venkatraman and Camillus, 1984). The fit has been defined as an internal consistency or alignment (Ensign, 2001), but has been difficult to conceptualise and measure empirically. Despite these methodological and conceptual challenges, strategic fit has been an important building block in the development of strategic management theory (Venkatraman and Camillus, 1984; Drazin and de Ven, 1985).

Recently, interest towards strategic fit has reduced and it has received less explicit attention in strategy literature (Kraatz and Zajac, 2001). According to Zajac *et al.* (2000), this can be caused by three central reasons: the static time frame of traditional fit research, the lack of multidimensionality in conceptualisations and the need to develop normative frameworks for further testing. As a research agenda, he proposes that multivariate relationship of contingencies must be acknowledged, the fit is largely unique in every organisation, and that there is a need for normative, a priori suggestions to develop the fit discourse (Zajac *et al.*, 2000). Extending the presented research agenda, we argue that also the categories of strategic fit are lacking research

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interest, as they fail to resonate with current views on organisational success factors that create competitive advantage.

Stemming from the works of Penrose (1959) and Wernerfelt (1984), the dominating research stream in strategic management is the resource-based view, which purports that rare, valuable, inimitable and non-substitutable resources are the primary drivers of competitive advantage (Barney, 1991). As an extension of this view, it is proposed that knowledge is the most strategically significant resource of the firm (Grant, 1996). This is based on the view that processes, practices and routines – not resources *per se* – are subject to inimitability and causal ambiguity, and as they are context-specific, they are the critical differences that offer value solely to the organisation that makes use of them (MacDuffie, 1995). This view, based on skills, ability and learning capacity, is often referred to as the knowledge-based view (Grant, 1996) or dynamic capabilities, which refers to the specific knowledge or routines that enable organisational change and adaptation (Teece *et al.*, 1997).

Following this development, the focus is turning to the mechanisms that contribute to the development of valuable processes and resources. Aside from organisational knowledge, a growing number of scholars are arguing on the importance of customer level knowledge for organisational decision making in process development, resource allocation and in the coordination of change and renewal (e.g. Lusch *et al.* 2006; Kim and Mauborgne, 1998; Christensen, 1997). The latest development in this discourse has turned the focus towards the nature of customer value and exchange, suggesting that the way the organisation sees its buyers defines the way it performs (Vargo and Lusch, 2004).

Adapting to this line of thought, we propose that in the contemporary environment the development of managerially relevant "strategic" fit concerns primarily the contingencies that influence customer perception. We refer to this as a shift from strategic fit to customer fit. The paper approaches this research agenda by focusing on the challenges of managerial perspective on customer level knowledge and seeks to answer how customer perspective can be conceptualised and cognitised for research and practice. The predominant concentration is put on customer perception process and on acknowledging the impact of internal processes (e.g. affects) and context (e.g. situation). We proceed in a priori nature to present a multidimensional contingency framework of customer perspective which aims to propose a further research initiative for scholars and an alternative view for managers to approach customer value perception and marketing resource allocation. In this paper, all buyers, institutional or individual, are referred to as customers in order to reflect the view that all perceivers are individual decision-makers and potential customers.

The paper is structured as follows. First, we contextualise our perspective by presenting theoretical developments that assert customer knowledge as a source of competitive advantage. Second, we present the principles of constructive decision-making theory and discuss the implications of the recent findings on affects and unconscious processing. Third, we proceed to conceptualise terminology for customer perception after which we turn to propose the customer fit framework, issues of further research and managerial implications.

Theoretical grounds

According to Firat and Dholakia (2006), the contemporary environment is characterised by two fundamental drivers of change:

(1) cultural transformations; changing the way world is seen, what is valued and how subjects interact; and
(2) unprecedented technological development; changing the way things are done, the tempo in which they are done and the way information is perceived and exchanged.

In this environment, firms are facing empowered buyers who are becoming increasingly critical towards value proposals. This progress is reflected in customer tastes and it is argued that as functional quality has commoditised, buyers are emphasising more emotional issues in decision making and are looking for value adding "partners" who offer superior value through brand, processes, design or other elements relevant to buyer. This submits the fundamental principles of marketing, the concepts of value and exchange as well as their development and nature, under re-examination.

