

# Pursuing Customer Value in Tourism

## *A Rural Tourism Case study*

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**Abstract:** The purpose of this paper is to discuss the significance of customer value as the core of the tourist product and as the starting point of product development in tourism. First a new conceptualisation, that is, a model of prerequisites for a tourist service, adapted from Edwardsson's and Olsson's (1999) model is presented. Then a literature review on the concept of customer value is offered. The empirical part of the paper presents results of a case study, in which the content of a rural tourism customer value was investigated. Customer value can be divided into three stages. Expected value reflects the desired value of the customer, referring to the needs, goals and purposes of the customer, and how customers expect the alternative products to satisfy these needs. Perceived value reflects both the guest's perceptions and experiences before entering the facilities of the service provider and those the guest encounters while the service is actually being performed. The experienced value is formed both by the experiences encountered during the service process (episodes in the modules) and by those that occur after the guest has departed and reflects customer satisfaction with the received value, evaluated against the customers' goals and purposes. The results from the empirical study show that the process model on the formulation of value would seem to work well when describing how the goal of the holiday takes shape in the desired actions and through this into the desired consequences during the service process. The results show that the value-expectations of the customers in rural tourism are very emotional, but when the decision has been made about what kind of service processes are desired in order to yield the value related to the goals, the criteria for the choice of the product, which affect the decision to buy the products, are fairly concrete and, particularly during the first time, they are factors related to the technical and functional properties of the service system.

**Key words:** Customer value, tourist product, product development in tourism, rural tourism

## Introduction

Several definitions of the tourist product (Middleton 1989, Middleton and Clarke 2001, Murphy, Pritchard and Smith 2000), and the theory of service marketing (cf. e.g. Grönroos 2000) emphasise the added value of the product, which emerges at each stage of the production process. Today, tourism marketers emphasise the value of individual experience and promote images of the emotional experience (in German "das Erlebnis") of the customer in their advertising. When buying an experience, a customer pays to be able to spend time and enjoy a series of memorable events, which the enterprises "set on display" (Pine & Gilmore 1999, Mossberg 2001). According to Cho and Fesenmaier (2001), the most important challenge in travel and tourism marketing in the future will be the creation of an expectation of experience.

According to Stamboulis and Skayannis (2003), experience has always existed in destinations, but it has been considered as destination context

(services that make customer access to the experience possible) rather than content (experience created by the interaction of travellers with various elements of the destination). The question of experience is related to the creation of a myth which the tourist wants to experience. The myth is known to the tourist beforehand, and becomes a reason for their choice of destination. During the stay, tourists expect to live the myth and once they return home the myth has to remain alive. (Stamboulis & Skayannis 2003, 39-40)

So, the customer experience starts before the customer decides to purchase a certain product or a service (Shaw and Ivens 2002). Although tourists largely collect and use destination information for functional reasons (product knowledge, avoiding uncertainty, utility, efficiency) or to plan and take trips, the touristic information should also appeal to the salient needs in order to capture the attention of potential tourists. In the tourist's information search process the needs to be innovative, hedonic or entertained, and aesthetic or visual information choices have an important role. (Vogt & Fesenmaier 1998).

The practical models of product development and product formulation, for their part, emphasise the development of destination context: planning of different components of the destination product and the compatibility of different activities, accommodation alternatives and transportation. Current attention seems to focus more on the technical properties of the product rather than the experiences, or the value of the customer. Nevertheless, it is highly important for the tourism businesses to recognise which kind of customer value can be provided in the service system available, and that the value should be communicated for the different potential target groups in a suitable way.

In hospitality, tourism and leisure research, customer value or customer experience is rarely discussed as the core of the tourist product, or as the starting point of product development, although discussion of experience and its production has been wide and rich in leisure, recreation and tourism literature (see eg. Prentice et al. 1998, Lee & Shafer 2002). The relationships between customers' perceptions of quality, value and price are often discussed in terms of their influence on revisit intentions (see e.g. Kashyap & Bojanic 2000, Petrick et al. 2001, Petrick 2004 a and b). The relationship between satisfaction and value has often been the focus (see e.g. Petrick 2004a and b, Oh 1999, Hartline & Jones 1996) and measurement of the perceived value of a service has also been a topic of interest (see e.g. Petrick 2002, Al-Sabbahy et al. 2004, Petrick & Backman 2004). Lemmick et al. (1998) and de Ruyter et al. (1997) have examined how value evolves during the course of the service

delivery process in hospitality industry. Dimensions of perceived value (see e.g. Al-Sabbahy et al 2004) and the affective evaluations or hedonistic values (see e.g. Park 2004, Duman et al. 2003) have also been examined.

The purpose of this paper is to discuss the significance of customer value as the core of the tourist product and as the starting point of product development in tourism. First a new conceptualisation, that is, a model of prerequisites for a tourist service, adapted from Edwardsson's and Olsson's (1999) model is presented. Then, a literature review on the concept of customer value is presented. The empirical part of the paper presents results of a case study, in which the content of a rural tourism customer value was investigated.

