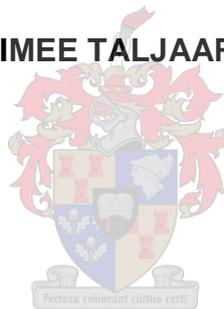


# **DEVELOPING A SCALE TO MEASURE THE BENEFITS OF CO-PRODUCTION IN THE TOURISM INDUSTRY**

**BY**

**AIMEE TALJAARD**



Thesis presented in fulfilment of the requirements for the degree of Master of Commerce  
in the Faculty of Economic and Management Sciences at Stellenbosch University

**SUPERVISOR: PROF N.S. TERBLANCHE**

**MARCH 2013**

## **DECLARATION**

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October 2012

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## ABSTRACT

Value underlies the notion of marketing, yet it has not received as much attention in marketing literature as it demands. The importance of value co-creation and co-production has confirmed the importance of the active role customers play in value creation. Customers use functional and emotional benefits to guide their interactions with suppliers, which stem from value perceptions. To attract customers to engage in co-production, suppliers offer certain benefits via their value propositions, requiring suppliers to have a thorough understanding of these benefits to incorporate them into their co-production interactions. This study sets out to develop a scale to measure the benefits customers seek from their co-production interactions with suppliers in the travel planning context, because of the inherent nature of interaction, customisation and active customer participation in the 'production' of a trip.

To develop a reliable and valid instrument to measure the benefits of co-production, Churchill's (1979) scale development paradigm was followed in the present research design. Exploratory research in the form of a literature review, insight-stimulating examples, and in-depth interviews with tourism suppliers and travel customers were undertaken to specify the domain, define the construct, identify the dimensions, and generate a pool of 323 items, which was refined in two purification phases. Initially 10 benefit dimensions were proposed: customisation, convenience, confidence, expertise, enjoyment, exploration, financial, support, social and symbolic benefits. The pool of 323 items was subjected to expert judging, resulting in a 64-item scale measuring the 10 benefit dimensions. The questionnaire was formatted into an online survey to collect a convenience sample of 269 responses. The results of an exploratory factor analysis, confirmatory factor analysis and Cronbach alpha estimates reduced this conceptualisation to 32 items measuring six dimensions: convenience, customisation, expertise, psychological, financial, and support benefits. The revised scale was used in a second purification phase to collect a judgement sample of 565 responses. A confirmatory factor analysis and Cronbach alpha estimates were used to reduce the scale to 19 items, measuring three benefit dimensions: functional, financial, and psychological benefits. The final scale exhibited an acceptable model fit, and showed strong evidence of reliability and validity, therefore achieving the objective of the study.

The study concludes with a reliable and valid instrument for academics and practitioners to measure the benefits of co-production in the tourism industry. The scale provides academics with empirical insight into the gap between conditions prior to customer participation and active customer participation in co-production. The scale enables travel agents to identify deficiencies in their co-production processes, and to evaluate the extent to which customer benefits are met. Once travel agents are aware of these benefits they can be integrated into their values propositions and co-production interactions.

## OPSOMMING

Waarde is onderliggend tot die idee van bemaking, maar dit geniet nie die aandag in bemakingsliteratuur wat dit verdien nie. Die belangrikheid van waarde mede-skepping en mede-produksie het die gewig van die aktiewe rol wat kliënte speel in waarde-skepping bevestig. Kliënte word gelei deur funksionele en emosionele voordele gedurende hulle interaksies met verskaffers. Hierdie voordele spruit uit waarde persepsies. Om kliënte aan te moedig om aan mede-produksie deel te neem, bied verskaffers sekere voordele in hul waarde aanbiedings. Dit vereis dat verskaffers 'n goeie begrip moet hê van hierdie voordele sodat dit geïnkorporeer kan word in hulle mede-produksie. Hierdie studie se doel is om 'n skaal te ontwikkel wat die voordele wat kliënte rakende hulle mede-produksie interaksies soek met verskaffers sal meet. Die skaal is ontwikkel binne die konteks van reis beplanning in die toerismebedryf. Dit is as gevolg van die inherente aard van interaksie, aanpassing en aktiewe kliënt deelname in die 'produksie' van sulke beplanning.

Om 'n betroubare en geldige skaal te ontwikkel wat die voordele van mede-produksie meet, is die skaal ontwikkeling paradigma van Churchill (1979) gevolg in die huidige navorsingsuitleg. Verkennende navorsing in die vorm van 'n literatuurstudie, insig-stimulerende voorbeelde en in-diepte onderhoude met toerisme verskaffers en reiskliënte is onderneem om die domein te spesifiseer, die konstruk te definieer, die dimensies te identifiseer en 'n poel van 323 items te genereer wat in twee suiweringsfases verfynd is. Aanvanklik is 10 voordeel dimensies voorgestel: *customisation, convenience, confidence, expertise, enjoyment, exploration, financial, support, social en symbolic*. Die poel van 323 items is aan 'n paneel van kundiges voorgeleë en 'n 64-item skaal het hieruit voortgevloei. 'n Aanlyn-opname is gebruik en 'n gerieflikheidssteekproef het tot 269 response gelei. Die resultate van 'n *exploratory factor analysis, confirmatory factor analysis* en *Cronbach alpha* analyses het die 'n 64-item skaal konseptualisering tot 32 items verminder wat ses voordele dimensies meet: *convenience, customisation, expertise, psychological, financial, en support*. Die hersiene skaal is gebruik in 'n tweede suiweringsfase en die steekproef het 565 response gehad. Die resultate van 'n *confirmatory factor analysis* en *Cronbach alpha* metings het die skaal verder verminder tot 19 items, meet drie voordele dimensies: *functional, financial en psychological*. Die finale skaal stel uit 'n aanvaarbare modelpassing, en het sterk bewyse van betroubaarheid en geldigheid en derhalwe is die doel van die studie bereik.

Die studie sluit af met 'n betroubare en geldige instrument wat dit moontlik maak vir akademië en praktisyne om die voordele van mede-produksie in die toerisme-industrie te meet. Die skaal bied akademië met empiriese insig tot die gaping tussen die toestande voor deelname en na aktiewe kliënte deelname in mede-produksie. Die skaal sal reisagente in staat stel om leemtes in hul mede-produksie prosesse te identifiseer, en die voordele wat die kliënte uit die mede-produksie uitpit te meet. Sodra reisagente bewus is van hierdie voordele kan hulle die voordele integreer in hulle waarde aanbiedings en mede-produksie interaksies.

## **ACKNOWLEDGEMENT**

I would like to express my sincere thanks to the people who helped me complete this study. I am extremely thankful to Professor Terblanche for his mentorship, encouragement and time sacrificed in the completion of this study. I am also grateful to Professor Boshoff for his advice and data analysis assistance. I would like to thank ASATA for their participation in the data collection of this research and Thys Murray for patiently handling the data collection process. I am extremely grateful for the continued support and assurance from my parents, Megan Taljaard and Wayne Raymond, who enabled me to complete this study.

## TABLE OF CONTENTS

<b>DECLARATION</b> .....	i
<b>ABSTRACT</b> .....	ii
<b>OPSOMMING</b> .....	iv
<b>ACKNOWLEDGEMENT</b> .....	vi
<b>LIST OF FIGURES</b> .....	xiii
<b>LIST OF TABLES</b> .....	xix
<b>CHAPTER 1: INTRODUCTION</b> .....	1
1.1 Introductory perspectives.....	1
1.2 Problem statement.....	4
1.3 Objectives of the study.....	5
1.4 Methodology.....	5
1.5 Structure of the study.....	7
<b>CHAPTER 2: THE UNDERLYING THEORY OF CO-CREATION AND CO-PRODUCTION</b> .....	9
2.1 Introduction.....	9
2.2 Role theory.....	10
2.2.1 Role definition.....	10
2.2.2 Role characteristics.....	11
2.2.3 Role conflict.....	11
2.2.4 Role changes.....	12
2.2.5 Co-creation and role theory.....	12
2.2.5.1 Changing co-creation roles.....	13
2.2.5.2 Role expectations in co-creation.....	13
2.2.5.3 Roles as resources for change in value networks.....	14
2.2.5.4 Role conflict in co-creation and co-production.....	15
2.2.5.5 Role impact on satisfaction in co-creation.....	15
2.3 Co-creation background.....	16
2.4 Service-dominant logic.....	21
2.4.1 From goods-dominant logic to service-dominant logic.....	21
2.4.2 Service-centred view.....	22

2.4.3 Customer focus.....	22
2.4.4 Underlying principles of service-dominant logic.....	23
2.5 Co-creation and co-production.....	23
2.5.1 Trends leading to increased co-creation.....	24
2.5.2 Defining co-creation and co-production.....	25
2.5.3 Characteristics of co-creation.....	27
2.5.3.1 Four dimensions of co-creation.....	27
2.5.3.2 Building blocks of interactions.....	28
2.5.3.3 Key co-creation activities.....	29
2.5.4 The implication of co-creation for value.....	30
2.5.5 Achieving core capabilities and competitive advantage.....	31
2.5.6 Value creation and behavioural outcomes.....	32
2.6 Conclusion.....	34

## **CHAPTER 3: PARTIES, PROCESSES AND BEHAVIOUR IN VALUE**

<b>CREATION.....</b>	<b>35</b>
3.1 Introduction.....	35
3.2 Co-creation frameworks.....	35
3.2.1 The customer co-production process.....	36
3.2.2 A conceptual framework for value co-creation.....	39
3.2.3 A typology of service contexts in co-creation.....	41
3.2.4 Customer co-creation behaviour.....	43
3.3 Customers' role in co-creation.....	44
3.3.1 Customer role change.....	45
3.3.2 Types of customer roles.....	46
3.3.3 Level of customer participation.....	47
3.3.4 Factors encouraging customer participation.....	47
3.4 Supplier's role in co-creation.....	48
3.4.1 Experience design approach.....	48
3.4.2 Advantages of co-creation for the supplier.....	49
3.4.3 Four principles of co-creation from the supplier's perspective.....	50
3.4.4 Types of supplier roles.....	50
3.5 Negative side to co-creation for customers and suppliers.....	50
3.5.1 Risks associated with co-creation.....	51

3.5.2 Value co-destruction.....	52
3.6 Conclusion.....	54
<b>CHAPTER 4: BENEFITS OF CO-PRODUCTION.....</b>	<b>56</b>
4.1 Introduction.....	56
4.2 Social exchange theory.....	57
4.3 Value as a uni-dimensional construct.....	58
4.4 Value as a multi-dimensional construct.....	60
4.4.1 A theory of consumption values.....	60
4.4.2 Utilitarian and hedonic value.....	61
4.4.3 Typology of customer value.....	63
4.4.4 The customer value hierarchy.....	65
4.4.5 PERVAL scale.....	66
4.4.6 SERV-PERVAL scale.....	67
4.5 Benefits of co-production.....	67
4.5.1 Economic benefits.....	70
4.5.1.1 Customisation benefits.....	71
4.5.1.2 Convenience benefits.....	71
4.5.1.3 Expertise benefits.....	72
4.5.1.4 Financial benefits.....	73
4.5.2 Psychological benefits.....	74
4.5.2.1 Enjoyment benefits.....	75
4.5.2.2 Exploration benefits.....	75
4.5.2.3 Support benefit.....	76
4.5.3 Relational benefits.....	77
4.5.3.1 Confidence benefits.....	77
4.5.3.2 Social benefits.....	78
4.5.3.3 Symbolic benefits.....	79
4.6 Conclusion.....	79
<b>CHAPTER 5: TOURISM MARKETING.....</b>	<b>81</b>
5.1 Introduction.....	81
5.2 Dynamics of the tourism industry.....	82
5.2.1 Tourism marketing.....	84
5.2.2 Tourism product.....	85

5.3 Reintermediation of the travel industry.....	87
5.3.1 The Internet.....	89
5.3.1.1 Advantages of online trip planning.....	90
5.3.1.2 Disadvantages of online trip planning.....	90
5.3.2 The role of the travel agent.....	92
5.4 Value creation in tourism.....	94
5.4.1 New perspectives for tourism marketing.....	95
5.4.2 Defining co-creation and co-production in tourism.....	97
5.4.3 Conceptualisation of value in tourism.....	98
5.5 Conclusion.....	102
<b>CHAPTER 6: METHODOLOGY.....</b>	<b>104</b>
6.1 Introduction.....	104
6.2 Scale development.....	104
6.3 Exploratory research.....	106
6.3.1 Literature review.....	107
6.3.2 Insight-stimulating examples.....	107
6.3.3 In-depth interviews.....	108
6.4 Domain of the study.....	111
6.5 First purification phase.....	114
6.5.1 Survey method.....	114
6.5.2 Questionnaire design.....	115
6.5.3 Item generation.....	116
6.5.4 Pilot study.....	117
6.5.5 Sampling.....	120
6.5.5.1 Target population.....	121
6.5.5.2 Sampling technique.....	121
6.5.5.3 Sample size.....	122
6.5.5.4 Data collection for the first purification stage.....	122
6.5.5.5 Data cleaning.....	123
6.5.5.6 Statistical methods for purification.....	123
6.6 Second phase of purification.....	124
6.6.1 Scale composition.....	124
6.6.1.1 Dimensions of the second survey.....	124