The concept of customer value is central to all theorising in strategic management and marketing as it determines the foundational logic of business thinking. For conceptualisation, we refer to a definition purported by Morris Holbrook, a noted pioneer of customer value research. According to his current view, customer value is not just economic value, but rather an "interactive relativistic preference experience" (Holbrook, 1999, 2006). "Interactive" refers to a relationship of a subject and object (or subject), which is never fully objective nor subjective. "Relativistic" refers to the comparative, situational and personal nature of an evaluation. "Preference" refers to the plehotra of viewpoints that can be adapted (e.g. affect, attitude, evaluation). "Experience" refers to the fact that value does not reside in an object, product or possession, but rather in the experience and in the fulfilment of a need. A similar experiential view on customer value is also emerging in marketing context. The value-in-use perspective is purported by the propositions of service dominant logic (S-D logic (Vargo and Lusch, 2004)) which combines advances of different schools of marketing thought into a new perspective or "logic". As the name indicates, S-D logic argues that all products and services are essentially masked value propositions that merely convey a promise of the value-in-use. This view positions products primarily as service enablers which, in accordance with the Holbrook's propositions, create value evaluations as subjective, personal interpretations of all the elements of the experience. This broader perspective turns focus towards the role of perception, as value is seen as a situation-specific and context-specific interpretation of personal or organisational benefits. According to Simonson (2005), the objective value of the value proposition is not of primary relevance and instead, the managerial focus of analysis should be put on the elements that constitute the value perception as customers are not able to distinguish the "real" value. Consequently, skills and applied knowledge in presenting, developing and leveraging resources for holistic value perception is suggested to be a managerial view that purports the creation of competitive advantage in the contemporary environment. A more comprehensive presentation on theoretical grounds for this view is provided in Table I.

From customer knowledge to customer insight

The rational decision-making approach has been the standard view in economics and strategy. It embeds a view that preferences are primitive, consistent and immutable,

Adapted perspective	Phenomenon	Central premise(s)	Meaning
Service dominant logic (Vargo and Lusch, 2004, 2006)	Value and exchange	The application of specialised skill(s) and knowledge, i.e. service is the fundamental unit of exchange	Organisations exist to combine specialised competences into complex service that is demanded in the marketplace
		Value is always determined by the customer (value-in-use). It cannot be embedded through manufacturing (value-in-exchange)	The enterprise can only make value propositions. Marketplace feedback enables firms to learn how to improve the offering to customers and consequently improve firm performance
		Renewal of knowledge is the fundamental source of competitive advantage	Firm's objective is to identify and develop core competences, the fundamental knowledge and skills of an economic entity that represent potential competitive advantage
Resource advantage theory (Hunt, 2001, Hunt and Duhan, 2002, Hunt and Madhavaram, 2006)	Nature of competition	Competition is dynamic and relative in all levels of analysis – no equilibrium exists	The role of management is to recognise, understand, create, select, implement, and modify strategies
		Resource characteristics are heterogeneous and imperfectly mobile. Information is imperfect and costly	Demand is heterogeneous across industries, heterogeneous within industries, and dynamic
		Consumers' tastes and preferences are dynamically changing	Different market offerings are required for different market segments in the same industry
		Modes of transaction are embedded	The firm's objective is superior financial performance
Coevolution (Baum and Singh, 1994; Lewin and Volberda, 1999; Murmann, 2003)	Nature of progression of competition – Interdependency – Mutual adaptation	Organisations evolve in relation to their environments while at the same time these environments evolve in relation to them	Performance is not the result of managerial adaptation or environmental selection but rather the joint outcome of intentionality and environmental effects

Table I.
Theoretical grounds

and that cognitive processes are evaluations that compare alternatives for preference maximisation (McFadden, 2001). This line of thought is captured by a categorisation of approaches to customer knowledge presented by Gibbert *et al.* (2002) (see Table II). In Table II, three different perspectives on customer knowledge are summarised. Two of the presented research orientations emphasise knowledge on existing preferences, while Gibbert *et al.* (2002) propose that a fuller comprehension about drivers of buyer behaviour would be beneficial. This aim for a holistic view on customer reality aims to comprehend the drivers of behaviour instead of preferences. It is often referred to as customer knowledge but, for the purposes of this paper, it will be termed customer insight to distinct it clearly from other orientations.

The importance of customer insight is purported by many scholars (e.g. Kotro, 2005), but a pioneer of marketing performance research, Andy Neely provides a relevant managerial perspective on the issue. He states that access to customer knowledge is not the managerial problem anymore, but that the central problems are:

- the managerial perspectives on how to perceive and interpret the information; and
- the development of knowledge dissemination processes that determine how information is utilised in organisations (Neely and Najjar, 2006).

These challenges are based on empirical research and further support the previous argument that strategic management research and practice appears to lack coherent and adaptable approaches to conceptualise the customer perspective and the way value is perceived.

