Business Customers' Value Formation in Nature-Based Tourism Services

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ABSTRACT

The aim of this research is to increase knowledge of customer value formation. The research context is in nature-based tourism services. The theoretical basis is drawn from service marketing and the marketing theory is called customer-dominant logic (CDL) to indicate a shift from service-dominant logic towards a customer-oriented thinking. Customer-dominant logic is used to define customer's value formation. A business customer has many roles when buying nature-based services for various business groups. The methods used in this research are laddering and means-end methods with 40 in-depth interviews. Hierarchical value maps are created as research findings.

Key Words: Customer-dominant logic, customer value formation, nature-based tourism services, service marketing

INTRODUCTION

The Nordic school of service marketing (Grönroos and Gummesson, 1985) has emphasised both service and customer logics since the 1980s. Many marketing studies have founded their theoretical thinking on this approach. The Nordic school of service marketing has examined for instance perceived quality, interactive marketing during the customer's service use process and customer relation and its long-term nature (Grönroos, 1994). Thus this particular school is well suited for observing value from the customer perspective.

The theoretical background of the research pertains to service-dominant logic (SDL), or Service Logic (SL) as the Nordic school of service marketing prefers to call it. SDL is said to have evolved into a new paradigm in marketing (Vargo and Lusch, 2004). It has, in particular, changed the thinking and concepts in B2B marketing. SDL is grounded in the idea of collaboration between firms, customers and partners, thus co-creating customer value (Vargo et al. 2007). SDL has also combined many concepts, such as services and goods. According to the theory everything is a service; actors in the process are producers and customers, merging resources to co-create value (Vargo et al. 2010). Searching for a common definition, Lusch and Vargo (2010) combined the concepts of business-to-business customer, business-to-customer, and customer-to-business. This study therefore also uses the concise concept of customer.

THE CONCEPT OF CUSTOMER VALUE IN SERVICE MARKETING

Owing to paradigm and service marketing shift, customer value has become an even more important object of research. It is discussed in academic research and day-to-day business operations alike (Payne and Holt, 2001). The underlying idea is that firms should know more about customer preferences, sensitivities and customer-perceived value. As service marketing evolves moving from the 1970s to the 2010s, the role of the customer has also evolved (Edvardsson et al. 2002). Over the decades, marketing has included transactions and goods, service, service processes, customer value and customer's life in customer activities. The latest stage could be characterised briefly by saying that the firm participates in the life of its customer and value is co-created (Voima et al. 2010). In this thinking, value cannot be the end result of offering, and value cannot be produced or distributed to the customer.

As service marketing theories evolve, the research and definition of customer value have evolved. Many researchers have elaborated on the definitions that can be associated with value (Khalifa, 2004; Woodall, 2003; de Chernatory et al. 2000). Value has been studied as a concept pertaining to object and subject. Marketing has associated the concept of value with price and quality (Zeithaml, 1988), satisfaction (Woodruff, 1997), benefits (Flint et al. 1997), experience (Addis and Holbrook (2001) and customer relation (Ravald and Grönroos, 1996). However, in the 2000s the concept of value is prioritised in the measures that aim at enhancing the customer's positive service experience (Ostrom et al. 2010). Value to customer can therefore be defined as a concept of services business (Grönroos et al. 1985). It is still important to keep in mind that financial considerations are always present in business, even when defining value. Research has defined customer value as follows: "The value model specifies that value can be divided into four dimensions; technical value,

functional value, spatial value and temporal value" (Voima, Heinonen and Strandvik, 2010, 123). The four dimensions of customer value correspond to the questions what, how, where and when, respectively.

CUSTOMER-DOMINANT LOGIC AND VALUE FORMATION

In SDL, value is defined by the customer, and value creation concerns customer experience and understanding of service use (value-in-use). This means that value is co-created in situations where service is consumed and used: the solution must fulfil customer expectations. (Zeithaml, Bitner and Gremler, 2006.) Customer-dominant logic (CDL) goes further and includes new perspectives. It does not start from the service provider and its processes or even from the process that is visible to the customer and entails interactional service or a customer relation. It is grounded in the customer's reality and life. It establishes the customer's active role as value creator. (Heinonen and Strandvik, 2009.)