## **The Correct Prerequisites For A Tourist Service**

Several definitions of the tourist product (Middleton 1989, Middleton and Clarke 2001, Murphy, Pritchard and Smith 2000), as well as the theory of service marketing (cf. e.g. Grönroos 2000), emphasise the added value of the product, which emerges at each stage of the production process. The aim and desired outcome for the customer is value, which at each given time is a subjective experience (cf. also Gunn 1994). To have an enjoyable experience during leisure is often the ultimate goal of an individual person and, on the other hand, providing enjoyable experiences is the eventual goal of leisure service providers as well (Lee & Shafer 2002, 290). Most tourism managers strive to provide quality and valuable experiences to their clientele in the hope that the guests will want to repurchase the service (Petrick 2004b).

But, because the emotional experience is subjective, it can be argued that it is not possible to produce emotional tourism experiences in enterprises. Edvardsson and Olsson (1999, cf. also Edvardsson et. al 2000) emphasise that the service company does not provide the service but the prerequisites for the various services. The company sells opportunities for services, which are generated through partially unique customer processes. The central goal of service development is to develop the best and right prerequisites for well-functioning customer processes and attractive customer outcomes. The prerequisites for the service are the end-results of the service development process. The correct prerequisites can be described by a model with three basic components: a service concept, a service process and a service system (Edvardsson & Olsson 1999).

The term service concept refers to the description of the customer's needs, and how these needs are to be satisfied, they refer to customer value. Service process relates to the chain of activities that must function properly if the service is to be produced. Special attention should be paid to some critical

activities, so that customer process and customer outcome achieve the right quality at reasonable cost. The service process consists of a clear description of the various activities needed to generate the service. The service system constitutes the resources (staff, the physical/technical environment, organisation structure, and the customers) that are required by or are available to the service process in order to realise the service concept. (Edvardsson & Olsson 1999)

The core of the tourist product, the service concept, consists of the idea of what kind of value the customer expects and how to create the prerequisites for this experience. In marketing terminology, the service concept is expressed in such a way that it evokes mental images of being able to gain, through a particular product, the very experiences and value that the customer expects from travelling. The service concept is based on the needs and motives of the customer to travel.

The description of the service process of the tourist product includes a definition of the formal product (cf. Kotler et. al 1999). For the customer, it is expressed in the form of a brochure or an offer. In the company and for the staff, the formal product might mean the determination and definition of the chain of activities in the customer process and the production process. This chain can be illustrated as a service blueprint, which first of all charts those activities and processes (customer processes) which the customer experiences at different stages of the service (Zeithaml & Bitner 1996, 206-207).

The service system includes those resources available to the service process so that the service concept can be realised. This includes the involvement of the service company's staff, the customers, the physical and technical environment, and the organisation and control of these resources. The hospitality element (cf. Smith 1994) of the tourist product is mainly produced by the staff and other customers. Freedom of choice, and customer involvement (cf. Smith 1994) are highly dependent upon the service process, the customers themselves and the physical environment. All these together, the service concept, the service process and the service system create the prerequisites of the tourist experience, the augmented product, the very intangible expectations, which will or will not be fulfilled as the outcome of the customer process.

For the customer, the tourist product is an experience based on his/her subjective evaluation, which has a certain price and which is the outcome of a process, where the customer exploits the services of those who offer them by taking part in the production process of the service him/herself. The experienced value of the product ultimately represents a trade-off of the salient

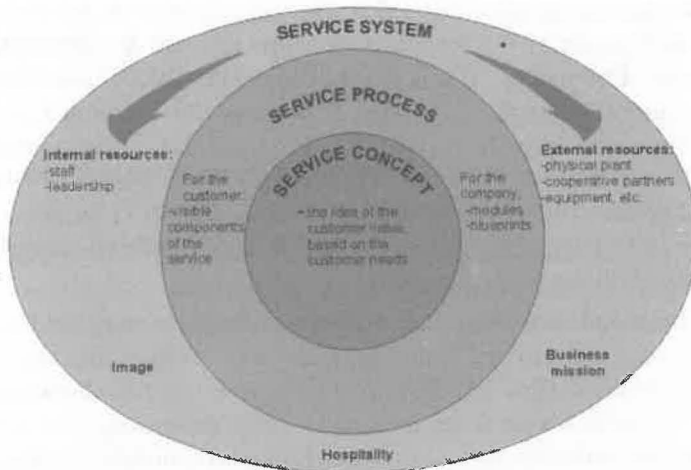


FIGURE 1. Prerequisites for the customer-oriented tourist product

Source: Komppula & Boxberg 2002, 24.

give and get components, that is, what is received and what is given (Zeithaml 1988, 14.) Figure 1 illustrates the nature of the customer-oriented tourist product.