From rational utility to perceived value

The traditional view on value in economics and strategy is based on rational, utility-maximising behaviour that provides a sound logic for the analysis of market

	Knowledge management	Customer relationship management	Customer knowledge management
Knowledge sought in	Employee, team, company, network	Customer database	Customer experience, creativity, satisfaction level and environment
Rationale	Unlock and integrate organisational knowledge	Mining the knowledge	Gaining knowledge from customer, as well as sharing and expanding this knowledge
Objectives	Efficiency, cost savings, avoidance of re-inventing	Database nurturing and leveraging	Joint value creation with customers
Problem	Indirect understanding of what customers want and value	Knowledge from the customer	Knowledge utilisation in decision making

Note: Modified from Gibbert *et al.* (2002)

Table II.
Challenges of customer knowledge

transactions and managerial role in organisations. From the rational perspective, the managerial quest is to discover customer preferences and design a value proposal accordingly. Questions of quality control, pricing and segmentation are central in this perspective. The view enables to subject the complexity of customer heterogeneity under rational analysis and provides a straightforward, comprehensive and intuitively appealing principle of customers as rational, me-like buyers. The shortcomings of the view are explained by cognitive biases, understood as mental errors caused by our simplified information processing strategies. The research concludes that cognitive biases in managerial decision making exist (Schwenk, 1984; Bateman and Zeithaml, 1989; Wright and Goodwin, 2002), and that they limit the quality of business decisions (e.g. Hodgkinson *et al.*, 1999) as managers are making decisions based on perceptions of the environment instead of objective variables (Weick, 1979), which consequentially harms organisational performance (e.g. Bourgeois, 1985; Voyer, 1993; Boyd and Richerson, 1993; Barr and Huff, 1997). Taking a further look into the issues of managerial perceptions, Mezias and Starbuck (2003) review the past 20 years of research in this area and conclude that even experienced managers have significantly biased perspectives of their organisations' business environment. As a conclusion, they suggest that some other explanatory factors must be present, as the managerial perceptions of the business environment seem to provide no explanatory power on the performance differentials between firms.

Until recently, there has been little "hard" evidence to disprove the rational logic of decision making. However, lately the broadening interests towards neuroscience and supporting technological developments have revealed new insights into the way the mind works. As a central keypoint, the view on the importance of affects in decision making has gained widespread support. D'amasio (1994) argued, based on brain-damaged patients, that affects are preconditions for all decision making and that the principles of rational decision making need to be reconsidered. This has invigorated an ongoing discourse about the meaning of affects, or emotions for buying behaviour (Thompson *et al.*, 2006). So far, it has been argued that emotions are non-conscious elements that influence the buyer perception process, cognitive evaluations, attitudes and eventually buying behaviour. Neuroscientific research has demonstrated that emotions can occur without awareness (Berns *et al.*, 1997; Morris *et al.*, 1998; Whalen *et al.*, 1998) and interact with, for example, attitudes and preferences. Further research on the topic has found support on the importance of affects and unconscious processing. The following keypoints capture the current view:

- Instead of cognition, it appears that we are driven by affects, and especially by emotions. Whenever thinking contradicts with emotions, emotions win (Franzen and Bouwman, 2001).
- Emotions are physiologically based, usually automatic responses to stimuli, which either unconsciously lead to behaviour or, in issue of relevance, determine the level of attention and the need for conscious processing (D'amasio, 2000; Van Raaij and Ye, 2005).
- Unconscious processing of external stimuli takes place and influences our actions without our conscious awareness. For example priming, unconscious establishment of goals, has been shown to influence subsequent behaviour in multiple experiments.

- The relevance of stimuli is a challenging topic of research. It can be inferred from behaviour that there has been an influence, but it is not easy to predict in advance whether, and which, stimuli and cues (e.g. marketing interventions) will have the desired scale and nature of effect.
- Memory is dynamic – what we remember is not laid down as a permanent record. Memories can be distorted or changed. Every time we remember, we reconstruct the memory depending on place, context, situation and other influencing factors. What this means is simply that people do not remember accurately, no matter how asked.
- Most of our actions are unconsciously determined. Indeed, Bargh and Chartrand (1999) argue that up to 95 per cent of our actions can be determined unconsciously.

The presented findings challenge many modes of thinking and decision-making that economics has embraced. The view of the rational decision-maker is proving to be overtly limited as the issues that managers are interested in, such as how brand experiences and communications influence people, are likely to happen unconsciously unless there is a particular event that creates a crystallised memory to recover. The perception process – how stimuli and its cues are conceived, especially unconsciously – appears to be far more important than previous research has indicated. It seems that the perception process has a fundamental influence on what results in a distinctive memory trace, what is the attached association and how learning, or reforming of the influence, takes place over time. Advancing the understanding of this process can potentially be an important contribution to strategic decision making.