In CDL, the customer forms value. Value formation is active participation from the customer and the customer is a subject, although not always a result of an active process. Value is formed by the customer's reality and life (how). Value is created in many visible and invisible spaces (where), such as physical, mental, social, geographical and virtual spaces, which reflect the customer's conscious or subconscious spheres of life. Value-in-use is not only linked to the service process, but also extends beyond the interactive process, and the customer forms value before, during and after the interactive process (when). When value is mainly formed outside the visible interactive process, it is formed mentally. Service experience and value recognition in the process are dependent on the customer's past, present and future – it is always a process. Here, value is observed from an abstract or a philosophical perspective, which is in line with the tradition of research by experience (what) (Voima et al. 2010).

NATURE-BASED TOURISM SERVICES AS A RESEARCH CONTEXT

This study defines nature-based tourism services as covering all activities "that people do while on holiday and that focus on engagement with nature and usually include an overnight stay" (Tyrväinen and Tuulentie 2001, 9). In this study, commercial nature-based tourism services overlap with business travel in the minds of business customers, in particular with group travel in the corporate context. The nature-based services have been guided. Nature-based tourism services are usually the part of business travel that is associated with leisure, and can therefore be viewed as leisure activities that take place during a business trip. Nature-based tourism services are founded on nature and the natural environment, which includes both push and pull factors (Pesonen et al. 2011).

RESEARCH METHODS

The study is qualitative and explorative-descriptive. The aim of the research was to increase knowledge about customer value formation in nature-based tourism services. The research questions were to examine what is the value the customers form related to a nature-based tourism services, and how, when and where the value is formed during the customer process. The methods used in this study have been means-end –technic for in-depth interviews as well as laddering method for analysing the interviews.

The target group represented a selection of business customers, all of whom had purchased and used nature-based tourism services either for staff recreation or for guests' recreation as PR purposes somewhere in Finland. Business customers have high demands and set stringent specifications for the service, processes and objectives (Axelsson et al. 2002). Decisions in companies, however, are made by people and therefore are affected by not only rational benefits but often also emotional dimensions (Ojasalo, 2003).

The interviews were conducted as an in-depth interview with open-ended themes. The means-end in a semi-structured interviewing method is that with repetitive questions "why" or "why it is important to you". It gives the structure and deepens the answers of interviewees. Firstly, the customer's overall service experience was described as a customer's process. Distinguished were different phases like a reservation phase, a use of services phase and a closing phase. Secondly, based on the described process, a guide for in-depth interviews on the purchase and use of nature-based tourism services was compiled.

The data of interviews were collected in two different periods; the first round was in 2009 and the second one in 2010. Altogether 16 interviews were conducted during the first period and 24 interviews during the second one. After the first round it was found that 16 interviews were not enough to collect sufficient amount of

data. Above mentioned laddering method requires more information for analysis. A total of 40 in-depth interviews were conducted with customers of nature-based tourism services.

The study was analysed using the laddering method based on a means-end technique (Gutman, 1982). According to Sondergaard (2005, 80), the means-end technique in its classic form focuses on service attributes, consequences of use, and the achievement of customer's objectives. The original and most frequently used method [in this research] is a form of interview-based means-end technique, which illustrates its soft approach (Miles and Rowe, 2004). At its best, a soft means-end approach can produce more qualitative and richer results. The results were analysed with the laddering method, supported by the MECanalyst software. The analysing process consists of five different phases: definition of significance categories, content analysis of the data, sum up of the categories and interviews, data to computer and run of the value maps and implementation matrices.

OVERVIEW OF RESULTS

Laddering analysis included a content analysis. The analysis of interview texts showed that the interviewees were sometimes talking about their personal memories and the use of services, sometimes about buying, and sometimes took the role of business customer and corporate payer. Customer value formation was therefore viewed through their three-tiered role: buyer, end-customer, and business customer. As a result, three different hierarchical value maps and implication matrices could be generated. The hierarchical value maps depict content classes present in the data – concrete and abstract attributes, functional and psychological consequences, and instrumental and terminal value categories. The soft laddering method uses qualitative solutions in interview situations and in terms of data analysis (Miles and Rowe, 2004).

In the buyer's role, the value map featured six categories that illustrated the terminal values. They pertained to getting stories to talk about and to tell to others later about the outing – either nature-related ones told by the guide or in the form of personal experiences. Nature-based tourism services gave joy and pleasure. Value creation in the buyer's role pertained to the ease and convenience of buying from a professional service provider and using professional services. This even enabled the buyer to rely on the service provider's suggestions, allowing the provider to take control. The value of nature-based tourism services was that they created a feeling of hospitality, which poses great demands on the service provider and the guide. The final value categories also included a sense of well-being created by nature and outdoor activities, a sense of security created by being accompanied by professionals, and the beauty of the natural landscape. Also, the selection of location was an aesthetic value – it was considered important to take guests to locations with beautiful and natural landscapes. In Finland this would mean for instance the sea, the archipelago and Finnish forest.