## Literature Review of The Concept of Customer Value

The concept of customer value is currently topical and, consequently, highly discussed among researchers. In academic literature, the term is discussed in relation to pricing, consumer behaviour and strategy. In pricing literature, value is defined as the trade-off between customers' perceptions of benefits received and sacrifices incurred. In the consumer behaviour literature, value is defined in terms of customer needs and what is desirable. In strategy literature, definitions of value refer to the customers' willingness to pay for a product. (Chernatony et al. 2000).

Several related terms occur in the research literature: customer value (see eg. Huber, Herrmann, & Morgan 2001, Evans 2002, Christopher 1996, Dubé & Renaghan 2000, Kashyap & Bojanic 2000, Wang, Lo, Chi, & Yang 2004, Oh 1999, Woodruff 1997), customer perceived value (Monroe 1990, Heinonen 2004, Eggert, & Ulaga, 2002, Huang, & Tai 2003, Sweeney & Soutar, 2001, Petrick, Morais, & Norman, 2001, Wakefield, & Barnes 1996, Oh, & Jeong 2004, Duman & Mattila 2003), customers' desired value (Flint & Woodruff 2001), consumer value (Zeithaml 1988, Sheth, Newman & Gross 1991, Overby, Fisher & Woodruff 2004, Holbrook 2005, Park 2004, Byus &

Lomerson 2004), consumer perceived value (Sweeney, Soutar & Johnson 1999, LeBlanc & Nguyen 1999), total episode value (Ravald & Grönroos 1996), added-value (Chernatory, Harris & Dall'Olmo Riley 2000, Grönroos 1997), service value (Lemmink, de Ruyter, & Wetzels 1998, Cronin J. Jr, Brady, Brand, Hightower Jr & Shemwell 1997, Petrick 2002), value-added services (Szeinbach, Barnes, & Garner 1997), value mix (Ho & Cheng 1999), value in b-2-b (Lapierre 1997, Walter, Ritter, & Gemünden 2001; Simpson, Siguaw & Baker 2001, Ulaga 2003, Ulaga & Chacour 2001), and experiential value (Mathwick, Malhotra & Rigdon 2001).

One of the basic and very often cited definitions of value is suggested by Zeithaml (1988). According to her, "value represents a trade-off of the salient give and get components" (ibid 14). This kind of trade-off or ratio between 'give' and 'get' elements seems to be present in many definitions, but the contents of these elements may vary. In some definitions or models of value, the main assessment occurs between quality and price (see e.g. Huang et al. 2003, Ho et al. 1999, Oh et al. 2004), more often it is made between benefits and costs (see e.g. Evans 2002, Monroe 1990, Simpson et al. 2001) or between benefits and sacrifices (see e.g. Kashyap et al. 2000, Eggert et al. 2002, Walter et al. 2001). Usually these elements are, then, sliced into smaller pieces.

The concept of customer value has a strong relationship with customer satisfaction. Satisfaction and value are complementary yet distinct constructs. Overall satisfaction entails the customer's feelings in response to evaluations of one or more use experiences with a product (Woodruff 1997). Most satisfaction models are rooted in the disconfirmation paradigm, hence satisfaction is considered as a post-purchase construct. Customer perceived value, on the other hand, is the result of a cognitive comparison process, independent of the time and use of market offering (Eggert & Ulaga 2002, see also Spiteri & Dion 2004). So, it is reasonable to add time and situation as new perspectives into the discussion on definitions of value.

Lapierre (1997, 390) recognises three stages in value creation: before, during and after the transaction (see also Lele et al. 1991, 105). In Woodruff's (1997) definition, the time perspective is also present: "Customer value is a customer's perceived preference for and evaluation of those product attributes, attribute performances, and consequences arising from use that facilitate (or block) achieving the customer's goals and purposes in use situation" (ibid 142). This definition incorporates both desired and received value: desired value refers to the value that customers want to receive from products/services and their providers. Received value refers to the value customers actually experienced through specific product-customer interactions (see also Flint

and Woodruff 2001, 322).

The time dimension seems to be especially relevant when examining the value of a service, when service is seen as a process. According to Lemmink et al. (1998, 162), the value of a service is primarily formed during the service process and not only by the consequence or output (see also Cronin et al. 1997). Ravald and Gröroos (1996, 22-23) emphasise that customer-perceived value is "highly situation specific". In the context of relationship marketing, they use the term total episode value, which consists of the ratio between episode benefits plus relationship benefits and episode sacrifice plus relationship sacrifice.