Information processing

The question of customers' information processing has been approached in consumer behaviour research, where an alternative for rational decision-making approach has been introduced. Instead of taking preferences as existing, stable constructs, the information-processing approach views decision making as a constructive process in which preferences are built or formed according to situation and context (Bettman *et al.*, 1998). The information processing approach is based on two different empirical traditions: the perceptual tradition (Kahneman and Tvesky, 1979), which emphasises how value exists not in the objective stimulus presented but in the way people represent that stimulus; and the adaptive decision-making tradition (Payne *et al.*, 1993), which focuses on the effort-accuracy trade-off that decision-makers face and stresses the alternative strategies that can be adapted for controlling the effort needed. The perceptual tradition is described to be more concentrated on affects and unconscious processes, whereas adaptive tradition is more concerned with the cognitive work on decision process strategies. Aside these, another approach to information processing is presented by MacInnis and Price (1987) who argue that "imagery", the creation of mental representations, is a type of processing mode used by individuals to integrate information about an object (or event) into a *Gestalt*. Further, they propose that modes of information processing and learning are determined by personal interests which also define the interpretations and construct a hierarchical structure out of them. For example, at the top of the personal hierarchy could be "the country of origin" image (e.g., Australia, Germany), salient aspect of brand image, concrete functions, price, or any other cue, depending on the perceiver and situation. This suggests that there is a multivariate relationship between different cues that form constructs, or "*Gestalt*s". Based on recent empirical research, it is proposed that no clearly dominating cues exist, and that the importance of an individual cue depends on its saliency and consistency in relation to other cues (Miyazaki *et al.*, 2005).

Approaches to processing value proposals as personally formed "*Gestalt*s" form an established research area, but the interrelatedness of *Gestalt*s has lacked attention. Previous research streams provide support for the existence and influence of different "*Gestalt*s". For example, the country of origin research has reported that some countries have a positive or negative image, depending on the context, which affects the assessment of the value proposal characteristics (Steenkamp, 1990). It is argued that the perceived qualities or deficiencies of a firm's country of origin are transferred to the firm's value proposals if the origin is known (Hamzaoui and Merunka, 2006). A related topic is the firm-activity relationship (Chauvin and Hirschey, 1994) which, from an ethical perspective, discusses the impact of corporate layoffs or other "firm" activities to brand image and customer behaviour. It appears that corporate activity is often interpreted in multidimensional way, as consumers might criticise a firm's activities but praise its products immediately afterwards (Miles and Covin, 2000). However, the impact on consumer behaviour is yet to be proven. The emerging importance of customer-firm interaction has also been proposed by Ambler *et al.* (2002) who argue that it is a result of the decline in meaningful product differentiation (e.g. Peters 1994) and the availability of company information that was until recently only for internal use. Ambler *et al.* (2002) also credit the human need for social learning, making sense of oneself in relation to the environment, to be explanatory of the firm's importance to customers. Surprisingly, it appears that branding literature is only starting to consider multibrand dynamics whereby consumer attitudes towards one brand within the consideration set is not only influenced by the evaluation of that particular brand, but also by context, other competing brands and personal issues (Ballantyne *et al.*, 2006).

The role of *Gestalt*s in information processing seems to be an approach that is emerging in importance and has direct managerial relevance. It can be observed that identical value propositions with almost equal brands have inconsistent outcomes in terms of marketing performance and financial performance. For example, teleoperators are currently running very similar marketing campaigns with very similar offerings. Performance differentials, however, seem to be substantial as different operators enjoy very different customer success in terms of growth rates, returns to marketing investment and bottom-line financial performance in the same markets. According to the teleoperator image studies, for example, retail customer perception is run increasingly by the attributes of the firm, proposing that firm is a "master" *gestalt* that influences the interpretation of the value proposal and marketing activity (see GfK Marketing Services, 2006).

Yet, on a more concrete level, the existence of multiple "*Gestalt*s" is supported by findings of a Finnish national youth study ($n > 1{,}000$, conducted by 15/30 research company, 2006) which reports that younger consumers are critical towards all elements of marketing communication and emphasise the "meaning" of the value proposal in their buying behaviour. Interestingly, many respondents explicitly mention firms as separate units of "meaning" assessment in their open-ended answers. This leads us to propose that the customer perspective can be categorised as a multivariate relationship between an offerer, its activity and the personal interpretation of it, driven by the perception process as outlines.