6.6.1.2 Items in the second survey.....	125
6.6.2 Sampling.....	127
6.6.2.1 Target population.....	128
6.6.2.2 Sampling technique.....	128
6.6.2.3 Sample size.....	129
6.6.2.4 Data collection and cleaning.....	129
6.6.3 Statistical methods for purification.....	129
6.6.4 Final reliability and validity assessment.....	130
6.7 Conclusion.....	132
<b>CHAPTER 7: STATISTICAL RESULTS.....</b>	<b>133</b>
7.1 Introduction.....	133
7.2 First phase of purification.....	133
7.2.1 First data collection attempt.....	133
7.2.1.1 Data cleaning.....	134
7.2.1.2 Exploratory factor analysis.....	134
7.2.2 Second data collection attempt.....	134
7.2.2.1 Sample profile.....	136
7.2.3 Reliability analysis.....	137
7.2.4 Exploratory factor analysis.....	138
7.2.4.1 Assessment of the exploratory factor structure.....	139
7.2.5 Confirmatory factor analysis for exploratory purposes.....	141
7.2.6 Reliability analysis for first purification attempt.....	142
7.2.7 Unidimensionality issues.....	143
7.3 Second phase of purification.....	144
7.3.1 Data collection and cleaning.....	144
7.3.2 Sample profile.....	145
7.3.3 Reliability analysis.....	146
7.3.4 Model respecification.....	147
7.3.5 Overall model fit of the revised model.....	151
7.4 Reliability and validity assessment.....	151
7.4.1 Face validity.....	152
7.4.2 Discriminant validity.....	152
7.4.3 Criterion validity.....	152
7.4.4 Reliability.....	153

7.4.5 Construct validity.....	153
7.5 Conclusion.....	154
<b>CHAPTER 8: CONCLUSIONS AND RECOMMENDATIONS .....</b>	<b>155</b>
8.1 Introduction.....	155
8.2 Conclusions.....	156
8.3 Recommendations for travel agents.....	159
8.4 Limitations.....	161
8.5 Suggestions for future research.....	162
8.6 Concluding thoughts.....	162
<b>REFERENCES .....</b>	<b>164</b>
<b>ADDENDUM 1: Benefits from insight-stimulating examples .....</b>	<b>181</b>
<b>ADDENDUM 2: Material for in-depth interviews.....</b>	<b>182</b>
<b>ADDENDUM 3: Details from in-depth interviews.....</b>	<b>184</b>
<b>ADDENDUM 4: Initial pool of 323 items.....</b>	<b>201</b>
<b>ADDENDUM 5: Questionnaire for the first purification phase.....</b>	<b>212</b>
<b>ADDENDUM 6: Questionnaire for the second purification phase.....</b>	<b>217</b>
<b>ADDENDUM 7: Example of final scale for practical use.....</b>	<b>220</b>

## LIST OF FIGURES

Figure 1.1 Procedure for scale development.....	6
Figure 2.1 Roles as resources for change in value networks.....	14
Figure 2.2 Value creation from a value-in-use perspective.....	27
Figure 2.3 Building blocks of co-creation interactions.....	29
Figure 3.1 Five stages of customer participation in co-production.....	38
Figure 3.2 A conceptual framework for value co-creation.....	39
Figure 3.3 A typology of service contexts.....	42
Figure 3.4 Model of customer value co-creation behaviour.....	43
Figure 3.5 Value co-destruction.....	53
Figure 4.1 A value equation.....	59
Figure 5.1 The tourism process.....	83
Figure 5.2 Value co-creation in tourism.....	97
Figure 6.1 Process followed to develop a scale to measure the benefits of co-production.....	106
Figure 6.2 Domain of the study.....	112
Figure 7.1 Break-up of responses for the first purification phase.....	136
Figure 7.2 Break of responses for second purification phase.....	144

## LIST OF TABLES

Table 2.1 A chronological review customer participation literature.....	18
Table 4.1 Operational definitions of consumption values.....	61
Table 4.2 Typology of customer value.....	64
Table 4.3 Operational definitions of PERVAL dimensions.....	66
Table 4.4 Operational definitions of SERV-PERVAL dimensions.....	67
Table 5.1 High- and low-complexity travel characteristics.....	86
Table 6.1 Customer comments supporting the identified benefits of co-production.....	109
Table 6.2 Operational definitions of the benefits of co-production.....	113
Table 6.3 Items generated for the first survey.....	118
Table 6.4 Revised operational definitions.....	125
Table 6.5 Items retained for the second purification phase.....	126
Table 6.6 Items generated for the second survey.....	127
Table 6.7 Items for criterion validity purposes.....	128
Table 7.1 Sample profile – first purification phase.....	137
Table 7.2 Preliminary reliability estimates.....	138
Table 7.3 Exploratory factor loadings – first purification phase.....	139
Table 7.4 Summary of CFA and reliability results – first purification phase.....	143
Table 7.5 Sample profile – second purification phase.....	145
Table 7.6 Summary of reliability results – second purification phase.....	146
Table 7.7 Summary of CFA – second purification phase.....	148
Table 7.8 Final operational definitions.....	149
Table 7.9 Final list of scale items.....	149
Table 7.10 CFA fit indices.....	151
Table 7.11 Correlation scores for criterion validity.....	153
Table 7.12 Reliability estimates for convergent validity.....	153

# CHAPTER 1

## INTRODUCTION

### 1.1 INTRODUCTORY PERSPECTIVES

Marketing, initially a pre-industrial state of one-to-one economic exchanges between a producer and a customer, has evolved over the years. The discipline of marketing has developed from era to era as firms have had to adapt their marketing focus to changing environmental factors (Terblanche, 2005). Originally, exchange was a one-to-one trading of skills. As firms became larger, more hierarchical and bureaucratic, with vertical marketing systems and monetised exchange processes, focus on the customer as a direct trade partner largely disappeared, and the services-for-services nature of exchange was masked. Marketing became embedded in a goods-dominant (G-D) logic where focus shifted to the tangible good, the transaction, and embedded value. Suppliers created value and transferred it to customers in the exchange (Vargo & Lusch, 2004). Today, however, marketing strives to resemble its initial state of a one-to-one economic exchange. Vargo and Lusch (2004) argue that changing marketing perspectives are converging in such a way that a new dominant logic for marketing has emerged – a service-dominant (S-D) logic.

S-D logic highlights the critical role the customer plays in the exchange process. The customer's role in the industrial system has changed from being isolated, unaware and passive, to connected, informed and active (Terblanche, 2005). S-D logic states that the supplier offers a value proposition to the customer, and the value proposition becomes value-in-use once the customer participates in the exchange. Marketing is therefore seen as a set of processes involving resources which suppliers use to create value propositions. The supplier can only offer value propositions, and value can only be realised by the customer through consumption. Essentially, S-D logic confirms the importance of the co-creation of value: value that is created when the customer and the supplier share their knowledge and resources during the exchange (Vargo, Maglio & Akaka, 2008). Co-production is a subcomponent of co-creation. It takes place in the production phase of the value creation experience (Etgar, 2008). Despite its increasing importance, co-production has not received sufficient clarity of concept and attention in marketing literature.

Although it has not received as much attention in marketing literature as other concepts such as satisfaction, loyalty, or word-of-mouth, value is the foundation of the marketing concept, and its importance is highlighted in most definitions of marketing. The American Marketing Association (AMA) defines marketing as “the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large” (Lotti & Lehmann, 2007). Other definitions of marketing also acknowledge the fundamental importance of value. For example, Grönroos (2009) states that “marketing is a customer focus that permeates organizational functions and processes and is geared towards making promises through value propositions, enabling the fulfilment of individual expectations created by such promises and fulfilling such expectations through assistance to customers’ value-generating processes, thereby supporting value creation in the firm’s as well as its customers’ and other stakeholders’ processes” (Grönroos, 2009: 356). Although value is the foundation of all marketing activities (Holbrook, 1996), it is one of the most overused and misused concepts in marketing and management literature. The nature of value is complex, multi-faceted, dynamic and subjective. There is a lack of consensus in the understanding of value, because definitions have been constructed differently and the relevance of each definition is different for alternative circumstances (Sánchez-Fernández & Iniesta-Bonillo, 2007).

Customer benefits stem from value perceptions. According to role theory, customers and suppliers adopt various roles in their exchanges to make co-production possible – depending on what will best meet their benefit expectations. Furthermore, social exchange theory reasons that customers seek maximum benefits with minimum costs when looking for an exchange partner, and that customers use functional and emotional benefits to guide their interactions with suppliers. This presents an opportunity for marketers to differentiate themselves based on the benefits offered by the co-production value proposition, and to use the benefits that customers seek to facilitate successful co-production interactions.

Incorporating the benefits that customers seek into the value proposition is a means for suppliers to attract customers to engage in co-production. However, there is a lack of construct definition regarding the benefits of co-production and their conceptualisation. Etgar (2008) proposes three possible co-production benefits: economic, psychological and

social benefits. Apart from this, no other effort has been published that attempts to identify the benefits of value co-production for customers. Besides the need for a construct definition and conceptualisation of the benefits of co-production to facilitate and manage successful value co-production interactions, practitioners require a measurement instrument to assess the extent to which these benefits are met. A review of co-production literature identifies the lack of a reliable and valid scale to measure the benefits that customers obtain from co-producing with a supplier. The lack of such a measure means that suppliers cannot gauge whether they are meeting all customer benefit criteria, and therefore may not optimally differentiate themselves in the marketplace.

From a theoretical viewpoint, the experiential view calls attention to the need for better operational definitions of hedonic components of consumption, as well as reliable and valid instruments to measure them. Two things are making the measurement of this particularly difficult – hedonic responses vary across different situations posing reliability and validity problems, and available scales are not appropriate to measure responses to the hedonic component of consumption (Holbrook & Hirschman, 1982). This study will attempt to contribute to a solution to this by developing a scale to measure the benefits of co-production, with the intention of both further theory development and practical implementation. The study develops a scale in the tourism context with the future intention of cross-validating it in other industries to achieve a generalised measure for the benefits of co-production.

This study will make a meaningful theoretical contribution to co-production literature by proposing a comprehensive definition and conceptualisation of the benefits of co-production. This will enable researchers to further advance the fundamental body of knowledge pertaining to value creation. The scale will enable academic researchers to measure customer perceptions of benefits, and to investigate relationships between benefits and different co-production components and outcomes.

The scale will make a significant practical contribution by enabling practitioners to measure the benefits that customers receive from their co-production experiences in tourism contexts, and use the results for their value proposition development and communication thereof. This will enable suppliers to offer optimal benefits and successfully differentiate in this complex environment. It has become critical for travel agents in particular, who are

currently faced with an 'adapt or die' situation, to differentiate themselves in the market-place – from other travel agents, online intermediaries, and direct suppliers.

## **1.2 PROBLEM STATEMENT**

Co-creation and co-production are increasingly important concepts for marketing in the 21<sup>st</sup> century. Despite this, there is limited empirical research published on co-creation in different industries. The available co-creation literature does not test theories and frameworks in a wide variety of service contexts; for instance, little theoretical and no empirical research exists addressing the benefits of co-production. Therefore there is a gap in the literature regarding empirical proof of what the benefits of co-production are, and how they can be measured.

A sub-discipline of marketing is tourism marketing. The World Tourism Organisation states that: "tourism comprises the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes" (Middleton, Fyall, Morgan & Ranchhod, 2009: 3). Tourism is a gargantuan and complex industry with a vast array of aspects to it. A tourism experience typically consists of different components such as accommodation, transport, food and drink, destination attractions and so forth. Furthermore, tourism is a high-contact industry characterised by an interactive and interdependent nature, making it a complex overall product to produce. The travel planning process in particular requires interaction, customisation and active customer participation in the 'production' of a trip, making it a highly suitable context in which to study co-production.

The purpose of this study is to contribute to the literature regarding measuring the benefits of co-production in the tourism context. Firstly, the study aims to develop a reliable and valid measuring instrument to measure the benefits of co-production in the tourism industry. Secondly, it aims to share insights that will allow tourism practitioners to manage their co-production processes with customers and ultimately build customer satisfaction and customer-emotion ties with their firms.

### **1.3 OBJECTIVES OF THE STUDY**

The primary objective of the study is to develop a reliable and valid multiple item instrument to measure the benefits of co-production in the tourism industry. The secondary objectives of the study are:

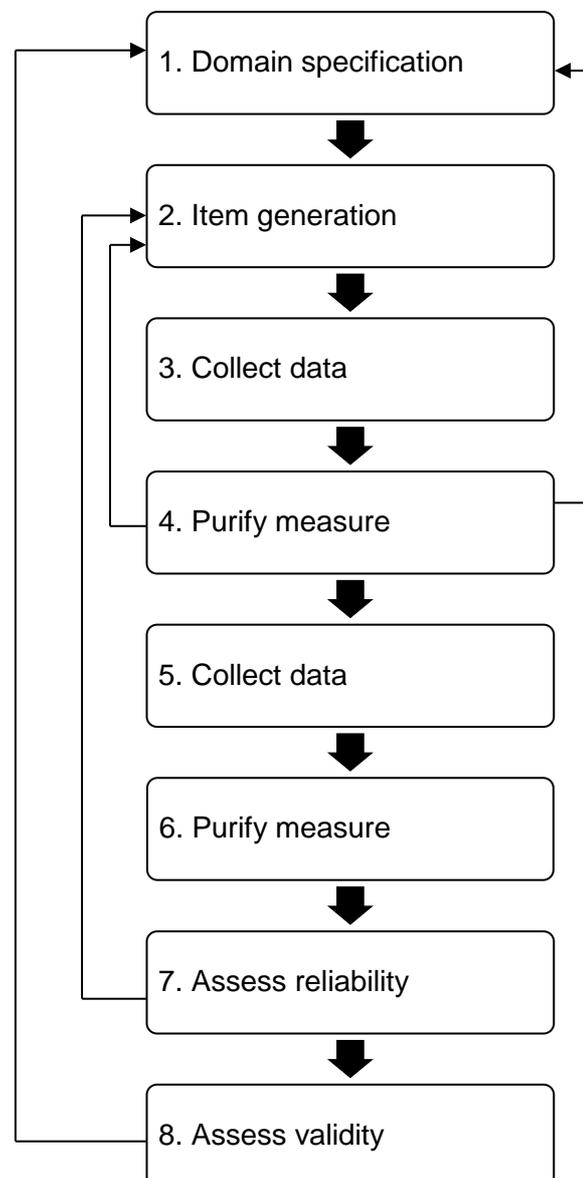
- To develop a scale measuring the dimensions of co-production benefits in the tourism industry.
- To purify the scale to illustrate acceptable reliability, where each dimension in the scale has a coefficient alpha of 0.7 or higher to ensure internal consistency.
- To purify the scale to achieve a simple and interpretable factor structure where each item loads onto each factor only once.