### Dimensions of customer value

Dividing customer value into different dimensions is a typical way of examining the concept. Sheth et al. (1991) presented an often-cited theory of consumption values, explaining why consumers choose to buy or not to buy a specific product or a brand. They identified five consumption values: functional value (the perceived utility acquired from the functional, utilitarian, or physical performance of the product), social value (the perceived utility acquired from the product's association with one or more specific social groups), emotional value (the perceived utility acquired from the product's capacity to arouse feelings or affective states), epistemic value (the perceived utility acquired from the product's capacity to arouse curiosity, provide novelty, and/or satisfy a desire for knowledge) and conditional value (the result of the specific situation or set of circumstances facing the choice maker). The functional, social and emotional values have particularly gained some ground in other studies of value, too (see e.g. LeBlanc et al. 1999, Sweeney et al. 2001, Wang et al. 2004). In terms of time perspective, these dimensions refer to pre-purchase stage evaluations.

Based on Holbrook's (1994) typology, Mathwick et al. (2001) introduced four dimensions of experiential value, which are very illustrative in describing what kind of value can be experienced or expected. Consumer return on investment-value comprises the active investment of financial, temporal, behavioral and psychological resources that potentially yield a return. The consumer may experience this return in terms of economic utility, as well as utility derived from the efficiency of an exchange encounter. The other dimensions of experiential value (service excellence, playfulness, and aesthetic appeal) would represent different kinds of emotional experiences derived from different kinds of values. Value derived from service excellence reflects the generalized consumer appreciation of a service provider to deliver on its promises through demonstrated expertise and task-related performance

(Zeithaml, 1988). This dimension of value can be characterized as operating as an ideal, a standard against which quality judgements are ultimately formed (Mathwick et al. 2001, 42). The visual appeal and the entertainment dimension of aesthetic response offer immediate pleasure for its own sake, without a need for active participation in the service production. Playfulness reflects the intrinsic enjoyment that comes from engaging in activities that are absorbing, to the point of offering an escape from the demands of the day-to-day world. (Mathwick et al. 2001).

To sum up, there are some areas of consensus about a definition of customer value. First, customer value is inherent in or linked through the use of some product. Second, the perceptions typically involve a trade-off between what the customer receives and what he or she sacrifices to acquire and use the product. A third area of consensus is that customer value is based on an individual's perceptions. (Woodruff 1997, 141). Consequently, it is often referred to as 'perceived value' (see e.g. Monroe 1990, Wakefield et al. 1996, Choi et al. 2004). Perceived value is a subjective evaluation and in the end an individual's personal values determine which outcomes are desirable and which are not (Huber et al. 2001, 43-44). Even a consumer's cultural background may have an effect on value perceptions (Overby et al. 2004, 437) and customer values differ from one person to another (Holbrook 2005). Value perceptions seem to be context and situation specific (see e.g. Ravall and Grönroos 1996, Heinonen 2004). Lapierre (1997, 389) suggests that a person can change his/her value assessments even during the service creation process. A customer's evaluation of the service may be different before, during and after the transaction.

## The Customer Value of the Tourist Product

The guest's overall perception of customer value results from a variety of quality-related perceptions and experiences with the service provider over a period of time. On this service continuum, the value concept can be divided into three stages. Expected value reflects the desired value of the customer, referring to the needs, goals and purposes of the customer, and how customers expect the alternative products to satisfy these needs (see Woodruff 1997). The basis for value expectancies in tourism can be derived, first of all, from the person's underlying holiday-taking motivations, which can be classified into four motivational needs, based on the work of Maslow: intellectual (learning, exploring, discovering, thought or imagining), social (interpersonal relationships, esteem of others), competency-mastery (need to achieve, master, challenge, compete) and stimulus-avoidance (a drive to escape from stressful life situations) (Ryan 1997, 28).



*Perceived value* reflects both the guest's perceptions and experiences before entering the facilities of the service provider (these may include e.g. customer information, reservations, hours, grounds) and those the guest encounters while the service is actually being performed (including, e.g., check-in/point of entry, payment terms, guest assistance, physical facilities, guest services, checkout/point of departure, cf. Schlagel Wuest 2001, 57-64). So, the perceived value of a tourist product consists of two components: the perceived value before, and during, the service process. The experienced value is formed both by the experiences encountered during the service process (episodes in the modules) and by those that occur after the guest has departed (customer follow-up, complaint resolution, frequent guest incentives) and reflects customer satisfaction with the received value, evaluated against the customers' goals and purposes (Woodruff 1997, cf. also Schlagel Wuest 2001, 57-64).

Woodruff's (1997) customer value hierarchy suggests that customers determine desired (expected) value in a means-end-way. Customers learn to think about products as bundles of specific attributes and attribute performances. When buying and using a product, customers form desires or preferences for certain attributes based on their ability to achieve desired consequence experiences. Customers also learn to desire certain consequences according to their own ability to achieve their goals and purposes.