The customer perception process – an embodiment

Merging the previously presented findings on customer insight, perceived value and information processing, we purport that the "offerer" and its "activity" are two different *Gestalt*s that are analysed according to personal preferences, situation and context (see Figure 1). Further, we propose that embodiments are interrelated and alignment is required to create a "fit" which is formed by various contingent factors. At first, we consider the nature of "*Gestalt*s" in the light of the perception process, unconscious processing and elements that influence this processing.

According to recent knowledge, the perception process can be articulated as an unconsciously engaged, haphazardly proceeding process of information attainment, in which individual interpretation of cues is determined and filtered by respondents' internal (for example goals, motives, attitudes) and external (for example situation, context, social influence) factors. We see that the dynamic and procedural nature of perception process is of central relevance and should be communicated also through terminology. We find that the term embodiment, as a partial concretisation that proceeds and changes all the time, is appropriate for this use. Thereby the two "*Gestalt*s" are termed as embodiments, and we refer to them as firm embodiment (the "offerer") and marketing embodiment (the "offering"). In following, we present the proposed conceptualisations for both embodiments.

Firm embodiment refers to a broad conceptualisation of all the characteristics that the perceiver attributes to the "offerer". This is subjected to saliency of characteristics, but commonly firm's name, origin and perceived specialty are acknowledged and form a ground for the value proposition evaluation. The type of firm embodiment is highly dependent on the type of business, value proposal, and its context. In addition, it is dependent on the personal history with the firm, or lack of it. For example, in business-to-business contexts, a firm embodiment before engaging in business is often influenced by previous customers, established projects and articulated capabilities. In time, there is a "learning" effect as various forms of interaction reflect the qualities of the firm and the embodiment changes accordingly. Also, the involvement (high-commitment/low-commitment) on the transaction and its tendency (utilitarian/hedonic) determine the attention and the depth of the information processing that influence the perceived firm embodiment. For example, in case of every-day consumer goods, firm embodiment can be confirmatory and refer to the

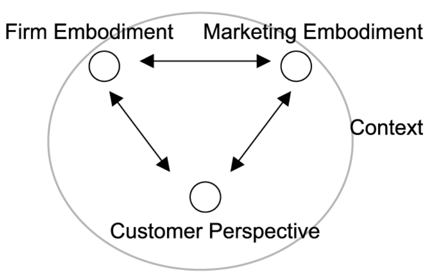

Figure 1.
Customer perspective

distributor (e.g. Disney or Marks & Spencer). Firm embodiment is the constellation of managerial activity or inactivity as activities, in a sense "feed the embodiment". When a firm develops from start-up venture towards a bigger firm, it establishes natural characteristics that reflect its orientation, capabilities and culture, which are then compared to the marketing embodiment and its match to personal preferences. The firm embodiment adapts characteristics from marketing embodiment which then become "established" characteristics of the firm. These characteristics can be used deliberately to "feed" the perceived embodiment through communications and activity, or they can be left without articulation. The power of characteristics is based on human tendency to categorise. It is well known that based on previous experiences, attitudes and beliefs people "draw a picture", i.e. have tendency to create assumptions of missing information based on existing "knowledge" (also described as "halo-effect" (see Reynolds, 1965)). In practice, this refers to the fact that firms carry a weight of general industry and people related beliefs, which influences the way all firms' activity is perceived.

As a distinction of the firm embodiment, marketing embodiment is the "activity" of the firm aiming to establish a value proposal to the perceiver. This makes it the "realisation" or "actualisation" of the value proposition. In this context, the term marketing embeds broad array of activities, from new product development to marketing strategy (see Grönroos, 2006a). As such, marketing embodiment is an umbrella for various contingent factors that are dependent on their relative saliency and the intentionality of their communication. An example of intentionality in marketing embodiment is to influence the category in which the value proposition is seen to belong. Similarly to halo-effect, people categorise, or "frame", information to decrease their cognitive effort by automatically including a perceived *Gestalt* into category with previously established attitudes and assumptions. This influences the interpretation of perceived stimuli and, as such, the marketing embodiment is essentially a personal perception of the value experience in relation to perceived promise and offerer, filtered by established attitudes.

The performance of marketing embodiment can be dependent on the firm embodiment or it can by itself become the "dominant" embodiment when customers are attracted by the perceived superior value of the value proposal and do not subject it to any comparison with the firm. Sometimes it is vice versa, and from customer perspective, this resembles a question of simple trade-off: either a more reliable value proposition (established firm embodiment), or something new and/or appealing (nonexistent, or unreliable firm embodiment). The proposed views on embodiments are summarised in Table III.

Aligning the embodiments: customer fit

The ideological roots of customer fit can be traced to Barnard (1938) and Selznick (1957), who suggested that top management's job is to establish and convey "organizational meaning", and to maintain institutional integrity. Approaching the mystery of cognitising the "meaning", we propose that firm embodiment and marketing embodiment have a fit-like relationship which influences the way value proposal is perceived and experienced.