### **1.4 METHODOLOGY**

The methodology followed in this study was based on Churchill's (1979) paradigm for developing better marketing measures, which is the most widely accepted and respected procedure for scale development. As illustrated in Figure 1.1, it involved domain specification, the generation and editing of a sample of items, the iterative process of data collection and scale purification, and the assessment of reliability and validity. The study was exploratory in nature, and used a self-administered questionnaire for electronic data collection from a combination of travel agent databases and email addresses bought from a data solutions company.

Two data collection and statistical purification phases were employed to refine the scale. A convenience sample was used for the first purification phase, where Cronbach alpha, exploratory factor analysis and confirmatory factor analysis were employed for scale purification. A judgement sample was used for the second purification phase. Results from a confirmatory factor analysis were used to purify the scale and assess model fit. The final scale was subjected to one last confirmatory factor analysis as well as Cronbach alpha

estimations to confirm evidence of construct validity, as indicated by face validity, criterion validity, discriminant validity and convergent validity. The analysis of the data was discussed in accordance with the objectives of the study, to reach conclusions and make recommendations.



**Figure 1.1 Procedure for scale development**

Adapted from: Churchill (1979)

## 1.5 STRUCTURE OF THE STUDY

The study is presented as follows:

Chapter 1 discusses introductory perspectives to highlight the current state of marketing and the importance of joint value creation. The background to the problem, research objectives, and an overview of the methodology are presented.

Chapters 2, 3, 4 and 5 attend to important literature pertaining to co-creation and co-production, value, benefits, and tourism. Chapter 2 explains the theory underpinning the concepts of value co-creation and co-production. The rise of active customer participation in marketing literature and the S-D logic are explained. The concepts of co-creation and co-production are defined, and their importance in achieving competitive advantage for suppliers and positive behavioural outcomes from customers, are described.

Chapter 3 explains the people, parties and processes relevant for co-creation and co-production, presenting important theoretical frameworks and empirical findings that explain the mechanisms of joint value creation. Customer and supplier roles in co-creation, and value co-destruction are explained.

Chapter 4 focuses on value, how it is defined and conceptualised, and how benefits stem from value perceptions. Value and benefit conceptualisations found in marketing literature are presented, and possible benefits of co-production are proposed.

Chapter 5 attends to tourism marketing. The chapter explains how the tourism industry works, and the reintermediation of key tourism players that has taken place, particularly the current predicament of the travel agent. Value conceptualisations specific to the tourism industry are presented to create insight into possible customer benefits of co-producing with a travel agent.

Chapter 6 explains the research design followed in the study. It discusses and theoretically justifies the methods used to develop the scale. Chapter 6 corresponds to Chapter 7 which

presents and discusses the results of the statistical analysis performed on the data collected.

Chapter 8 concludes the study with a discussion of the extent to which objectives were reached. It provides theoretical conclusions and managerial implications of the scale developed in the study. The limitations encountered are briefly explained and suggestions for possible future research are provided.

## CHAPTER 2

### THE UNDERLYING THEORY OF CO-CREATION AND CO-PRODUCTION

#### 2.1 INTRODUCTION

Co-creation is an experience that involves two parties jointly, and actively participating in an activity that creates mutual value (Vargo & Lusch, 2004). Co-production is a sub-component of co-creation, and takes place at the production phase of the purchase experience. The importance of the customer's active participation in the purchase transaction features in traditional marketing literature from 1979 onwards (Bendapudi & Leone, 2003), but rose to prominence with the establishment of the S-D logic as a dominant marketing logic (Auh, Bell, McLeod & Shih, 2007). Co-creation is grounded in role theory, as all parties involved in the experience assume certain roles that are influenced by their mutual expectations. The first two literature chapters of this study will take on two viewpoints: the theory underlying value creation, and the literature explaining parties, processes and behaviour regarding value creation.

This chapter will review important literature underlying the concepts of value co-creation and co-production. First it will review how co-creation can be explained by role theory. Role theory is a social theory that explains an individual's behaviour as a set of cues or expectations that must be followed in a given situation. These are determined by an individual's position in society and from expectations that other society members hold about how roles should be enacted (Ruddock, 1969). Co-creation requires customers and suppliers to assume a variety of roles that will reflect their active participation in the purchase experience (Akaka & Chandler, 2011). The success of the co-creation interaction depends on both the customer and supplier's clear understanding of expectations regarding how they should play their role (Prahalad & Ramaswamy, 2004). The chapter will go on to review literature that documents the rise of active customer participation in the purchase transaction. These emerging perspectives gave rise to the S-D logic which established co-creation as a legitimate marketing strategy. The S-D logic will be presented, and its underlying principles that directly relate to its co-creation component will be reviewed.

The chapter will then identify trends that have led to the increased adoption of co-creation by suppliers as a way to include the customer as an active participant in purchase and production experiences. Co-creation and co-production will be defined more clearly to distinguish and contextualise the two concepts. The chapter will go into greater detail about co-creation and its dimensions, characteristics, the opportunity it provides suppliers to develop core competences and competitive advantages, and its effects on customer satisfaction and loyalty, to provide an understanding of the underlying factors of co-creation and co-production.

## **2.2 ROLE THEORY**

Role theory is a social theory that originates from the behavioural sciences which suggests that individuals adopt specific roles when they are in situations that call for them. These roles are influenced by expectations from others as well as the individual's role in society (Ruddock, 1969).

### **2.2.1 Role definition**

The term 'role' is borrowed from the stage, where an actor plays a specific role during a theatre production (Biddle & Thomas, 1966). This concept is applicable in reality as people adopt roles to facilitate their positions in certain environments (Ruddock, 1969). Roles are the "behaviour of an individual that results from his or her social conditioning rather than from innate predispositions" (Palmer & Cole, 1995: 381). A role is a set of cues that individuals adhere to in order to behave appropriately in specific settings (Solomon, Surprenant, Czepiel & Gutman, 1985). A role does not only encompass what the individual is supposed to do in a particular situation, but also how it is to be done (Ruddock, 1969). For example a woman takes on the role of a mother when looking after her child. She does not only assume the title of 'mother', but also needs to conduct herself in such a way as to actively provide motherly actions such as protection and love. Individuals may not realise that they are playing a specific role unless some incident makes them aware of it. Roles develop into patterns when carried out within different groups of individuals. Furthermore, individuals within each group may carry out roles in different ways (Ruddock, 1969).

### **2.2.2 Role characteristics**

Most definitions of a role share several characteristics. An individual can assume multiple roles, either one role at a time or multiple roles at a time. The role an individual is playing largely determines how he or she will behave. The role that is adopted may be forced on to an individual by his or her situation or it may be self-chosen. Individuals, groups, and institutions differ as to how they expect each other to behave and in turn they may perform their role in different ways. Different role expectations can cause role conflict (Ruddock, 1969).

It is impossible to observe an individual's behaviour directly as he or she is always playing a role, and the expectations of that role determines how he or she will act. The behaviour they display may not be a true reflection of their personality. An individual may differ in regard to his or her personal identification with and distance from a role (Ruddock, 1969).

How an individual performs each role depends on the demands and limitations society places on him or her. However, the performance of each role also meets personal needs. Individuals perform roles to fit in with the social environment, as well as to fulfil a need for self-actualisation and self-image (Ruddock, 1969). Individuals assume a role when it is clear that the role will help them achieve their specific objectives (Banton, 1965). Individuals seek reassurance from others to justify their actions and this affects how they perform their roles (Ruddock, 1969).

### **2.2.3 Role conflict**

Expectations are a vital component of a role. Individuals occupy various positions in society and behave according to how society expects them to behave. Role conflict occurs when these expectations clash. Individuals expect roles to be played in different ways. This is because society has dynamic and often contradictory norms which can cause confusion. The risk of role conflict can be reduced by increasing the interval between completing the performance of one role and the initiation of another role. In some cases it is not possible to separate roles, and individuals have to play two roles at the same time (Ruddock, 1969).

## **2.2.4 Role changes**

When roles no longer meet the individual's needs, a role change takes place. Role changes are time-consuming and difficult. Roles are vehicles that individuals use to relate to one another, and when a role change takes place it affects the relationship between individuals. For a role change to take place the role that is not succeeding as expected needs to be identified and redefined. Factors that previously defined the role and contributed to its failure need to be abandoned. New roles must be identified and must replace the old ones (Fein, 1990).

## **2.2.5 Co-creation and role theory**

Role theory explains the co-creation phenomenon as it verifies why customers and suppliers adopt certain roles to achieve their objectives in a buying situation. Because co-creation focuses on the interaction and experience of involved parties (Ballanyne & Varey, 2008), it pays critical attention to the roles played by the customer and supplier. The co-creation transaction can be seen as a theoretical drama. The location in which the transaction takes place is the stage and all the participants in the transaction are the actors. The location itself affects customer expectations and perceptions, which in turn affect the success of the transaction (Palmer & Cole, 1995). All the actors work according to a script which is determined by what is expected of them. The script includes who does what, how each party presents him-or herself, when the transaction takes place, and what information is exchanged. Script theory holds that if each participant can predict the other participant's behaviour, while having a clear understanding of his or her own behaviour, the interaction will be successful (Solomon et al., 1985).

When a supplier and a customer form a relationship to participate jointly in value creation, they each assume a variety of roles (Vargo & Lusch, 2004). Both perform the role of creating value. Both may adopt the role of initiating the relationship, where the supplier can use marketing techniques to identify and target the customer. The customer may adopt the role of initiator by sourcing the supplier and approaching him to build a relationship. Both parties will assume a variety of other roles over the course of the transaction. Roles differ depending on the level of difficulty of the co-creation experience. These may include the role of information inquirer, information provider, decision-maker,

producer, and consumer. One role of particular importance to this study is that of a producer. When a customer adopts the role of a producer, the customer and supplier become co-producers of value.

#### **2.2.5.1 Changing co-creation roles**

The supplier's expectations of how actively the customer participates in the purchase transaction are changing. Likewise, customers' expectations about how much the supplier is willing to allow them to participate are also changing (Prahalad & Ramaswamy, 2004). Traditionally the customer adopted a more passive role in the consumption experience (Terblanche, 2005). However, co-creation requires both the customer and supplier to make role adjustments for more active participation so that value can be jointly created (Akaka & Chandler, 2011). Role theory implies that roles are not true reflections of one's personality but rather a set of cues that prompt the individual to behave in a learned way (Solomon et al., 1985). An implication of this is that as customers become more expressive and seek customised experiences and products, the roles of the customer and the supplier in the interaction change. Role adaptation is necessary to ensure a personalised experience for the customer, which requires the supplier and the customer to adopt new roles in the transaction experience (Gurău, 2009). To achieve personalised experiences role flexibility is necessary, and this can only be achieved when there is a clear understanding of each participant's expectations.

#### **2.2.5.2 Role expectations in co-creation**

The success of an experience is enhanced when the customer and the supplier understand each other's expectations, demands, and behaviour. Each party's role must be defined in relation to the other participants' roles in the transaction. Both the customer and the supplier's ability to predict each other's behaviour allow them to measure their own behaviour and enhance the effectiveness of their behaviour when they can adjust it to the other participants' needs (Solomon et al., 1985).

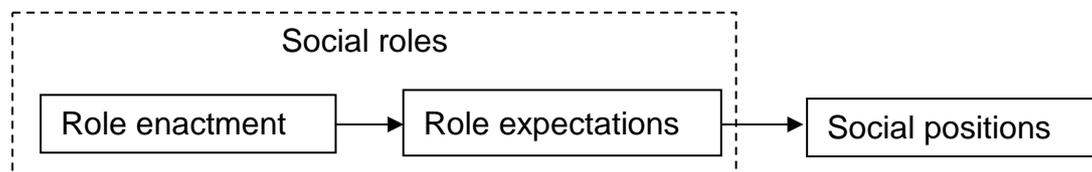
Customer and supplier expectations of role behaviour are affected by their characteristics and perceptions, as well as by the supplier's production capabilities. Each party involved in

the transaction has expectations about the other's role (Solomon et al., 1985). These expectations may or may not be congruent with each other. When these expectations are not congruent there are negative effects (Solomon et al., 1985; Plé & Cáceres, 2010). The bottom line is that a congruency of customer and supplier expectations contributes to positive results. The clearer each party's expectations regarding role behaviour are, the better they can be predicted, identified and responded to (Prahalad & Ramaswamy, 2004).

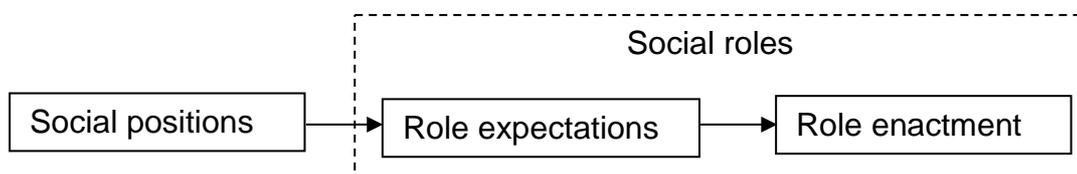
### 2.2.5.3 Roles as resources for change in value networks

Social roles are practices within an organisation that connects actors to one another. Social roles have evolved because the nature of interactions in value networks has changed. The social roles across suppliers' networks are now believed to be resources for change as they lead to social norms, and present social positions and value-creating relationships. The most important change in social roles is the trend of value co-creation and co-production. Figure 2.1 illustrates how roles are resources for change in value networks.