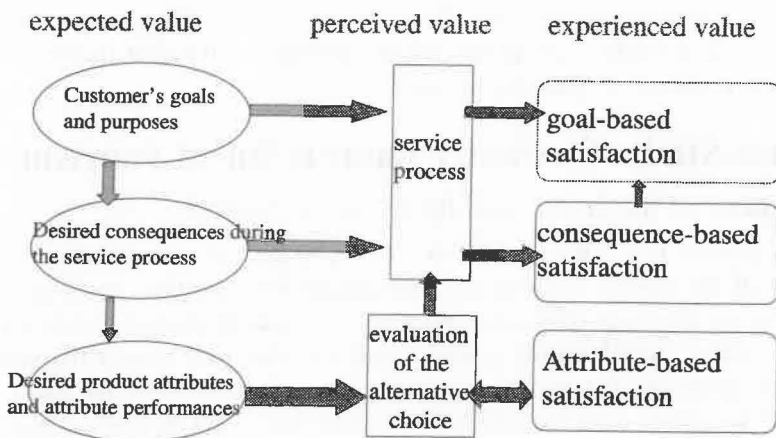


Figure 2: Customer value process  
(adapted from Woodruff 1997)

Figure 2 illustrates the value process of the customer. The customer has an ultimate need in relation to the consumption of a tourism product when purchasing one. To satisfy this need, the customer looks for different alternatives. This need may be e.g. a desire to escape everyday stress, which is a goal that guides the purchase decision. In order to satisfy this need, a person may behave differently in different situations depending, for example, on the available time, money, company, state of health etc. These factors define the means by which a person aims at pursuing these goals, in other words, ends. Thus, the person pursues the desired consequences during the service process, which in this case may include rest, idleness and being alone. The desired consequences define those attributes that the customers expect of the product, and which benefits they believe they will obtain in comparison with alternative products. The evaluation of the alternatives is based on the information and knowledge that is available to the customer at this point of decision-making. If the information convinces the customer that the qualities of the product will fulfil those expectations that he/she has in order to achieve his/her goal, the customer makes his/her mind up.

During the service process, the customer evaluates every single service module (accommodation, food, activities) and every singular episode in each module. The emotional value reflects the feelings of the customer during the service delivery experience, practical items pertain to the functional objects of the encounter and the logical value focus on the rational (value-for-money) components of the service quality. During the episodes, the customer perceives the value of the process, and by the end of the episode there is an experience related to that specific episode. (De Ruyter et al. 1997, 233) The overall value of the tourist product is experienced after consumption and evaluated against having satisfied the goals and purposes.

## **Case-Study: Customer Value in Rural Tourism**

### **Purpose of the study and the research method**

In order to test the applicability of the concept of customer value as the core of the service concept and starting point of product development, a multiple case-study on rural tourism product was conducted. Rural tourism is a typical Finnish tourist product, which is especially widely marketed to domestic guests. In practical marketing, the term is common, but there is no explicit definition for the product, or a consensus about the content of a rural tourism product. The objective of this empirical study was to examine what kind of value the tourists expected of, and experienced from a Finnish rural holiday site. The purpose was to investigate what the customer- expected-

value related to rural tourism offering was in general, and to discover why a customer specifically chose a rural destination as his/her type of holiday rather than, for example, travelling to a spa or going on a cruise, and why the customer chose a particular enterprise.

Altogether, 47 guests were individually interviewed for this study. These thematic interviews were conducted in nine rural tourism businesses, which were chosen from different parts of Finland, where rural tourism is common. The aim was to choose at least one typical company from the respective regions. The chosen companies are situated in five provinces around southern and middle Finland. The cases were chosen with the help of local practitioners and experts on tourism in the respective regions. In this sample, two of the businesses represent the most qualified businesses in rural tourism in Finland (category 1), three of the businesses represent a very typical type of full-time businesses, (category 2), three of the businesses represent a typical part-time entrepreneurship (category 3) and one of the cases is a new type of day-visitor rural attraction near a big city. The businesses chosen offer the customers at the least, accommodation and catering services. Apart from one, all the others were family businesses with no full-time personnel outside the family.

First, the entrepreneurs were interviewed in order to chart the structure of the clientele, the business mission, and the marketing goals and visions for the future of the enterprises. The marketing material was also analysed. Then, the entrepreneurs helped to pick the interviewees who in their opinion best represented their typical domestic customers (at least 85% of the clientele in rural tourism are domestic). The interviews were conducted in 2004, mainly during the summer. The data was analysed through content analysis. At first, the text data was quantified under each theme according to the types of answers. After this, the quantified data was examined according to the enterprises and, then, each theme was examined at the level of individual interviews, the objective of which was to obtain more profound and meaningful interpretations. Finally, differences and similarities between the two main segments (families with children, adults) were sought.

Male and female interviewees are equally represented, but it must be noted that in most cases both spouses were present in the interview. Half of the respondents were between 30 and 50 years of age. The clients of the category 3 businesses were older than the clients of other companies, and more often they travelled in adult companionship. The lengths of stay for the interviewees varied from one night to two weeks, category 1 companies representing the longest stay of the guests, and the category 3 businesses

representing the shortest stay. 50 % of all the interviewees came from the southern part of Finland (mainly from the capital area). In the category 3 companies, most of the clients came from the same or a neighbouring region of the company.