Relying on Holbrook's view on customer value, customer fit can be defined as a preference experience, resulting from a personal, dynamic and relational perception process that evaluates the offering (marketing embodiment) in relation to offerer (firm embodiment) to establish expectations (unconscious and conscious) about goals that

Gestalt	Firm embodiment	Marketing embodiment
Nature	"Static" – characteristics/possession	"Dynamic" – activity
Principle	Firm demographics Personalisations (e.g. leaders) Previous product/service experiences Corporate actions	Product and service experiences Marketing communications Other users The "meaning" of use
Examples	Orientations Established capabilities Processes of resource utilisation Portfolio of value proposals Previous and existing customers Partners, culture, governance Point of sales	Processes of customer interaction Functionality Design Distribution partner(s) Framing Partners 4Ps
Customer perspective	(1) The perceived characteristics of the firm (2) Facts that position the firm in market space in relation to other firms (3) The portfolio of different value proposals, and (4) The corporate decisions that describe the firm like personnel policy, investment decisions and public statements	(1) Perception of the value proposition and related activity (2) Interpretation of the characteristics of the offering and its use (3) Interpretation of the "meaning" of the value proposition

Table III.
Embodiments

can and should be achieved with the value proposal. The salient aspects of embodiments influence and guide value perception by illuminating the key promises (e.g. safety with Volvo). During interaction or use, the personal "value" of the proposition is revealed when learning alters the perception of the customer fit as, for example, a technological device reveals relevant functionality that enables use beyond expectations. As such, the customer fit factors are different according to the level of the personal embodiment process. This view is backed by recent research which suggests that the impact of affects is of critical importance when engaging into a new customer relationship and decreases in importance over time as cognitive, well-grounded opinions of the value proposition are constructed (Homburg *et al.,* 2006). However, in general, the literature concerns in great extent the determinants of customer value, but has only little to say about how it changes and evolves (Flint *et al.,* 2005).

Modifying Grönroos' (2006b) argument, we propose a four-level approach to customer fit dynamics. At the first level, emotions are important and customer fit often manifests as an interest or as an inexplicable "feeling", positive (e.g. trust, appeal) or negative (e.g. distrust, uncertainty), that influences the intensity and emotional ground of subsequent information processing mode. An example is appealing aesthetics, which has been proven to influence customer behaviour. At the second level, in the value-of-use situation, the customer fit is perceived partially based on the first phase fit, which also influences the value experience and goal expectations as well as their interpretation. An example would be a guitar teacher who does not know his subject but has such convincing behaviour that pupils attribute their poor progress to their own lack of ability. At the third level, the customer fit creates commitment through processes that enable customers to experience benefits that go beyond the value proposition. For example, the customer communities built around the value proposition or symbolic features that enable person to accomplish "secondary" objectives, like convey certain image or find new acquintances. At the fourth level, the customer fit constitutes of the strategic renewal of the buyer perception of the firm by altering firm embodiment or marketing embodiment, either permanently or temporarily. People need change to remain interested, which, however, does not mean changing the core of the value proposition. In some cases, however, the similarity needs to be essentially total, but this occurs mostly for products and services that are "iconic". An illustrative picture of the phases presented above is provided in Figure 2.

The customer fit is thereby a process of "meaning" creation, based on the view that individuals have different interests and tastes, which determine the way value is perceived. Different customer fit's are needed as customer tastes are heterogeneous and constructed under situational and contextual (e.g. cultural and social) influences. The heterogeneity of tastes is supported by recent empirical research, which suggested that no clearly dominating cues (e.g. price) exist, and that the importance of an individual cue depends on its saliency and consistency in relation to other cues (Miyazaki *et al.*, 2005). This reflects the decision-making tendency to search for something special in value proposal, while at the same time assessing its riskiness and trustworthiness. The controlling of risks seems to be an integral part of all decision making, as it is argued that when observed, a negative cue (or contradicting cues) dominates the quality assessments of value proposals (Ahluvalia *et al.*, 2002; Anderson, 1981; Campbell and Goodstein, 2001). Acknowledging the previously presented findings on unconscious processing, we propose that customers have a tendency to automatically process the existence of negative cues in value proposals by comparing marketing embodiment and firm embodiment. Therefore the "meaning" creation can be seen as an internal consistency or alignment (Ensign, 2001) of characteristics between firm and marketing embodiment that resonate with the customer on all levels of the embodiment process.