Social roles as operant resources (social positions as operand resources)



Social roles as operand resources (social positions as operant resources)



**Figure 2.1 Roles as resources for change in value networks**

Source: Akaka & Chandler (2011)

Stakeholders such as employees and customers draw on different combinations of resources as they engage in value co-creation and co-production processes. Social roles

form part of these resources because they guide expectations of the service interaction and contribute to the creation of unique social positions. A social position is a set of value-creating links through which the stakeholder is connected to other stakeholders in the value network. Social roles can be classified as operant or operand resources. A social role is an operant resource when it exerts influence on an operand resource such as a social position, and therefore constitutes a resource for change. On the other hand, a social role is an operand resource when it is enacted from particular positions to fulfil predetermined expectations, and therefore constitutes a resource for stability. However, these two views are integrated when stakeholders learn different ways to interact, and can separate and recombine various roles to co-create and co-produce value. When this occurs, social roles can both influence and be influenced by value networks and therefore be both operand and operant resources (Akaka & Chandler, 2011).

#### **2.2.5.4 Role conflict in co-creation and co-production**

There is a variety of sources of role conflict in purchase situations which transcend to the co-creation and co-production experience and explain role conflict in these experiences. The first cause of role conflict is when customer expectations exceed the knowledge and skills of the supplier. The supplier's lack of resources means that he or she cannot satisfy the customer's expectations. The second cause of role conflict is when the supplier's policies clash with customer expectations. This may limit the supplier's ability to respond to certain customer needs. The third source of role conflict is when the employee's job demands resulting from the supplier's expectations differ from his or her job demands resulting from customer expectations (Hsieh, Yen & Chin, 2004).

#### **2.2.5.5 Role impact on satisfaction in co-creation**

The customer and the supplier depend on each other for the co-creation transaction to run smoothly. Because the experience of the encounter determines customer satisfaction, both the customer and the supplier are responsible for satisfaction resulting from the encounter (Solomon et al., 1985). In a relationship, the participating parties will take on the roles that offer them the most gratification and expression. This requires that they each

play a role that meets the other's needs (Ruddock, 1969). A relationship links the various roles played in the encounter (Banton, 1965).

Customer satisfaction is a result of how well customer expectations are met by both the supplier's performance and the final product. Customers are satisfied when the supplier acts the way the customer expected them to, and provides a product that sufficiently meets the customer's needs. When individuals are confident that they are performing their role correctly it leads to performance satisfaction. Individuals have an inherent motivation to perform competently in their role. This motivation is part of group solidarity as it requires commitment to role performance (Solomon et al., 1985).

The employee's expectations of his or her role performance needs to be in line with the supplier's expectations of his or her performance to ensure customer and supplier satisfaction (Plé & Cáceres, 2010). When the employee's expectations are not in line with the supplier's expectations regarding his or her behaviour, it may result in job stress, tension and dissatisfaction. Workers may then become less innovative and less effective as their roles are not clearly defined. As a co-creator or co-producer of value, the employees need to understand clearly how the supplier expects them to facilitate the value-creating experience with the customer (Solomon et al., 1985). In the following sections value co-creation and co-production will be explained more fully, detailing their origins and their theoretical underpinnings.

## **2.3 CO-CREATION BACKGROUND**

Initially, marketing was a one-to-one trading of skills but evolved into networks and other configurations over time as suppliers became more complex. Mass production and mass consumption became the norm where marketers transferred value to customers in exchange for money by embedding it in tangible goods. The customer's role as a direct trade partner disappeared (Vargo & Lusch, 2004). Today however, marketing strives to return to its roots, and customers are more connected, informed and active (Terblanche, 2005). The shift from a producer to a customer focus was initially captured in the literature as customer participation by Lovelock and Young (1979) and as prosumption by Kotler (1980). Today these concepts are known as value co-creation and co-production.

Co-creation was largely accepted as a new marketing strategy in Vargo and Lusch's seminal article in 2004 on the S-D logic as a new dominant marketing logic (Vargo & Lusch, 2004). However, co-creation as a foundational principal of the S-D logic was only possible because of the multiple perspectives on customer participation that had emerged before it. Traditional marketing views had focused on the customer's buying decision instead of on the active role customers' play in the purchase transaction. Increasingly, focus is being directed towards the active roles that both customers and suppliers adopt to create value in the purchase transaction (Zhuang, 2010).

The concept of customer participation first emerged in the marketing literature in a paper by Lovelock and Young (1979), who noted that customer participation was important in increasing a suppliers' productivity. In many instances customers are critical for the development of value-creating processes. By participating in the transaction, customers help the supplier to be more effective and efficient. Customer participation differs depending on the type of transaction and the amount of customer and supplier participation that is involved (Zhuang, 2010). Depending on this context, customer participation in the transaction could either be productive or destructive. If customers are more active in the transaction, they reduce the labour required by the supplier to make that transaction successful and increase the supplier's productivity (Lovelock & Young, 1979). At around the same time, Kotler (1980) offered the concept of customers as prosumers who produce some of the end products and services they consume themselves. He noted that customers' propensity to engage in prosumption was on the rise. From this point in time the concept of customer participation started to appear more often in marketing literature.

Originally authors focused on the productivity gains of customer participation, but later addressed other topics including customers as partial employees of a firm, customer participation's effect on service quality and customer satisfaction, customer participation as a tool to segment customers, and the changing role of customers. Bendapudi and Leone (2003) conducted a chronological review of literature pertaining to customer participation in production which is summarised in Table 2.1.

Customer participation was noted as important in service transactions as it is imperative for many production activities. Many transactions, especially service transactions, have a

dyadic nature that makes it impossible to study a purchase transaction from the perspective of only the supplier. This dyadic nature implies that the customer is equally as important as the supplier in the transaction. In complex transactions, customer participation is vital for the transaction to be successful. Therefore the supplier needs to have processes in place to accommodate customer participation (Mills & Morris, 1986).

Customer participation and transaction complexity varies based on the type of transaction and amount of service required, the tasks that need to be performed, and customer skills and motivations. In highly complex transactions, customer participation is imperative because the involved parties depend on each other's skills and information. In low and moderately complex transactions, customers may feel more in control of the final outcome and may expect a lower price for the product or service because they have assumed part of the labour and have acted as partial employees of the supplier (Mills & Morris, 1986).

Customer participation is emphasised in the study of psychological impact on customers. Bendapudi and Leone (2003) suggested that customer satisfaction in a purchase transaction differs depending on whether the customer participated or not. Self-serving bias is reduced when customers are offered the opportunity to participate in the transaction and when the outcome is worse than expected. Co-creation may not always produce a better customised product. It depends on whether the customer has sufficient knowledge and skills to customise the product to fit his or her unique needs. Customer perceptions of their own skills may affect their psychological responses to co-creation. If they are convinced that they have a high skill level, they may be more likely to feel responsible for the success or failure of the transaction (Bendapudi & Leone, 2003).

**Table 2.1**

**A chronological review customer participation literature**

<b>Author(s)</b>	<b>Focus</b>	<b>Nature of study</b>	<b>Findings and conclusions</b>
Lovelock and Young, 1979	Consequences of customer participation in production of services.	Conceptual	Customers can be a source of productivity gains.
Mills and Moberg, 1982	The organisational technology needed	Conceptual	Suggests that one key difference between the two sectors is the

	to manage the services sector as opposed to the goods sector.		customer/client's role in the production process. Customer contributions to services are described as information and effort.
Mills, Chase and Marguiles, 1983	Managing the customer/client as a partial employee to increase system productivity.	Conceptual	Suggests that greater customer involvement in the production process can be a source of productivity gains. Customers' input needs to be monitored and assessed the same way as regular employees' input.
Bateson, 1985	Understanding the motivations of the self-service consumer.	Empirical	Examines the differences between customers who would choose to do-it-yourself and those who would choose to be served. Shows that a segment of customers would prefer the do-it-yourself option even when no incentives are offered to encourage participation.
Fitzsimmons, 1985	The consequences of customer participation on service sector productivity.	Conceptual	Suggests that customer participation through substitution of customer labour for provider labour, smoothing of demand, and use of technology in place of personal interaction may yield greater service sector productivity.
Mills and Morris, 1986	Customers as partial employees.	Conceptual	Customers may serve as partial employees in a service setting by sharing some of the production responsibilities.
Goodwin, 1988	Training the customer to contribute to service quality.	Conceptual	Suggests that customers' sources of training and willingness to be trained are a function of their commitment to the provider and the presence of other customers. When customers are committed to the provider, they are more willing to invest in learning how to contribute. Customers may be trained by both the provider and other customers.
Czepiel, 1990	The nature of the service encounter and directions for research.	Conceptual	Suggests that customer participation in the production process and the satisfaction with this role may affect customer satisfaction.
Bowen, 1990	Taxonomy of services based on customer participation.	Empirical	Participation is a meaningful construct for customers describing various services. It may be possible to segment customers on the basis of their willingness to participate in the creation of services.
Bowers, Martin and Luker, 1990	Treating employees as customers and customers as employees.	Conceptual	Suggests that treating employees as customers through internal marketing and treating customers as employees through training and reward systems enhance overall system productivity.
Kelley, Donnelly and Skinner, 1990	Managing customer roles when customers participate in service production and delivery.	Conceptual	Suggests that customers may be managed as partial employees when participating in service production and delivery by focusing on customers' technical and functional quality input to the process. Suggests that customer

			participation may affect overall quality and productivity, employee performance, and employees' emotional responses.
Dabholkar, 1990	Using customer participation to enhance service quality perceptions.	Conceptual	Suggests that customer participation may influence perceptions of the waiting time and thus affect perceived quality.
Fodness, Pitegoff and Sautter, 1993	The downside of customer participation.	Conceptual	Suggests that customers who are trained to do more of the service for themselves may develop into a potential competitor by performing for themselves services that were previously purchased.
Firat and Venkatesh, 1993	Argues for the reversal of roles of consumption and production.	Conceptual	Among the postmodern conditions discussed is the reversal of consumption and production as customers take on more active roles in production.
Song and Adams, 1993	Using customer participation in production and delivery as opportunities for differentiation.	Conceptual	Customer participation should not always be examined merely as a cost-minimisation problem. Instead, firms can examine opportunities for differentiating their market offering by heightening or lessening customers' participation in the production and delivery of products.
Cermak, File and Prince, 1994	Distinguishing participation versus involvement effects.	Empirical	Attempt to distinguish involvement from participation, but authors conclude that participation construct was confounded by operationalisation as level of involvement.
Firat and Venkatesh, 1995	Distinguishes between the consumer perspectives of modernism and postmodernism.	Conceptual	Argues that the modernist perspective confines the consumer by arguing for the "privileging" of production over consumption. Postmodernism provides a basis for understanding a greater consumer role in production as well as consumption.
Firat, Dholakia and Venkatesh, 1995	Presents a postmodern perspective of consumer as customiser and producer.	Conceptual	As consumers have become customisers, marketing organisations' offerings will increasingly become processes rather than finished products. Consumers who are integrated into the production systems will need to be conceptualised as producers.
Hult and Lukas, 1995	Customer participation in health care.	Conceptual	Suggests that classifying health care tasks in terms of customer participation and complexity of the task has important implications for marketing the services.
Lengnick-Hall, 1996	Customer contributions to quality.	Conceptual	Customers influence quality by their roles: as resources, as co-producers, as buyers, as users, and as products. Garnering customer talents in these roles can yield competitive advantages.
Van Raaij and Pruyn, 1998	Customer control and its impact on judgments of service validity and reliability.	Conceptual	Suggests that customers may perceive more or less sense of control in three stages in the service relationship: input, throughput, and output. The greater the sense of control, the more customers will

			feel responsibility for and satisfaction with the service.
Prahalad and Ramaswamy, 2000	Coopting customer competence.	Conceptual	The changing roles of customer from passive audience to active co-creators of experience. Companies can achieve a competitive advantage by leveraging customer competence.
Wind and Rangaswamy, 2000	Customerisation: The next revolution in mass customisation.	Conceptual	In the digital marketplace, customers are becoming active participants in product development, purchase, and consumption. Firms must become customer centric and adopt 'customerisation' to add value.

Source: Bendapudi & Leone (2003)

## 2.4 SERVICE-DOMINANT LOGIC

Emerging perspectives and trends leading towards the increased importance of the customer during a purchase transaction led to the rise of the S-D logic (Vargo & Lusch, 2004). Customers have a need to creatively express themselves, communicate with people that have similar needs and desires, and they have a greater need for customised products. The S-D logic of Vargo and Lusch (2004) combine marketing perspectives that focused on intangible resources, relationships and the co-creation of value. This S-D logic shifted marketing focus off tangible resources, entrenched value and transactions. S-D logic has a process-oriented view rather than an output-oriented view. It suggests that service is the fundamental unit of exchange in the interaction between the customer and the supplier (Vargo & Lusch, 2004).

### 2.4.1 From goods-dominant logic to service-dominant logic

Focus on tangible resources, entrenched value and transactions forms part of the G-D logic where value is created by the supplier and transferred to the customer during the transaction. The G-D logic focuses on operand resources rather than operant resources, as operand resources are the primary unit of exchange and the major source of value. Operand resources are resources on which an act is performed to produce a result. Operant resources are used to act on operand resources. Operant resources are often

invisible, and allow individuals to create more operant resources as well as multiply the value of natural operant resources (Vargo & Lusch, 2004).

S-D logic states that value is jointly created by the customer and the supplier, and not transferred during the transaction (Vargo et al., 2008). The supplier presents the value proposition to the customer, and when the customer accepts the value proposition and participates in creating value it becomes value-in-use (Ballantyne & Varey, 2006). S-D logic includes the transaction of both tangible products and intangible services. Transactions involving tangible products use the product as a vehicle on which operant resources can be delivered (Ballantyne & Varey, 2008; Vargo et al., 2008).

#### **2.4.2 Service-centred view**

The service-centred view adopted by S-D logic suggests that marketing is a dynamic and continuous set of social and economic processes that use operant resources to develop value propositions. This view also implies that marketing is a continuous learning process which can continually better its operant resources (Vargo et al., 2008). The service-centred view requires the supplier to identify and develop its core competencies and competitive advantages, and use them to develop skills and knowledge that will allow them to facilitate an exceptional interaction with the customer. The supplier then needs to identify and target potential customers that can benefit from their core competencies and competitive advantages. Once customers that have a need for the value propositions are identified, relationships with them need to be cultivated. The financial performance of these relationships then need to be measured in order to determine the effectiveness and efficiency of the relationship and of the value propositions (Vargo et al., 2008).