## Results

The results are presented here according to the main themes in the interview. Because the aim was to find the main similarities and differences in opinions on "what is the expected value of the rural tourism product" between two main target groups (families with children and adults), the data is quantified for generalised interpretation. In these summaries, the differences and similarities between the respective case enterprises are presented.

### How does the interviewee spend his/her holiday in general?

Travelling is a common way to spend one's holiday for most of the interviewees. Only 15% spent their holiday at home rather than away from home. Two-thirds said travelling abroad was a typical way to spend one's holiday, and slightly more respondents travelled at least in Finland during their holiday. Most of the interviewees have a holiday at least twice a year. Nearly half typically spend their holiday at a summer cottage or at a rural holiday site. Those people interviewed in eastern Finland favour destinations in the region. Similarly, the interviewees in southern and western Finland mostly favour their local destinations. Those who travelled with their families (57%) during the time of these interviews also travel with their families at other times. The reasons to travel for these respondents most typically included a habit, which had become a tradition (which was particularly emphasised in four enterprises), a desire to leave home, a desire to get away from everyday routines, and relaxation. Three out of four had also had a rural holiday before, and more than a quarter of the respondents in that very same place.

### Why did the interviewee chose a rural holiday site

Two-thirds did not even consider other ways to spend their holiday. A need for peace and quiet and an unhurried lifestyle, a desire to be at a destination which was familiar and safe and close to one's own roots, and the need to be in nature had led the respondents to spend this holiday specifically in the countryside (the desired consequences during the service process). It was believed that a rural holiday would bring about these effects particularly because the countryside offers nature (including the waterways), the

destination is situated in one's place of birth, children's welfare and needs are well met in the countryside and there are animals, people want to get away from towns/home, or the countryside offers peace. Some interviewees also offered expressions referring to rest, quietness and an unhurried lifestyle. In addition, factors related to different activities and, for example, to the location of an enterprise were mentioned.

### What does a "rural holiday" mean for the interviewee

At a general level, a rural holiday as a product specifically means peace and quiet for the respondents, an easy-going and warm atmosphere, nature, scenery and activities related to nature. When the respondents were asked about their general expectations related to rural holidays, the most important terms by far are those whose common denominator could be peace (peace, calmness, quietness, unhurried, stress-free life, one can just be) and terms whose common denominator could be nature activities (nature, activities, outdoor life). A genuine rural life with its animals is also a common expectation. It was important for many holiday makers, particularly those with children, that they could take part in farm-work.

Factors which were significant in terms of creating emotional experiences and the right kind of atmosphere were most often one's own peace of mind, which comes from being able to be at peace with oneself. A sauna is an important factor, as are hospitable hosts. The expectations for this particular holiday included not having to think about any programme or anything special, but that there was plenty of one's own time to spend together with no rush or stress. It was important to be able to have ready-made meals (particularly for women and families with children) and, naturally, different kinds of relaxing activities had an important role in the interviews. The enjoyment from the holiday in question was expected to come from good food, sauna, visits to nearby areas, peace and rush-free time, and many activities.

### Why did the interviewee chose this particular rural company

When the interviewees were asked why they had chosen this particular company as their holiday destination (the desired product attributes and attribute performances), the previously mentioned factors were also emphasised.. Those who had been at the same place several times mostly named factors related to the interaction between the host family and the guest. Those who were visiting the host company for the first time emphasised the appropriateness of the physical resources for the customer's needs (accommodation facilities; the cottages not too close to each other, saunas, beach and waterways). One important factor, particularly for shorter holidays,

was the location of the destination enterprise from home. These properties were also important for those who had visited the host company more often.

The importance of tourist brochures as a source of information when choosing the destination was significant: well over half of the respondents remembered having received the first piece of information about the enterprise from some general publication marketing rural tourism destinations, e.g. through Finnish Country Holidays Ltd. Another important source of information was recommendation by someone else.

### Disturbances during the holiday, revisit intentions

The majority of the respondents had not experienced any disturbances during their holiday. Of those who had experienced some, as many as half confessed that their work, which had followed them to their holiday, was the cause of this disturbance. Mosquitoes and some other minor issues had bothered a few others.

It was interesting to note that a factor which one respondent considered very important when choosing his/her destination (the possibility to ride snow-mobiles) was a disturbance factor for another respondent in the same enterprise; this guest had no intention to visit that same company again, because he/she had specifically hoped to enjoy peace and quiet. The majority of the interviewees were also able to imagine coming back to the enterprise for other reasons than their original ones. Some thought that they might sometime come back with a bigger group of friends/relatives, many also saw the rural destination as a potential meeting or recreation facility for their work.