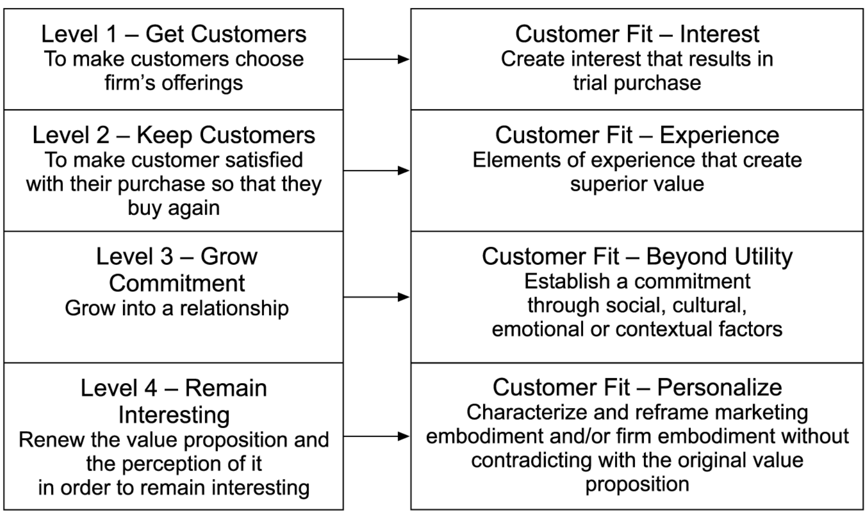

Figure 2.
Categorisation of the levels of embodiment process

Measuring the customer fit

The operationalisation and measurement of conceptualisations has been a central challenge of contingency perspective (Venkatraman, 1989). Inconsistent theoretical underpinnings, simplified research constructs and the dynamic nature of real-life relationships have hampered the building of the body of knowledge. In the case of customer fit, a further challenge is proposed by the unconscious processes and their cognitising for research use. Therefore, to further approach the operationalisation of customer fit, we suggest adapted approaches to capture the "meaning" of value propositions in research settings. One approach is to view the changes between customer fit levels and the factors that contribute to the interest to change the level of commitment. Aside the levels, the unifying context, or "meaning" in research settings can be constructed by drawing hypothesises from existing literature (see, e.g. Christensen *et al.*, 2005; Holt, 2004; Grönroos, 2006b).

Aside the adapted research approach, the methodological issues are a key concern. We propose that multiple, complementary methodologies and research settings are required to establish the grounds for customer fit phenomenon. For methodological approaches we propose at least the following. First, a case study on issues that distinct high-performers and low-performers, which helps to identify processes and concretisations that contribute to different performance (see Flyvbjerg, 2006). Second, research on managerial cognitions of firm-marketing relationships that can be used to reveal determinants of perceptions. Third, an approach to view the customer value-in-use and its evolvement in the extended case method which helps to overcome the interviewer bias by adapting researcher as a part of value formation in practice, essentially interacting and understanding the social and cultural implications that influence the experience of value (see Burawoy, 1998). Fourth, the implications of unconscious processes can be researched by measuring the changes in autonomic nervous systems caused by hypothesised customer fit characteristics (see Winkielman *et al.*, 2001). Finally, the existence and "strength" of the fit can be approached through brain imaging that reveals processing and activated areas.

The paper proposes following key propositions as a ground for further research settings:

P1. There is no one best way to organise firm-activity relationship, activities are not equally effective between firms, and the impact of activity depends on the fit between firm and realised activity evaluated from the customer perspective.

P2. The customer view on a value proposal is a perception of the reality, conceptualised through various anchors (e.g. contextual, situational, affective) that create their "meaning".

P3. There is a co-evolutionary development between contemporary market environment, firms and customers perception, which has atuned perception process and created an automatic, unconscious and, when relevant, conscious processing of cue consistency between offerer and offering.

P4. Process-realisation dynamics can be subordinated to a set of factors and characteristics that contribute to performance and are potentially generalisable.

Managerial implications

This paper provides managers an approach to view the complexity of the customer perspective. The proposed conceptualisations can be used to better capture the procedural and multidimensional nature of customer perception in strategic customer analysis and the development of value proposals. The customer fit framework provides an approach to marketing resource allocation by categorising firm embodiment and marketing embodiment as different challenges that can be concentrated on. Managers should use the framework to discuss and decide whether to prioritise advancing firm embodiment, marketing embodiment or the fit. Marketing investment and practical activities should follow this evaluation. The discussion of the paper can be summarised in following implications for managerial problem setting and analysis:

- Managerial and customer perspectives on the value proposal are inconsistent – customer perception captures only fractions of the reality, which are perceived representative of the whole. Understanding these perceptions of reality is more important than the reality itself.
- Adaptation to buyer perspective is often critically challenging as managers are, among other issues, biased by far greater insight on the firm and its activity, and the relative strengths and weaknesses in regard to competitive propositions.
- The managerial view on customer value perceptions is a strategic choice that influences the consequential problem statements and decision making.
- The customer perception on value is like an embodiment process that has different determinants according to the level of process, focus and processed information.
- Organisational view on customer value, otherwise stated as customer insight, is an increasingly important determinant of lasting performance in contemporary environment where sustainable competitive advantage seems to have become elusive.