In the end customer's role, the interviewees described their personal enjoyment and pleasure that they had experienced through using nature-based tourism services. Five terminal value categories formed on the hierarchical value map. They were a strong individual experience and a sense of well-being after the outing. A leisurely pace and peace of mind through calming down during the outing and getting time to think and to talk with other participants were also featured. The environment was considered to be a calming element, if the outing took place far away from built environment and city noise. Nature also inspired a love for one's home country. This was indicated by the beauty of the landscape and also by other participants, especially international guests admiring the nature, causing the home country to feel particularly precious to the interviewee. Because the interviewees also held the buyer's role, they considered the comfort and enjoyment of the guests and sharing an experience of success and fun moments together as a value.

In the business customer's role, the interviewees displayed four value categories. They expected nature-based tourism services to impart well-being and recreation. Nature, activities, leisure time, change of environment and spending time together created experiences that were associated with this value category. Professional partnership was the second value category in this role. The time spent with guests and the contents of nature activities generated topics for different discussions. Also, learning new things about the others through spending time together in nature and talking with them off duty generated a deepening and strengthening of relations with the firm's guests. Nature-based tourism services generated direct and tangible benefits to companies. The benefits were described as financial and positive impacts on corporate image and customer relations. One terminal value in the value map was appreciation of Finnishness. It was created by the safety of outdoors activities, everyman's rights and the freedom of movement in nature.

Implication matrices were constructed to allow the reading of both direct and indirect connections between content categories. The value maps illustrated the connections between content classes in graphic form. MECanalyst provided meanings for chunks.

DISCUSSION AND CONCLUSIONS

The research results showed that in an interactive situation, both or all parties learn. This is related to value co-creation (Payne, Storbacka and Frow 2008). Since nature-based tourism services are typically tailored to customer needs, interaction will have brought out needs and wishes and allowed the parties to learn about them from each other. Customers want to elaborate the nature of and background to their event carefully. In doing so, they in effect allow their resources to be used for the planning of the service. Simultaneously, the service provider can learn about the guests' expectations and conventions. This leads to value co-creation. The interview results indicate that customers, too, learned from the service providers; for instance, about building a service offering. This was typical of value co-creation and service-dominant logic.

Events that the interviewees associated their experiences with were guests' events or staff recreation events – social receptions to make a good impression on guests. The interviewees considered it important that these events were well organised, and they were prepared to invest money to this end. The interviewees even said that these events should not be cheap because trying to cut costs could backfire, making guests feel unappreciated. This was probably the reason why a factor other that price was considered most significant.

One of the research questions was to find out when customer forms value. Looking at SDL, it can be said that value is co-created and is adherent to the concept of value-in-use (Vargo et al. 2004). Grönroos (2011, 283) has proposed that value is co-created in the use situation, but on the operative level in companies, value creation also takes place in other situations. The firm has created potential value or enabled its customer's value creation from nature-based tourism services even before customer contact, through planning, service development, activities, and other pre-production phases and even during marketing communications. The process of value formation in companies is longer than the process of value formation that occurs in the actual use situation.

It is said that the customer form value during the interactive process (Grönroos, 2011). When customer value formation in nature-based services has been viewed as a temporal phenomenon, it has been noted that its duration varies depending on the customer's role. As end customer, value is formed during service and use situations, even if impressions and recollections were long-term. In the buyer's role, value creation took place particularly during the examination of marketing communications, in the purchase situation and during the use of services. They accumulated and extended to the next purchase situation, when experiences were viewed through personal background and history, environment and social construction and reality (Voima et al. 2010). In the business customer's role, effects immediately after the event and effects even years after the event were particularly weighty. These reflections also influenced the next use of service.

Based on this study, it can be said that value was co-created during the interaction process, but value was also created separately. For the firm, the value created was potential value and for the customer, the value formed was mental. Because the customer formed value before, during and after the interactive process, it has been said that the customer forms value mainly outside the visible interaction process with the service provider. Customer-dominant logic goes deeper than service-dominant logic and sees customer value formation not only in experiential situations, but also during ordinary, routine situations (Voima et al. 2010). The customer, living their life, creates value from nature-based tourism services in their context, of which the use situation is only one part.