### Comparison of the cases

Based on the results, the interviewed enterprises could be roughly divided into two groups: the established, successful traditional country holiday enterprises and those businesses which had an unclear rural tourism profile. The first-mentioned group includes four enterprises, which have some features in common: tourism is an all-year-round and principal line of business, the accommodation capacity is mainly in high-standard cabins (with separate bedrooms, sauna, complete kitchen), the cabins are situated so that there is no clear visibility from one cabin to the next, the capacity is for at least 60 people, the companies offer a possibility to buy meals every day, food is an important competition factor for all these enterprises, companies are situated by fairly large waterways, and all companies have animals to entertain children, at least in the summertime. Both of the category 1 enterprises and two of the category 2 companies can be placed in this group.

For three of these enterprises, the enterprise itself was the actual holiday destination for all the respondents, where they had specifically come to spend their holidays. The interviewed customers in these enterprises were long-term loyal customers. The accommodation capacity for these enterprises during the tourist seasons (Christmas, sports holidays, Easter, summer) is fully-booked and their main clientele are families with children. The attractions in the nearby areas are an additional property for these enterprises, which brings added value to the company's own product. For one company, the product attributes were the same for all other aspects, except that half of the respondents had come to the company primarily because of the nearby attractions, and not specifically to visit the company in question. These respondents, however, considered the country holiday and the value it offered as a factor based on which they chose accommodation in some specific region, whose appeal they considered interesting. The customers of all the enterprises that belonged to this group were fairly experienced travellers.

Companies which belonged to the second group shared the following factors: there was little accommodation capacity and/or it was modest, there was no food available unless ordered in advance, and rural tourism was a secondary business for the entrepreneur. Some of the companies had animals at least in summer and some did not. Three of these enterprises are in areas which are not traditional rural tourism destination locations and the companies are not situated by water. The clients of the companies in this group had come to the company mostly for other reasons than the company's own offerings: the most common motive was some event in the area, visiting relatives or passing-by. However, the reasons as to why the respondents had come to the enterprise were related to the respondents' desire to specifically come to a country holiday site instead of a hotel. The lengths of stay in these enterprises are, in general, significantly shorter than that in the enterprises belonging to the other group. The customers in these companies were less experienced as travellers than those who belonged to the other group.

### Customer segments

If the results are examined per customer segments, one observes that there are some differences between the expected, perceived and the experienced value, but that there are, however, even more similarities. Peace and quiet are a value important to all, but it is particularly valuable for families with children that there are nice things to do, which are typical of country life, and that there are domestic animals at the holiday site. Those who spend their holiday with adults do not consider animals as an important attribute. The opportunity to buy meals is important to all, but families with children

seem to evaluate this possibility in particular, but in such a way that you can also choose not to buy the meals. Half and full boards mean that there is a timetable, and a lot of people do not want this during their holiday. Women and in particular mothers expected idleness and rest above all, those who travelled with other adults emphasised the attractions in the destination area somewhat more than the families with children.

## Discussion

The results from the empirical study show, first of all, that the previously presented descriptive model (Prerequisites for the customer-oriented tourist product) works well for the rural tourist product. Regardless of the target group (adults or families with children), all the respondents expected to have a peaceful, quiet and rush-free country holiday. The expectations of the service process for these two target groups were also similar for their most central parts: in addition to the accommodation module, everybody's holiday included food, sauna and some kind of nature activities (most often swimming, rowing and walking in the forest). The differences between the target groups emerge with what else people wanted to do during their country holiday. Expectations related to the service system were also very uniform: people expect the owners to be hospitable, the hosts should have time to talk with their guests. For Finns, nature, particularly lake and forest scenery, is a self-evident part of a country holiday. For both those who travel with children or with other adults, the destination should be such that it is possible, on the one hand, to enjoy peace and quiet on one's own, and, on the other hand, to have interaction with the other visitors. It is particularly important for families with children that there are other children in the destination: the company of other children gives the parents a possibility to enjoy rest and peace. A genuine country setting, for its part, supports the need to be in a different environment from where one normally is. In the light of this data, Figure 3 summarises those necessary prerequisites which create a value-productive tourist product.

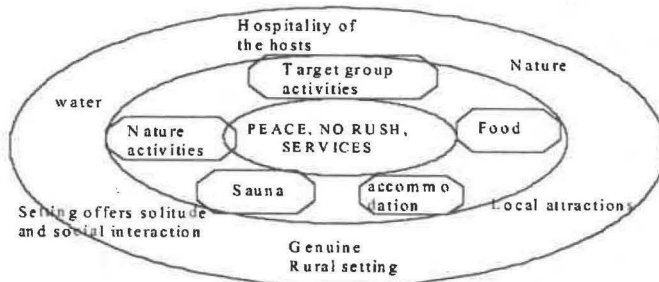


Figure 3. The necessary prerequisites for a rural tourist product, the general un-segmented model



The previously presented process model on the formulation of value would also seem to work well when describing how the goal of the holiday takes shape in the desired actions and through this into the desired consequences during the service process. The way in which the traveller wishes to achieve the desired goal is affected by, for example, situation factors (the available time, money), and the company one has during the holiday (for example family and particularly the stage of the family's life). These same factors also affect what kind of attributes the tourist values when making his/her final destination choice. The value for the customer comes from the service process which the customer implements in the company's service system.