An example of these implications in customer fit development can be depicted through the strategic turnaround of Wataniya Telecom.

Wataniya Telecom was the first commercial mobile phone operator in Kuwait when it was launched in 1999. In 2004, the competition started to accelerate and Wataniya hired executives from Scandinavia, the telecommunications pioneer of 1990s. This led to a strategic change and Wataniya chose to profile itself as the most customer-oriented company in the market. To establish this customer fit, Wataniya Telecom realised multiple complementary activities. The process proceeded by establishing a new marketing embodiment to feed the firm embodiment and onwards to realise the intended customer fit. This was done through three central elements:

(1) positioning through cultural associations (see Holt, 2004);

(2) focusing on a neglected customer group; and

(3) investing in new technology.

First, the Wataniya established itself as the red carpet company, which resonated strongly with the cultural traditions of the area and evoked an immediate emotional response that could be leveraged to get customers to become familiar with Wataniya and try it. The realisation of the new positioning was holistically carried out and every customer actually walked on a red carpet when entering the Wataniya service point. Second, Wataniya choose to focus on workers that originated from abroad. In Kuwait most of the work is done by immigrants who come from abroad to work in short periods. However, the workers, who used substantial amount of their pay for communication with people back home, were not acknowledged or well served by any market actor. The quality of sound in long distance calls was poor because of network technology and all contracts were mainly targeted for the needs of the natives. In order to capture this group, Wataniya offered prepaid solutions, which were popular, and proactively approached potential worker customers by establishing a commission system that, for example, incentived car drivers to promote Wataniya to female housekeepers otherwise unreachable. Third, Wataniya bought a new roaming network that was, at the time, the most advanced technology available. This technology enabled Wataniya to offer superior value and new applications that concretised the intentioned perception of customer-orientated customer fit. The adaptation to new technology was also used as an experience creation as customers were required to change their sim cards and Wataniya offered a walk on red carpet for every customer. Technical advances, proactive approach, use of powerful symbolism and innovative distribution resulted in a strong increase in customer base and in the ability to increase prices while at the same time competitors were cutting theirs. The Wataniya case can be summarised by reflecting the managerial implications with the factors of the carried out embodiment process (see Table IV).

Key propositions	Feeding the firm embodiment	Realisation of marketing embodiment (customer perspective)
Managerial and customer perspectives on the value proposal are inconsistent	Hiring outside talent, who have industry insight and fresh perspective – ability to question the markets and ways of operation	New view on customer value; creating an affective marketing embodiment through powerful symbolism
Value is realised in use	New technology that delivers superior sound quality, customisation possibilities and a channel to interact with customers and collect information	Clear sound, new services, ability to use abroad. A holistic solution from customer perspective – makes using easy
Customer tastes and preferences are relative and constantly changing	Constant renewal and expansion of services and solutions Technology enables to customise solutions and to offer dynamically renewing value-added services	Constant development of solutions, which indicates customer focus and commitment
Customer insight is important for sustained superior performance	Knowledge about customers, their context of use and behaviour habits enables to customise the most appealing solutions	Personalised customisation possibilities and communication (dialog)

Table IV.
Wataniya customer fit

Discussion

Intuitively, managers and researchers tend to believe that customer perceptions can be captured by approaching them with rational logic. Consequently, the analysis of customer value has concentrated on determinants of quality, leaving the affective and contextual elements with less attention (Gordon, 2006). Also, the imperfect nature of customer information on value propositions has received less explicit attention. In this paper, we have proposed that both of these issues are important aspects to further understand the consumer behaviour in research and practice. As a research initiative, we have approached the complexity of customer perspective in a priori nature by conceptualising a multidimensional contingency framework of customer perception process. This was carried out with distinct aims for both research and practice. First, for managerial practice the goal was to cognitise the procedural nature of customer perception, and to propose an alternative perspective to approach the determinants of marketing resource allocation. Second, for research the aim was to extend strategic fit discourse and propose that with further work the firm-activity dynamics analysis might become an important addition to marketing and strategic management research.

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