The second research question was related to where the customer formed value from nature-based tourism services. Relaxation, unhurriedness and peace of mind stood out among the mental value categories. When value was formed in invisible spaces, it meant the customer's mental process that was invisible to the firm (Voima et al. 2010). In the context of nature-based tourism services this meant that customer value was subjective and relative – in other words, it varied according to person and was dynamic (Holbrook, 1999). Value was not linked to the object, but to personal, subjective experience. Therefore value could not be produced for or distributed to the customer (Voima et al. 2010).

Value creation from nature-based tourism services took place in geographic spaces (Voima et al. 2010), in different locations and areas in varying natural environments. The significance of locations was particularly highlighted with new locations: the interviewees wanted to get to know different locations and areas, during different seasons and through different activities. Of the value categories of this study, those associated with nature were an experience and feeling of beautiful landscape and the love of one's home country. Experiencing true nature and wild animals were associated with a unique natural environment. A sense of well-being was

associated with an image of nature. Peace of mind and a sense of unhurriedness were associated with an individual's personal feeling. Nature-based services were also associated with activities and guide-led programme. These enabled the participants to gain new stories to take back home.

Social space as outlined by Voima et al. (2010) was also associated with nature-based tourism services. Nature generated topics for conversation, as did activities and doing things together outdoors. Based on the results, social space was the most important one, if measured by the number of content categories of the hierarchical value maps. The research results provided three different perspectives into sociability: it took place between the service provider and the guest, it was connected with the relations between the hosts and the guests, and it was connected with the relations within the guests. The value category of a feeling of hospitality described the social space in the buyer's role. It was associated with the sense of hospitality created by the nature-based service provider and the hosts. Other final value categories that described the social space included a good ambiance, shared success and professional partnership, which ultimately fulfilled the customer's goal of strengthening customer relations. Staff outings reinforced the relationship with the employer and colleagues. Natural environment brought forth childhood memories, allowed the participants to get back to basics, as one of the interviewees said, or to the world of our ancestors, in which case it reflected subconscious states. Nature even heightened the senses.

The third research question was related to what value the customer formed from nature-based tourism services. The results can be examined with the help of the dimensions of enjoyment and hedonistic value, because nature-based tourism services take place in an experiential environment where the experience defines the customer's value (Payne, Storbacka and Frow 2008). According to Holbrook's (1999) typology, value could be broken down to external and internal value dimensions. Ease and convenience, benefit to business and sense of security and hospitality can be categorised as external value dimensions. Fun, enjoyment and joy, experience of the beauty of landscape, calmness and peace of mind and experience of love for one's home country can be categorised as internal value dimensions. Value formation was founded in the customer's experience. The customer's history and previous experiences influence value formation.

The fourth research question was related to how the customer created value. The abstract nature of value was the reason why the naming of the value was not or could not always be immediately voiced or identified. Value formation was seen as a process because the customer forms value as a consequence of his/her experiences and based on the achievement of set goals. The hierarchical model includes the idea that value formation is purposive - in other words, the desired goal has a purpose and achieving the goal creates the value (Woodruff, 1997). Voima et al. (2010) have discussed subjective experience in relation to continuously evolving personal, unique and individual needs, which indicates that value creation is a process also in people's lives. Value creation can be viewed as a process in the customer's life because perceived value can include both experience and perception of value. This in turn refers to a process whereby the customer processes sensory information. The same applies to the processes of experiencing and perceiving or understanding quality of service (Grönroos, 2000).

SUMMARY

The aim of the study was to investigate customer value using a means-end technique and the laddering method. Qualitative research was constructed using a soft-laddering technique, which was a demanding and work-intensive method for data analysis. Listening to and analysing the interview materials twice during a period of approximately four weeks further enhanced the reliability of the results. At the same time, the analysis could be fine-tuned and necessary changes to the analysed ladders could be made.

The aim of the study was to use the service-marketing theory in the investigation of customer value in the business to business sector. Because the service in question is experiential and highly tailored to customer needs, the theory proved successful. In fact, a business customer enriched the theoretical view on service marketing because it could be seen that the customer has different roles and slightly different, role-specific goals. In particular, customer-created value could be viewed in a new way as a temporal and spatial phenomenon.

According to service-dominant logic, customer value is value-in-use. This study states that value-in-use is required for the customer to form value from a service, but that the value is formed mostly outside the use situation. Likewise, the service provider creates potential value before the use situation. All in all, value is created jointly and separately. Theoretical and empirical research has shown that customer value can be viewed from a practical perspective and connected to the customer's life and context.

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