#### **2.4.3 Customer focus**

S-D logic focuses on the service transaction rather than on the value produced by the end product, and in order to achieve this it adopts a customer focus. This customer focus is more than a supplier having a customer-orientation, it implies that the supplier needs to collaborate with, learn from and adapt to its customers to provide customised transactions (Gurău, 2009). This reinforces a major underlying principle of S-D logic: that the supplier

jointly creates value with the customer instead of delivering entrenched value in the form of a standardised product (Vargo & Lusch, 2004). To achieve this, the supplier needs to focus on the customer's needs and behaviour and learn from it to deliver superior value propositions.

#### **2.4.4 Underlying principles of service-dominant logic**

S-D logic has several underlying principles that differentiate it from the traditional G-D logic. Of these there are three major underlying principles that are important to the co-creation dimension of S-D logic. First, and most importantly, "the customer is always the co-creator of value" (Vargo et al., 2008: 148). This means that the creation of value is an interactional process that requires the active participation of both the customer and the supplier. Secondly, "the enterprise cannot deliver value, but only offer value propositions" (Vargo et al., 2008: 148). This means that suppliers can offer resources to the customer but value is only created once the customer uses the resources. Value is not simply delivered to the customer through the exchange. Thirdly, "value is always uniquely and phenomenologically determined by the beneficiary" (Vargo et al., 2008: 148), meaning that the individual receiving the benefits of the transaction will determine the value derived from it based on his or her current experience, previous experience and unique needs.

### **2.5 CO-CREATION AND CO-PRODUCTION**

Co-creation is when the customer and the supplier jointly participate in the purchase experience to create mutual value (Ramaswamy quoted in Frigo, 2010; Vargo et al., 2008). Co-creation shifts marketing focus away from the physical product towards the experiences of all parties involved in the transaction (Prahalad & Ramaswamy, 2004). The experience of the customer, supplier, and all other stakeholders involved in the transaction is the most important aspect of co-creation (Ramaswamy & Guillard, 2010).

In the co-creation experience the supplier creates value propositions and offers them to the customer. The customer accepts the propositions and determines value through consumption. The value offered in the value proposition then becomes value-in-use (Payne, Storbacka & Frow, 2008). The customer and the supplier are equally important in

the transaction, and this ensures the success of the relationship (Payne et al., 2008). They jointly identify problems and generate solutions. For co-creation to be meaningful suppliers need to conduct it on a continual basis and not as a once-off relationship with the customer (Zhang & Chen, 2008).

Co-creation does not involve the customer developing the end product on his or her own. It is not a customisation of end products and services by the supplier alone. It does not require static customer behaviour and passive participation in the buying situation (Prahalad & Ramaswamy, 2004). A supplier that has an organisation-wide co-creation management plan will be able to facilitate more successful co-creation encounters, and will generate more successful co-creation results (Zhang & Chen, 2008).

### **2.5.1 Trends leading to increased co-creation**

Worldwide macro developments have led to an increased need for more participative business practices that can better satisfy customer needs and allow suppliers to develop new competitive advantages. These worldwide macro developments include changes in technology, competition, customer demand and dissatisfaction with traditional market offerings, information and communications systems, globalisation, increased demand for more sustainable business practices, the economic climate following the 2008 recession and increased product research and development (Prahalad & Ramaswamy, 2003; Ramaswamy quoted in Frigo, 2010; Zhang & Chen, 2008). These developments have altered the way businesses operate and have increased stakeholder demand for more transparency from suppliers, interaction and joint participation in the development of a final product or service (Ramaswamy quoted in Frigo, 2010).

Increased investment in research and development of products along with technological advancements has made it easier for suppliers to increase the variety of their product offerings. Products now offer many more features and benefits and these may confuse customers. Product variety can only add value to customers if customers are clear about what they want. If not, it can lead to confusion. Experiences need to be co-created with customers to identify their exact needs and satisfy those needs (Prahalad & Ramaswamy, 2004).

Besides increased availability of product features and benefits, individuals need customised products to satisfy their individual needs and preferences, which have resulted in a mass customisation trend. The supplier cannot simply customise a product and provide continuous customisation based on no participation from the customer. Therefore the customer needs to become part of the transaction so that the supplier can continually provide them with customised products that satisfy their individual needs (Zhang & Chen, 2008).

The primary goal of marketing is to provide value propositions to the customer (Vargo et al., 2008). There is an increased focus on providing the customer with more flexible market offerings, customer satisfaction and firm productivity. Changing market trends and market unpredictability suggests that the ability to offer customer value is becoming an increasingly important competitive advantage (Gurău, 2009).

### **2.5.2 Defining co-creation and co-production**

Vargo and Lusch (2004) originally used the terms 'co-creation' and 'co-production' interchangeably. The seventh foundational principle of S-D logic highlighted the importance of co-creation for value creation but it was phrased "the customer is always a co-producer of value" (Vargo & Lusch, 2004: 10). Consequently, a number of critics pointed out that co-production was more of a G-D term, as it implied that something had to be made. It took the focus off the experience. Therefore Vargo and Lusch (2008) revised their definition of co-creation and split it into two further components. The first part is the co-creation of value. This means that value is not created by the supplier and transferred to the customer during the transaction, but rather that it is jointly created by the customer and the supplier during consumption. The second part of co-creation is co-production. Co-production is the participation of the customer (or any other stakeholder of the firm) in the core offering itself. It takes place when there is joint inventiveness, joint production of related products, and co-design (Vargo & Lusch, 2008). In line with this distinction, these writers rephrased the seventh foundational principle into "the customer is always a co-creator of value" (Vargo & Lusch, 2008: 2), to broaden the scope of this principle.

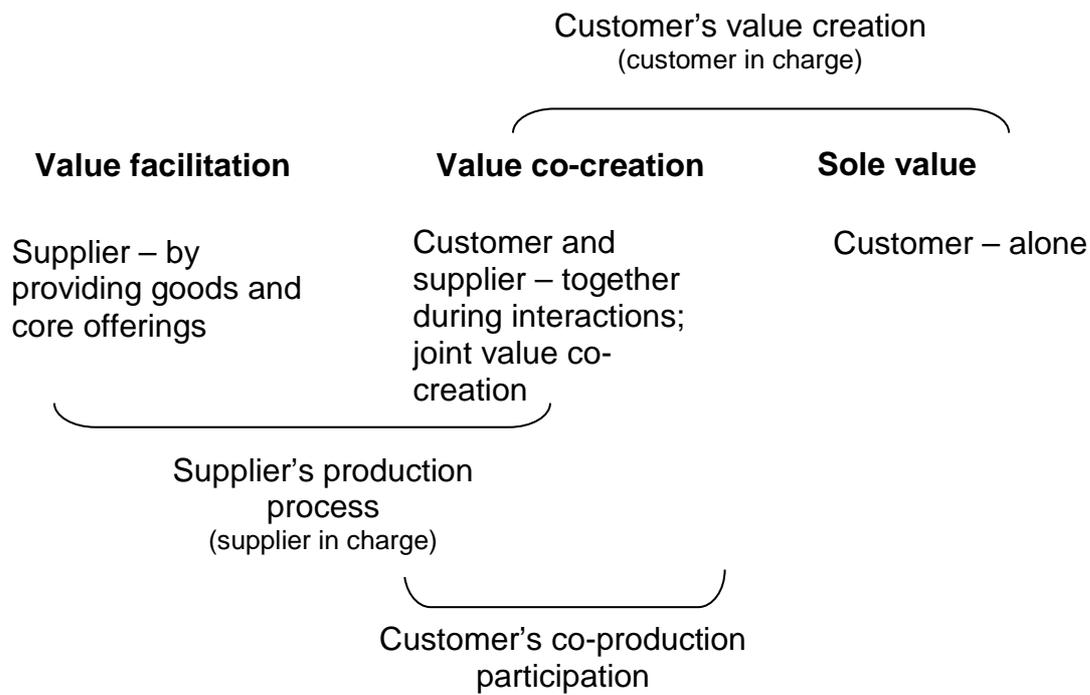
The distinction made between the concepts of co-creation and co-production received support from other academics. Etgar (2008) noted that co-creation took place from the

initial contact between the customer and the supplier to the final consumption of the product or service, but co-production precedes the consumption stage and only takes place in the production phase. Co-production is directly linked to customisation, and includes all forms of co-operation between the customer and the supplier.

Ballantyne and Varey (2006) adopt the view that co-creation is a separate type of interaction from co-production. They argue that co-production and co-creation are two unrelated terms, where co-creation is the development of unique value through a unique idea, and co-production is the application of resources and capabilities to create something. On the other hand, some authors such as Payne, Storbacka, Frow and Knox (2009) still use the terms co-creation and co-production interchangeably. The present study adopts the view of Vargo and Lusch (2008) as well as Etgar (2008), who view co-creation and co-production as two distinct terms, where co-production precedes the consumption phase and deals with the customisation of the offering.

Grönroos (2008) proposed the service logic in which he offers yet another perspective to the terms of co-creation and co-production, and introduces the concept of value facilitation. According to Grönroos (2008), customers are value creators and suppliers are value facilitators. The supplier's role is to provide products and services that customers can use to create value. The supplier can create the opportunity to become a value co-creator when it provides customers with the opportunity to interact with them in a direct and active manner during consumption. Co-production occurs when the customer is directly and actively involved in the supplier's production processes, not only in the consumption phase. This is illustrated in Figure 2.2.

Grönroos and Voima (2012) extend this argument by conceptualising value creation spheres. In the provider sphere the supplier is a value facilitator which creates potential value by producing resources for customer value creation. In the customer sphere, customers use the resources produced by suppliers to create real value from the potential value. In the joint sphere, customers and suppliers interact via a dialogical process. Customers are responsible for co-producing resources and processes with suppliers, as well as jointly creating value with suppliers. This interaction provides the supplier with an opportunity to become a value co-creator.



**Figure 2.2 Value creation from a value-in-use perspective**

Source: Grönroos (2008)

### 2.5.3 Characteristics of co-creation

Co-creation has a number of underlying dimensions and characteristics that sets it apart from more traditional G-D transactions. The most important difference is that it is experience oriented, which requires a focus on the interaction between the customer and the supplier. All underlying dimensions and characteristics revolve around this focus on the experience (Ramaswamy & Gouillart, 2010).

#### 2.5.3.1 Four dimensions of co-creation

Co-creation has a number of dimensions. Firstly, co-creation is a dynamic process that will continue to change over time. Co-creation occurs between the customer and the supplier, but it also involves participation from many other stakeholders because the customer and the supplier are imbedded in a network of other customers and suppliers. These interactions between parties are dynamic, and as the needs of the market change so do the relationships, and consequently so does the meaning of value. Secondly, because the

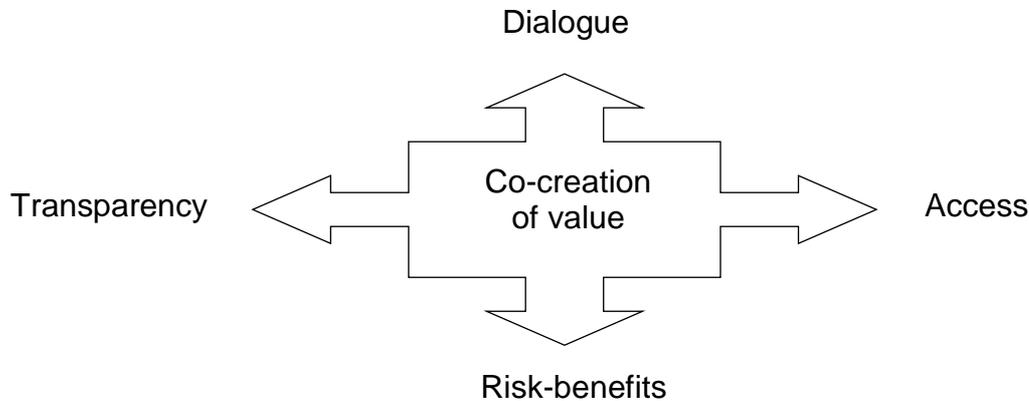
end product is jointly created with the customer, the customer feels responsible about how the end product turns out. Dialogue allows the customer and the supplier to co-create as equal partners because of the trust developed from that equality. Dialogue connects the customer and the supplier through integrity and shared risk. Thirdly, because the customer co-creates the final offering, co-creation should enhance the satisfaction of his or her needs. Relational customers will therefore be better satisfied. However it is important to note that non-relational customers will not be more satisfied because they do not derive value from their commitment. Lastly, as the customer co-creates value, the supplier learns about his or her needs and behaviour and can offer value propositions that better satisfy the customer's needs. This generates an increased chance that the customer will co-create with them in the future (Randall, Gravier & Prybutok, 2011).

### **2.5.3.2 Building blocks of interactions**

For successful co-creation the customer should be involved in every step of the development of the product. Every interaction the customer has with the supplier is critical for delivering a consistent overall co-creation experience. Therefore each interaction is equally important (Payne et al., 2008). To facilitate a superior experience and for co-creation to be successful, the supplier needs to enable interactions between the supplier and its customers. Figure 2.3 illustrates the four building blocks for the value co-creation interaction which is known as the DART model. It includes dialogue, access, transparency and risk benefits (Prahalad & Ramaswamy, 2004).

The DART model has been extended to the concept of branding using the marketing concepts of brand community and brand co-creation. Findings suggest a simplified model based on the dimensions of company/stakeholder engagement and organisational self-disclosure as important themes in developing theory for the co-creation of brands (Hatch & Schultz, 2010). Further research found that the development of brand networks and keeping these networks fresh is key to value co-creation in the luxury brand marketplace. The interaction between brand owners, employees, agents and experts, stakeholders, customers, customer communities and non-competing luxury brands facilitates value co-creation so that the brand can realise value in terms of recognition, prestige, exclusivity and access to privileged information. The interaction among brands networks differentiate luxury brands and play a pivotal role in co-creating superior value propositions. Through

the brand's interaction with customers and customer communities it obtains meaningful feedback that gets ploughed back into the development of their value propositions (Tynan, McKechnie & Chhuon, 2010).



