Author: Verena Tichy

What has customer value to do with excellent tourism experiences? Everything.

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Understanding customer value represents a crucial part while aiming for the creation of excellent tourism experiences. The following research summary turned out a bit longer than the one from previous posts. However, I motivate you to embrace the richness of the summary as you will gain detailed insights into the complexity on and importance of understanding customer value and the impact it has on the creation of excellent tourism experiences by considering the green purchasing gap. Enjoy!

Research Summary

Since customer value is the key to a customer's sympathy and loyalty, customer value has steadily been adapted to customer's changes in beliefs, ethics and values. As in today's world the number of individuals expressing ecological concerns has dramatically increased (Han, Hsu & Lee, 2009; Kalafatis et al. 1999), marketing has to adapt to meet these new customer values.

According to Babin and James (2010) the result of a service exchange is the service value, which defines valued service in relations to a subjective perception only. This gives evidence of value being a subjective matter which results in value of a service being determined by the customer only (Prahalad & Ramaswamy, 2004). In this case tourism companies are merely recognised as value facilitators, providing a service environment within which service value can be created by the customer (Grönroos, 2011). Moreover Lush, Vargo and Tannirun (2010) state that "the firm can only make and follow through on value propositions rather than create and add value" (p.22).

Grönroos (2011) distinguishes between a provider's value facilitation and the customer's independent value creation. While interacting with each other co-production between both parties leads to an increase in value creation for each participant. Grönroos (2011) adds that for times when no direct interaction is given or possible a customer's independent value creation takes place, with the resources provided by the tourism company.

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Value-in-use describes a customer's value creation in the customer's sphere (Vargo & Lush, 2004; Grönroos, 2011). Moreover value can also be created in a co-creating process by both the tourism company and the customer through direct interaction processes. If enough value-in-use is created the value created will be expressed in financial terms by the customer. In this sense tourism companies receive a financial value out of the value-in-use, also called value-in-exchange (Grönroos, 2011).

According to Edvardsson, Tronvoll, and Gruber (2011) the framework of value-in-use is influenced by social systems in which the customer's perception of values are embedded. The social systems shape roles, class and meanings of values. Further they state, that according to their study, value-in-social-context can be identified as a holistic framework for value creation. Hence it can be seen as an advanced framework as it adds the social system component around the value-in-use framework. As a result value can be different according to a customer's social setting and personal perceptions and values.
Various types of values can be created by the customer within the value creation process. Smith and Colgate (2007) distinguish between four types of customer value. For example they differentiate between a functional/instrumental value, an experiential/hedonic value, a symbolic/expressive value as well as a cost/sacrifice value and apply them to different value creation schemes in different industries.

The majority of organisations in the travel and entertainment industry are focusing on creating emotional value, such as pleasure, enjoyment, excitement and adventure by their offered service facilities. In addition other hotel and travel companies concentrate on epistemic value, such as curiosity, novelty, knowledge or fantasy (Smith & Colgate, 2007). These values refer to the customer value experiential/hedonic value. This type displays the extent to which a product or service creates appropriate experiences, feelings and emotions for the customer. As a result, when understood and identified right, tourism companies can enhance their strategies by incorporating the introduced types of values into their value chain.

What does it mean for the tourism industry?

Key take aways are for one that customer value is subjective. This means that we as tourism providers cannot dictate the value of a tourism experience on to our customers. Secondly, it is important to acknowledge, from a tourism provider perspective, that customer value can be created in two ways. It can be created by the customer only or in

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co-creation with the tourism facility we provide. Hence, a customer's personal values on and perceptions of certain topics influence a customer's value creation process. For example your customer values a conscious resource use. In your hotel you do not provide for example recycling possibilities. The lack of recycling possibilities will have a negative impact on the customer's value creation process as the customer's value on protecting the environment was not met. By staying in your hotel, without recycling possibilities, the customer could not maximise their customer value.

Therefore, knowing your customer's values and conscious preferences is key in helping your customer create their value by using a tourism facility which leaves her or him truly amazed and overjoyed. Because, let's be honest that is what we as passionate hosts and tourism providers are aiming for right? – overjoyed customers, enjoying themselves by using our carefully designed tourism facilities which leave them with an excellent tourism experience.

In aiming for excellent tourism experiences we need to acknowledge the importance of the customer value creation process and the possibilities we as providers have in supporting the value creation process of our customers. We can support our customers value creation process by providing excellent tourism service facilities hitting the exact right tone of our customer's values. Therefore, by getting to know our customers and their values we can create tourism facilities accordingly. In doing so we can develop ways to further narrow the green purchasing gap and equally use the insights on the green purchasing gap to identify ways on how to improve our tourism services further.

You have further questions? Start with our post on the conscious customer to learn more about how to get to know your customers.

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