The objective of the above described empirical study was to examine what kind of value the travellers had expected and experienced in a typical Finnish countryside destination. The value expectations, regardless of the target group, were somewhat similar. Men raise expectations related to activities more than women, who seemed to value peace of mind above all. Similar results have been reported by Ryan (1997), whose results show some evidence that when a holiday is a period of escape, women rate mental and physical relaxation, and avoidance of the daily hustle and bustle as more important than men do. The differences between men and women are, nevertheless, not as important as the family-life-stage: when the children are still little the women are fulfilling the role of primary care-giver and homemaker, and the needs of the children come first. (ibid 1997, 35-36). Looking after the children's needs was also a crucial value-producing property for families, according to this study.

The choice of rural tourism as the type of holiday also often seemed to be related to the respondent's own background: the countryside was felt to be part of one's own roots and the countryside brought back positive childhood memories in the respondents. Zamora et al. 2004 also propose that the rural origins of tourists has a positive effect on their willingness to pay for a rural destination, despite their current settlement in the city. In their study, this proposition was supported on very significant level. They argue that their childhood and youth experiences in the countryside remain in their memories and subconscious minds in a positive way even in the later years of their lives. The results of this study show that the value-expectations of the customers in rural tourism are very emotional, but when the decision has been made about what kind of service processes are desired in order to yield the value related to the goals, the criteria for the choice of the product, which affect the decision to buy the products, are fairly concrete and, particularly during the first time, they are factors related to the technical and functional properties of the service system.

## Product development implications of the study

As noted in the introduction of this article, current attention in product development in tourism businesses focuses on the technical properties of the product rather than the experiences of the customer. Nevertheless, the tourism businesses should aim to develop such service processes and a service system where it is possible for the customer to experience the expected value. The task of the company is to provide the best possible prerequisites for the experience: an attractive idea and description of the product (service concept), a successful service process and a reliable and well-functioning service system. Thus, product development in a tourism business can be seen as a process with three stages: service concept development, service process development and service system development.

Service process development entails developing the functional and technical dimensions of the service quality. The underlying prerequisite for a successful tourist product is a continuous service system development, which involves continual development of the company strategy and corporate quality. Service concept development is in practice more or less developing the customer orientation of the business as well as developing the marketing communications about the value of the product. One well-known Finnish activity-operator expresses the idea of service concept development as follows: "Very often the clients are looking for a product, which is short, sharp and attractive. Sharp means that the idea has to appeal.--- The presentation of the core product, the idea of the product, has to appeal. One can almost sell an old activity with a new presentation and a new aim, the same activity for a different reason, which then comes as a new activity." (Komppula 2001, 15-16)

In this study, some interviewees mentioned the fact that the marketing communication of rural tourism should pay more attention to the text describing the product. Businesses would have clearer expressions about what kind of value the customer can expect of the product. The respondents wanted to make a clear difference between the so-called cottage holidays and other rural tourism concepts: the customer wants to know what he/she is buying. Cottage holidays in Finland usually refer to a self-catering holiday in a cabin whose location is often remote and solitary. This product naturally fulfils the value expectations related to peace and a rush-free life-style, but requires a lot more active participation of the customer. Depending on the quality of the service system a cottage holiday may yield more consumer return on investment or playfulness-type value. On the other hand, the respondents identified farm tourism as a holiday on an operating farm.

The service modules and descriptions of their properties are emphasised in the marketing of the businesses investigated in this study. The service system has also been well described, but the customer is not present in the communication. For example, the Internet pages of the largest Finnish intermediary selling rural tourist destinations does not even define the difference between two product groups or their most important content. Instead, the client must simply choose between a farm holiday or a cottage holiday after which he/she simply has to browse through alternative enterprises. The description offered by the enterprises is based merely on a limited list of properties. Hence, the customer who wants to buy value is still sold properties.

### Limitations and directions for further research

As with any empirical research, the results of this study cannot be interpreted without taking into account its limitations. First, the sample of the rural tourism businesses where the interviews took place is not representative of all rural tourism enterprises of the studied type in Finland. Second, seeing that the interviews were conducted by several persons, there may be differences in the depth of various interviews, although the instructions were very detailed. Nevertheless, while this was the first attempt to apply both of the aforementioned two descriptive models, this data was sufficient enough to fulfil the purpose and objectives of this study. Further research is needed to deepen the understanding of the relationship between the value expectations, underlying travel motivation and the desired consequences during the service process. For example, if the underlying purpose of the holiday is to escape everyday stress, how does this need turn into different kinds of expectations of desired feelings, activities and emotional experiences. This would be very interesting from the marketing communication and segmentation point of view.

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