**Figure 2.3 Building blocks of co-creation interactions**

Source: Prahalad & Ramaswamy (2004)

The DART model has also been applied to the concept of temporary shops for their co-creation potential. Research shows that they are a locus of value co-creation. Temporary shops are an interactive and relational platform for the supplier to deploy the dialogue, access, risk-benefit and transparency elements of the DART model to engage in co-creation with customers (Spena, Caridà, Colurcio & Melia, 2012). Co-creation interactions have also been addressed in customer communities. Suppliers can develop and foster a customer community with who they can exchange information with to enable product innovation, and to co-create a consumption experience by fostering a sense of community among users, facilitating communication within that community, acting on the feedback, and continuously developing and maintaining the community relationship (Rowley, Kupiec-Teahan & Leeming 2007).

### 2.5.3.3 Key co-creation activities

Co-creation can involve varying degrees of customer participation, which will influence the different types of roles customers and suppliers adopt in the interaction. Key co-creation activities include involving customers in marketing and sales, involving customers in

customer service, involving customers in the development of new products, and managing the customer as a partial employee (Zhang & Chen, 2008), involving the customer through self-service activities where the customer performs the labour, providing an experience for the customer in a context created by the supplier, involving the customer by prescribing a process that the customer preselects to solve his or her problem, and lastly when the customer and supplier co-design products (Payne et al., 2008).

#### **2.5.4 The implication of co-creation for value**

The creation of value is the primary goal of any marketing exchange (Vargo et al., 2008). Traditionally value creation and delivery consisted of three stages. Firstly the value that the supplier plans to offer is selected and defined. Secondly the value is provided to the market in the form of an end product or completed service. The last stage is the communication of that value to potential customers (Kotler & Keller, 2009). In co-creation, value is vested in the experience of consumption and not in the product itself (Holbrook & Hirschman, 1982). Value is offered to the customer in the form of a proposition. It is the customer's responsibility to accept that proposition and provide information and active assistance in producing an end product. The value is generated by the mutual participation of the customer and the supplier and is termed value-in-use. Value-in-exchange is the money that is exchanged by the customer to receive the value proposition (Vargo et al., 2008). The supplier develops the value proposition based on its skills, knowledge, and other capabilities. The value proposition is accepted by customers who need those resources. The goal of co-creation is to share skills, knowledge and resources to benefit all participants involved (Vargo et al., 2008). Because of the significant influences of social forces in purchase interactions and because value is embedded in social systems, value co-creation has been proposed from a social construction approach whereby value should be understood as value-in-social-context rather than value-in-use (Edvardsson, Tronvoll & Gruber, 2011).

Value is created by the combined efforts of all stakeholders with an interest in the transaction. These may include the customer, the supplier, the supplier's employees, the supplier's suppliers, the government and any other related entity. However, the value that results from the transaction is always determined by the recipient. The beneficiary determines the value, and as their context changes, so does the worth of the value that is

co-created (Randall et al., 2011; Vargo et al., 2008). The supplier needs to understand where the value proposition will fit in with the customer's overall objectives in order to create an environment that facilitates the co-creation experience (Payne et al., 2008).

Value co-creation needs effective management that is able to guide processes throughout the encounter from both the customer's and supplier's perspectives (Payne et al., 2008). Value guides customers in decision-making and helps them to minimise risks associated with a purchase (Andreu, Sanchez & Mele, 2010). Therefore it is critical to understand the customer's objective and purchase context in order to create meaningful value propositions.

### **2.5.5 Achieving core capabilities and competitive advantage**

Emerging perspectives on the increasing importance of customer participation in value creation from the 1970s onwards and the emergence of the S-D logic as a dominant marketing logic in 2004, has emphasised value co-creation as a means to obtain a competitive advantage and to provide superior customer satisfaction by capitalising on changing customer trends and expectations (Andreu et al., 2010). A competitive advantage may be established by engaging customers and other stakeholders in activities that create value.

Successful co-creation allows suppliers to manage customer relationships and enhance the lifetime value of desirable customers. Co-creation allows suppliers to focus on contact points with customers and obtain information from the customers' perspective on how to provide more efficient and relevant products, services and experiences (Payne et al., 2008). In this way the supplier can provide competitively superior products, services and experiences to customers.

Co-creation impacts the supplier's ability to customise as well as their capabilities to provide better service. It provides the supplier with learning capabilities that allows them to enhance their operational capabilities of customisation and service. Co-creation is a win-win approach. By co-producing the product customers obtain exactly what they want. At the same time, the supplier obtains information about the customer that allows them to

provide the customer with products and services that are exactly what they want, increase repeat patronage of the customer, and enable more precise targeting of customer groups (Zhang & Chen, 2008). Furthermore, when customers send requests to suppliers they often encounter high transaction costs associated with the structural and behavioural characteristics of the interaction. Co-creation is a way to reduce these high transaction costs (Etgar, 2008).

Opportunities to co-create with the customer can be identified by educating the customer on certain behaviours for co-creation (Payne et al., 2008). Not all customer participation has positive outcomes for the supplier. Only the correct amount of participation and under the correct situational conditions does co-creation produce positive results. Depending on the level of involvement of the customer and the customer's opportunities to participate, the results of the co-creation experience could be very different (Andreu et al., 2010).

#### **2.5.6 Value creation and behavioural outcomes**

Co-creation and co-production are a direct result of a decision made by the customer that reflects his or her personal needs and interests. Customers seek maximum benefits with minimum risks. Therefore suppliers need to understand what benefits customers seek when they participate in co-creation and co-production. The supplier needs to use its information, knowledge and skills to deliver value propositions that will suite customers unique needs, because customer satisfaction is personal and subjective. Each person's individuality affects the outcomes of the co-production process (Etgar, 2008).

In terms of the mechanisms motivating customers to engage in co-creation, both global values and domain-specific values affect customer attitudes, self-efficacy and on-going behaviour, which shape their intentions to engage in co-creation in the future (Xie, Bagozzi & Troye, 2008).

Value co-creation cannot simply be achieved by inviting the customer to make product or service requests. Besides having high information transaction costs, this tactic has been found to be inefficient. Zhuang (2010) found that customer participation as an information

resource negatively affected behaviours while customer participation as a co-developer positively affected behaviour.

Moving away from mass production requires that relationship development is needed between the customer and the supplier to co-create value (Randall et al., 2011). Creating closer relationships requires the involvement of the customer to improve value content and satisfaction (Vargo & Lusch, 2004). By involving the customer to participate in value creation the supplier can offer more value, increase satisfaction and create closer relationships with customers (Randall et al., 2011). Because the customer and the supplier work together to create value they learn about each other, which leads to stronger relationships and generates increased value. Customer participation in co-creation has a positive impact on the customer's future intention to collaborate with the supplier (Randall et al., 2011).

When the customer co-designs the product, there is more chance that he or she is going to have a stronger emotional connection to the product (Payne et al., 2009). Different combinations of customer and supplier input result in different levels of emotional attachment to the supplier. High customer input and high supplier input results in higher emotional attachment and higher customer loyalty. High customer input and low supplier input results in a low level of emotional attachment (Zhuang, 2010). Co-creation is rooted in emotional attachment, and as such affects customer trust and commitment (Randall et al., 2011).

Links were found between co-production and customer loyalty in the financial services sector as well as in the medical services sector. Furthermore, partial support was found for the effect of customer expertise, customer–advisor communication, customer affective commitment and interactional justice on the level of co-production (Auh et al., 2007).

Co-creation also leads to certain behavioural outcomes in the domain of service recovery. Customers are more likely to experience role clarity, perceived value of future co-creation, satisfaction with recovery efforts and future intentions to engage in co-creation when they participate in recovery efforts after a service failure in a self-service technology context (Dong, Evans & Zou, 2008). This research was extended to non-self-service technology contexts and to service failures where customers did not co-create recovery efforts. Co-

created recovery efforts were found to improve customer evaluations for severe service delays but not for less severe delays, and that co-created recovery efforts go beyond affecting satisfaction but also affect repurchase intentions. Co-creation as a recovery strategy was found to work only if customers viewed it positively. An important finding was that suppliers should simply meet customer requests as customer evaluations did not increase if requests were exceeded (Roggeveen, Tsiros & Grewal, 2011).

## **2.6 CONCLUSION**

Value co-creation rose to prominence because of emerging perspectives regarding active customer participation in the purchase experience. Co-creation gained particular attention with the establishment of S-D logic. The S-D logic has a customer-dominated view where the supplier focuses on customer needs to give them a superior value proposition that fits into the context of their own activities. The underlying principle of S-D logic is that value is always co-created by the customer. A number of trends such as communication technology advancements, globalisation, and an increased need for customised products have further enhanced this importance. Co-creation can be grounded in role theory, as both the customer and the supplier assume various roles in the transaction, and their mutual expectations of each role and their physical performance of each role influence the outcomes of the experience. Customers need to provide certain information and knowledge to the purchase experience to communicate their specific needs and participate in the creation of value. The supplier needs to respond to these customer roles by providing information, knowledge, and the necessary skills to co-create value in the purchase experience. A component of co-creation is co-production, which takes place in the production phase of the purchase experience. This chapter also highlights the importance of value co-creation and co-production for suppliers in their pursuit of competitive advantage, customer satisfaction and loyalty. Given this theoretical underpinning, the next chapter will attend to the practical implications of value co-creation and co-production.

## **CHAPTER 3**

### **PARTIES, PROCESSES AND BEHAVIOUR IN VALUE CREATION**

#### **3.1 INTRODUCTION**

Chapter 2 explained that co-creation is when customers and suppliers actively engage with each other to create mutual value, and co-production is a subcomponent of co-creation taking place in the production phase of the purchase experience. This chapter will review important literature explaining the role of different parties, processes, and behaviour to enable value co-creation and co-production.

Four important frameworks will be reviewed and discussed to provide a clear understanding of the stages customers go through when participating in co-production, how to manage co-creation, how to categorise different co-creation activities based on the amount of customer and supplier input involved, and how to model and measure customer co-creation behaviour. Attention will then be specifically directed to the roles that customers and suppliers play in co-creation, and how their roles contribute to the success of the experience. The negative side to value creation will be reviewed, looking at the risks that are associated with co-creation, and how these risks may affect a customer's perception of the co-creation experience. The chapter will then look at value co-destruction and describe how co-creation does not always create value for the customer and the supplier, but can also intentionally or accidentally destroy value for them.

#### **3.2 CO-CREATION FRAMEWORKS**

This section reviews important frameworks developed by researchers to explain co-creation and co-production. The descriptive model of the customer co-production process by Etgar (2008) explains the five stages a customer goes through when participating in co-production. The conceptual framework for value co-creation by Payne et al. (2008) shows which processes need to be managed to ensure a successful co-creation experience. The typology of service contexts by Zhuang (2010) illustrates different combinations of customer and supplier participation and explains the characteristics of each of these

situations. This framework allows marketers to segment the market based on customers' tendency and ability to participate in co-creation. The scale developed by Yi and Gong (2012) to measure customer co-creation behaviour provides a useful model to understand customer co-creation behaviour.

### **3.2.1 The customer co-production process**

Etgar (2008) developed a model that presents customer participation in co-production as an active and dynamic process that consists of five specific stages. The model allows marketers to segment the market according to how willing and able customers are to participate in co-production. Figure 3.1 illustrates Etgar's descriptive model as a conceptual framework.

The first stage of customer participation in the co-production process is the emergence of conditions prior to participation. The establishment of these conditions prompts customers to participate. Conditions include environmental factors, customer linked factors, product linked factors, and situational factors. Environmental factors include economic, cultural, and technological preconditions such as customers in developed markets having an increased need for customised products, an increased need for relationship type exchanges rather than once-off exchanges with suppliers, and increased access to information due to information technology developments. The advancement in information technology means easier and less expensive interactions between the customer and supplier. Secondly, customer linked factors include the willingness of customers to participate in co-production, availability of discretionary time, and their expertise capacity. Product linked factors include characteristics of the product such as whether the product has attributes that will be noticeably different when changed, the importance of these changes to the customer, and whether the brand has the type of personality that makes product adjustments desirable to customers. Situational factors refer to the nature and conditions of the transaction between the customer and the supplier such as whether the supplier facilitates customer participation in the purchase transaction (Etgar, 2008).

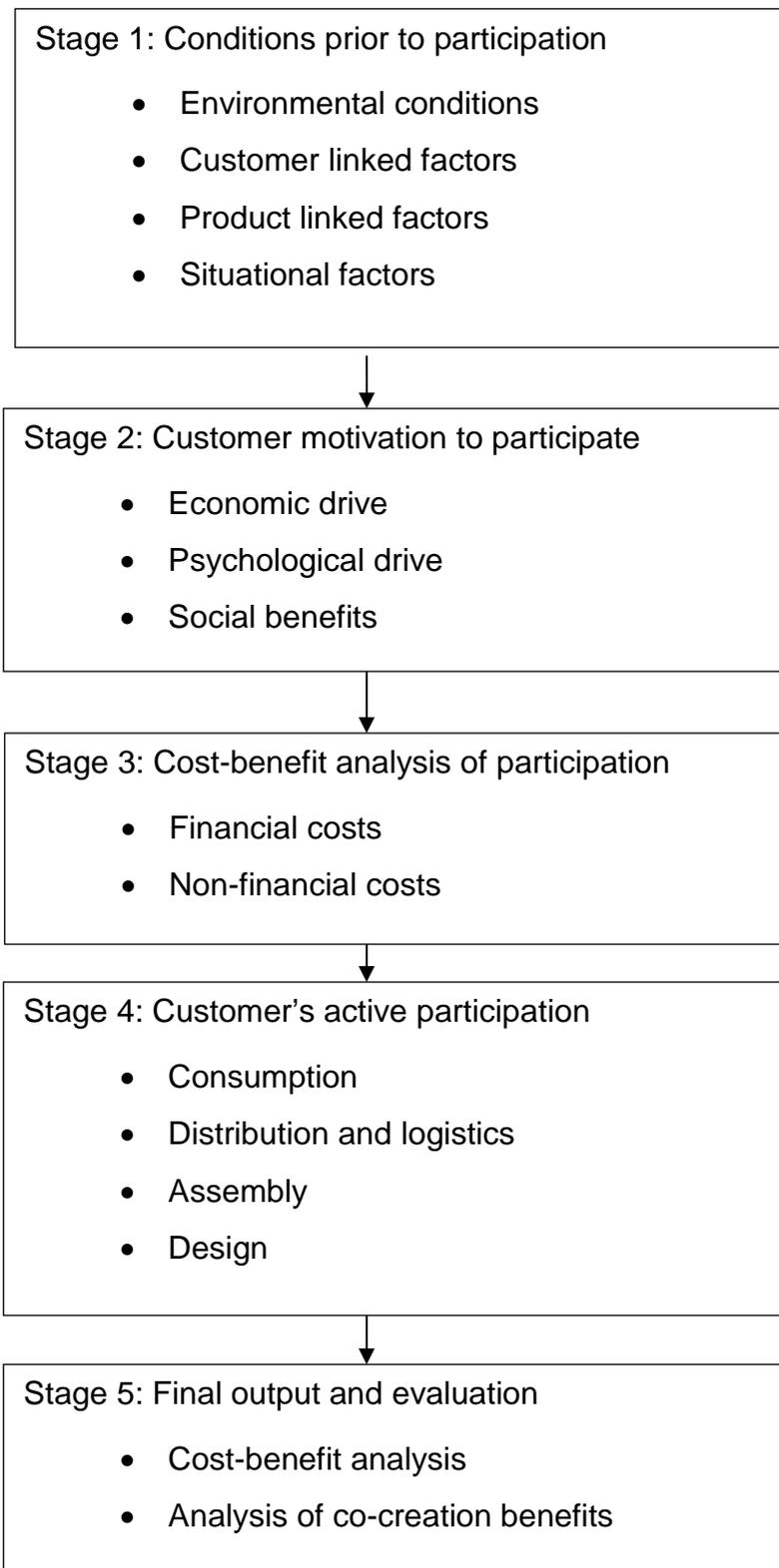
The second stage is encouraging the customer's motivation to participate. Customers' participate in co-production to achieve certain preset goals. The first motivational drive is the economic drive, which can be cost reduction or risk reduction. Risks include physical,

time-related, financial, psychological, performance, and lack of product consistency. The second form of motivation is psychological drives. The very act of taking part in the production of the end product or service can yield psychological benefits to the customer. These can take the form of intrinsic and extrinsic values. Intrinsic values are when the experience is valued for its own sake, such as enjoying the shopping experience. Extrinsic values are when the experience is a means to an end, such as when the experience allows the customer to perform well. Another factor is the self-serving bias theory where the customer feels more responsible for success and less responsible for failure when value was co-produced. The third driver is social benefits which suggest that customers look for status and self-esteem enhancing benefits when making a purchase decision. Also, customers prefer to communicate with people that have similar interests and desires, known as social contact values. The third social factor is the customers' need to control their own environment as well as the final product of the transaction (Etgar, 2008).

The third stage of the process entails the customer performing a cost-benefit analysis of participating in co-production where the benefits are weighed against the costs of participation. Financial costs that customers may incur are the use of their own material resources as well as their own time when participating. Non-financial costs include psychological and social costs such as the loss of freedom when choosing a co-production partner, and misperformance by unskilled customers (Etgar, 2008).

The fourth stage is the customer's active participation in co-production. The customer chooses the degree to which he or she is involved, and which activities to participate in. This stage includes consumption, which is the largest stage in the process. It also includes distribution and logistics, assembly, and design. Distribution and logistics are the flow and storage of goods, services and information from the supplier to the customer. When a physical product has components that have been manufactured separately and they need to be combined to form the final product, the components go through the assembly phase (Etgar, 2008).

The fifth stage is the final outputs of the co-production experience and evaluation of results. The customer will compare the value received from the output to the predefined goals. The customer will also compare the co-production strategy to more traditional strategies that do not involve customer participation to the same extent (Etgar, 2008).

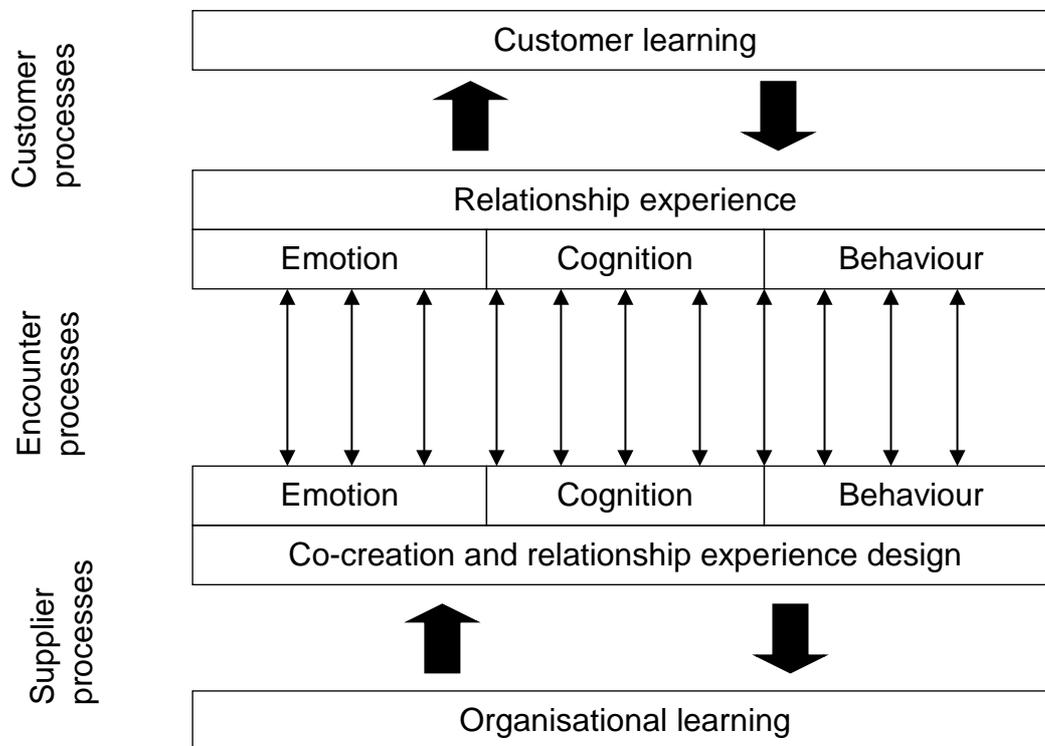


**Figure 3.1 Five stages of customer participation in co-production**

Adapted from: Etgar (2008)

### 3.2.2 A conceptual framework for value co-creation

Payne et al. (2008) developed a conceptual framework which adopts a process based view on how the supplier can manage co-creation. The framework allows for a better understanding of co-creation and opportunities for improving the co-creation experience from the supplier's point of view. The framework consists of three main components, these are customer value-creating processes, supplier value-creating processes, and encounter processes. Each main component is divided into several further subcomponents as illustrated in Figure 3.2.



**Figure 3.2 A conceptual framework for value co-creation**

Source: Payne et al. (2008)

Supplier-value creating processes are the processes, resources and procedures that suppliers use to manage co-creation activities, and all stakeholders and customers participating in those activities. Co-creation opportunities are strategic opportunities that allow the supplier to co-create value with the customer. Opportunities can be identified

from technological breakthroughs, changes in industry logics, and changes in customer preferences and lifestyles. Planning for co-creation starts by understanding customers' value-creating processes and designing the supplier's value-creating processes around them. Well-developed metrics and measurements are necessary within a company to ensure they can perform co-creation on a continuous basis. A self-reinforcing cycle exists between organisational learning and the relationship experience. Organisational learning is necessary for the supplier to develop skills, knowledge and competencies that can be used to gain a competitive advantage and produce a better relationship experience. A better relationship allows the supplier to learn more about their customers (Payne et al., 2008).

Encounter processes are the procedures that take place during the co-creation experience to facilitate the relationship between the customer and the supplier, and need to be managed carefully to ensure successful co-creation. Encounter processes are two-way, which emphasises the interactive nature of co-creation. As the supplier learns about the customer he or she can identify opportunities to improve the customer's experience. As their processes improve the customer's experience, they learn about the customer. The encounters are the points where the customer and the supplier meet, and can be initiated by either the customer or the supplier, or both. There are three broad types of encounters that facilitate co-creation, namely communication encounters, usage encounters, and service encounters. Communication encounters are used to connect customers and suppliers. Usage encounters are when the customer uses the product or service. Service encounters are interactions between the customers and the service employees of the supplier. Furthermore, encounters can be classified as emotion supporting, cognition supporting or behaviour supporting, depending on what aspect(s) of the customer's value-creating processes it supports. A design of the encounter and its various processes in the form of a map can help the supplier identify co-creation opportunities (Payne et al., 2008).

Payne et al.'s (2008) framework for managing the co-creation of value has been extended to branding in order to understand the brand relationship experience within the context of S-D logic. The model highlights the importance of each encounter between the customer and the brand. There must be goals for the customer and the brand at each phase of the brand relationship (Payne et al., 2009).

### 3.2.3 A typology of service contexts in co-creation

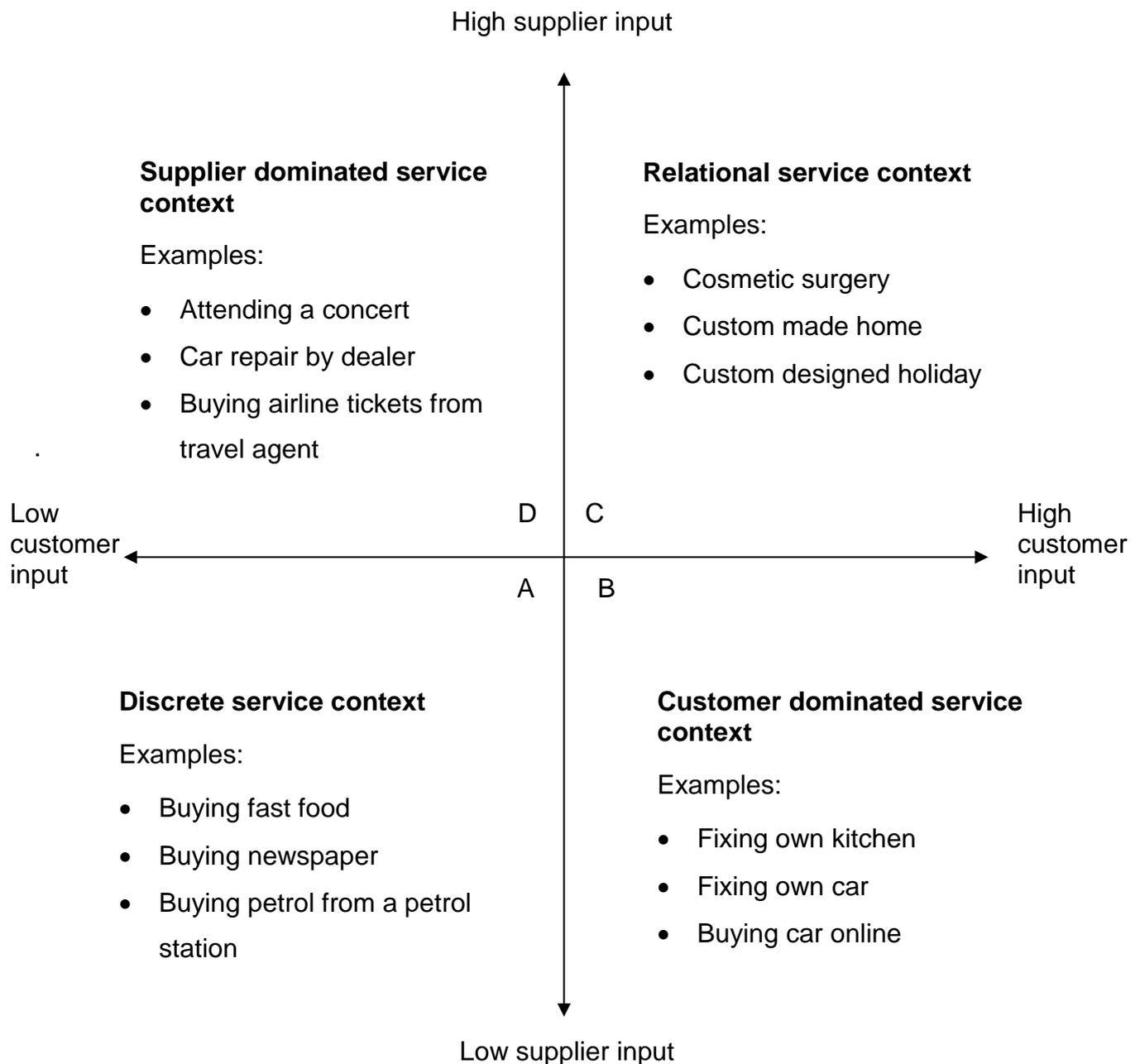
A framework developed by Zhuang (2010) organises service situations into categories based on the different levels of input from suppliers and customers. It provides a four quadrant grid in which different buying situations can be mapped in regards to the level of customer and supplier input involved. The grid organises exchange situations according to service contexts. The typology allows researchers to identify the nature of services that requires inputs from suppliers and customers. It illustrates how different service contexts require different levels of co-creation. The framework is depicted in Figure 3.3. The y-axis ranges from high to low levels of supplier input. The x-axis ranges from high to low levels of customer input. These two axes divide the framework into a discrete service context, customer dominated service context, relational service context and supplier dominated service context (Zhuang, 2010).

Quadrant A is the discrete service context which involves minimum inputs from both the customer and the supplier. This minimum involvement results in a detached relationship between the customer and the supplier. Characteristics of this segment are typically low costs, standardised designs, and large volumes. Customers with little motivation to participate fall into this group (Zhuang, 2010).

Quadrant B is the customer dominated service context which has low supplier input and high customer input. Customers do most of the work if they are willing to and if they have the required skills and knowledge to do so. Customers are motivated to participate in this segment when they have both extrinsic and intrinsic motivation goals, and a good understanding of their role. Low supplier input could simply be because the customer does not need it. The low input from the suppliers' side makes it difficult for the supplier to control the customers heightened participation (Zhuang, 2010).

Quadrant C is the relational service context, which has a high level of supplier input and a high level of customer input. Here both parties undertake the bulk of the work. Specialists with the necessary knowledge and skills are needed because customers do not have these as they are not specialists in the field. Good communication between the customer and the supplier is vital, so that the supplier can accurately understand the customer's needs. Other characteristics of this segment are highly customised services that may need

the participation of a specialist or requires the use of complicated equipment. Customer motivations to participate are also vital. Suppliers provide critical inputs and help involve the customer (Zhuang, 2010).



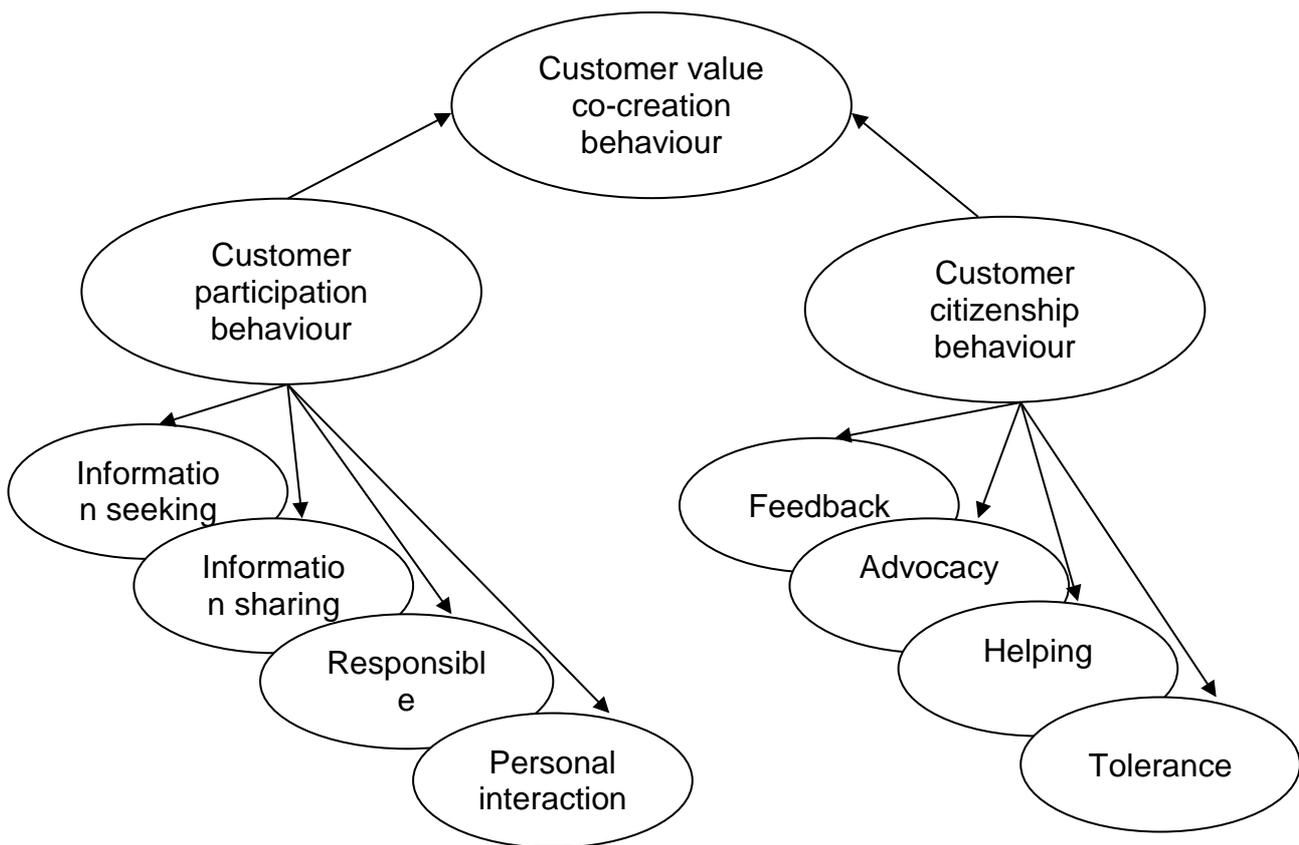
**Figure 3.3 A typology of service contexts**

Adapted from: Zhuang (2010)

Quadrant D is the supplier dominated service context, which has low customer inputs and high supplier inputs. Customers' low participation may be a result of an inability to participate, lack of motivation or confidence, and lack of knowledge. The supplier does the bulk of the work (Zhuang, 2010).

### 3.2.4 Customer co-creation behaviour

To date, only one scale has been developed to measure co-creation. This scale was developed by Yi and Gong (2012) to measure customer co-creation behaviour. The authors explain that the scale captures all related domains of customer behaviour across service industries, although it has not been empirically tested in a wide variety of industries. The scale does, however, provide an interesting third-order factor model of customer co-creation behaviour, as illustrated in Figure 3.4.



**Figure 3.4 Model of customer value co-creation behaviour**

Source: Yi & Gong (2012)

The study conceptualises customer co-creation behaviour as a multidimensional concept with hierarchical elements, and comprises two major dimensions: customer participation behaviour and customer citizenship behaviour, with each dimension consisting of four underlying dimensions. Customer participation behaviour includes behaviours that are required for the service delivery to be successful, and includes the elements of customers looking for information, sharing information, responsible behaviour in terms of recognising their duties as partial employees, and personal interactions between them and employees necessary for co-creation to take place. Without these behaviours the service cannot be completed successfully. Aspects of customer citizenship behaviour includes the elements of customer feedback provided to employees to help them improve their co-creation success in the long-run, advocacy in terms of recommending the supplier to others, helping other customers, and tolerance when service delivery does not meet customer expectations.

The customer co-production process by Etgar (2008), the conceptual framework for value creation by Payne et al. (2008), the typology of service contexts by Zhuang (2010), and the model of customer co-creation behaviour by Yi and Gong (2012) collectively provide an overall picture of the co-creation experience. The customer co-production process illustrated what factors influence the customer's participation from antecedent conditions to post experience evaluations. The conceptual framework for value creation illustrated what processes need to be in place for an effective co-creation experience for both the customer and the supplier, and identified which major processes need to be managed by the supplier. The typology of service contexts provided a tool that categorises co-creation experiences based on the amount of customer and supplier input involved which enables users to analyse co-creation experiences based on these dimensions. The model of customer co-creation behaviour provided insight in the dimensions of customer behaviour when they participate in co-creation.

### **3.3 CUSTOMERS' ROLE IN CO-CREATION**

Increased availability of information resulting from the Internet has empowered the customer in buying situations (Prahalad & Ramaswamy, 2004). This allows customers to participate much more actively in the purchase transaction. Customers are unaware of their important role in co-creation (Payne et al., 2008), but they are often more ready to

participate than the supplier is (Ramaswamy & Guillard, 2010). The change in customer purchase expectations as a result of their empowerment means that their roles have evolved into more active roles. The customers' role in co-creation involves providing information as well as assistance to the supplier to co-create the end product or service. It is up to the customer to accept the supplier's value proposition and to transform it into value-in-use.

### **3.3.1 Customer role change**

Customers have traditionally been more passive in the buying situation. They have traditionally settled for standard products that are more cost effective and less expressive of their individuality. However, individuals are inherently creative, and do not necessarily want to receive standardised products (Ramaswamy & Guillard, 2010). Customers have more access to information, regardless of the quality of the information. New technologies such as increased information availability due to the rise of the Internet have changed customer expectations and increased their willingness to participate in value co-creation. This inherently changes their expectations regarding their role and the supplier's role in the transaction. The new dominant logic where the customer is an active participant redefines the customers' roles as well as their responsibilities (Gurău, 2009).

Customers are becoming more active participants because of the increased availability of information via the Internet, globalisation, and their inherent need to experiment (Prahalad & Ramaswamy, 2004). There are four major characteristics which differentiates these new customers from traditional customers. These include limited time and increased value placed on time, a need for personalised attention as customers become willing to only access information that is meaningful to them, control over their own personal information regarding their purchase behaviour, and the active search for experiences that are life enhancing (Gurău, 2009).

Customers can choose which suppliers they want to co-create with based on their needs and how well that supplier satisfies their needs (Prahalad & Ramaswamy, 2004). This links up with a principle of role theory where the actors enter a relationship with another actor that best satisfies their needs (Ruddock, 1969). The customer needs to have a clear

understanding of the supplier's expectations of them, and the supplier needs to have clear understanding of the customer's expectations of them. These clear expectations contribute to a more efficient and successful co-creation experience (Solomon, et al., 1985). It is therefore critical that the customer understands his or her roles and is willing and able to provide the necessary information and assistance to co-create a final product or service.

### **3.3.2 Types of customer roles**

Customers assume various roles when actively participating in co-creation (Gurău, 2009). They assume the role of information inquirer when searching for a partner to co-create with, as well as when searching for information regarding their problem. Customers assume the role of information provider when discussing the problem with the supplier to jointly define a problem. The role of a producer is assumed when the customer uses the supplier's resources to co-produce the end product. The role of a decision-maker is assumed when the customer needs to make decisions about how to proceed with the product development, in terms of the characteristics with which to customise the final offering. Finally the customer assumes the role of the consumer when using the final product.

Customer roles have been addressed in knowledge co-production in the electronic services context. Customers play a variety of roles in knowledge co-production that influence different innovation tasks. Knowledge co-produced by customers improves different innovation tasks substantially during innovation activities. Customers have three specific roles in knowledge co-production that have a substantial impact on different innovation tasks: passive user, active informer, and bidirectional creator (Blazevic & Lievens, 2008).

When customers are considered resource integrators six different styles of customer co-creation arise. These are linked to different co-creation outcomes and include: team manager, isolate controller, partner, spiritualist, adaptive realist and passive complainer. Customers who demonstrate an adaptive realist style of co-creation tend to have a high quality life, while in contrast customers who demonstrate passive complainer or isolate

controller styles tend to have a low quality of life (McColl-Kennedy, Vargo, Dagger & Sweeney, 2009).

### **3.3.3 Level of customer participation**

The level of customer participation in co-creation and co-production varies depending on the knowledge and skills of the customer as well as the complexity of the task that needs to be handled. The degree to which the customer participates in the transaction will affect the outputs of the transaction, which will affect whether there will be an on-going relationship between the customer and the supplier (Andreu et al., 2010). The amount of participation the customer provides alters the roles which he or she must play. If the customer contributes a low level of participation to the co-creation experience the customer will assume fewer roles, while the supplier will assume more roles. If the customer contributes a high level of participation he or she will assume more roles.

Bitner, Faranda, Hubbert, and Zeithaml (1997) identified three levels of customer participation in service delivery. A low level of participation only requires the customer's presence in service delivery, a moderate level of participation requires customer inputs in order for the service to be delivered, and a high level of participation involves the customer as a co-creator of the product or service.

### **3.3.4 Factors encouraging customer participation**

Customers decide at what level they will participate in the transaction. This largely depends on how much technical ability they possess and information they have, as well as what the costs of participating are. Based on the different levels of customer participation, the supplier should have different products available that suit each different type of involvement. When there is low participation from the customer a standard product should be available. When there is high participation from the customer there should be procedures in place that incorporate the customer's information and assistance into the development of the final product (Gurău, 2009).

In virtual co-creation projects for new product development customers' personalities, motivations, and expectations were found to influence their decisions to participate in virtual co-creation projects. Customers with different types of personalities have different motivations to participate in co-creation. Four different types of customers emerged as a result: reward-oriented, need-driven, curiosity driven, and intrinsically interested (Füller, 2010).

### **3.4 SUPPLIER'S ROLE IN CO-CREATION**

The supplier needs to create a shopping environment that offers customers the opportunity to participate in co-creation as well as provide information, skills and resources for customers to use in co-creation (Prahalad & Ramaswamy, 2004). Generating new and interactive experiences for customers requires designing better experiences for firm employees (Ramaswamy & Gouillart, 2010). Platforms are necessary for contact employees to participate and facilitate customer experiences. The whole firm needs to be geared towards providing value propositions and co-creation opportunities to the customer. This ranges from having adequately trained contact employees, information infrastructure, and the correct material resources in place (Ramaswamy quoted in Frigo, 2010). Suppliers need to create environments in which customers can create their own experiences (Prahalad & Ramaswamy, 2004). The supplier's role is to provide service activities and goods that deliver service in order to facilitate the customer's participation in value creation (Ballantyne & Varey, 2006). Successful service co-production is accomplished through the co-operation between individual employees, especially those who span the boundaries of the organisation (Guo & Ng, 2010).

#### **3.4.1 Experience design approach**

Co-creation is essentially an outside-in approach to designing the purchase experience (Vargo & Lusch, 2004). This outside-in approach assesses the customers' needs, experiences, and expectations and then designs the experience around these needs and expectations. For very large organisations it is better to adopt an inside-out approach for co-creation as it is easier to manage. Once the internal stakeholders have been assessed for their abilities to co-create, the supplier can move on to assess external stakeholders for

their co-creation abilities (Ramaswamy quoted in Frigo, 2010). Contact employees need to be analysed to determine what their experience in co-creation entails and what opportunities are available to deliver co-creation opportunities. Contact employees participate in idea generation to improve value propositions and to improve the experience design (Ramaswamy quoted in Frigo, 2010).

Promoting customer participation in value co-creation has been described as a double-edged sword for suppliers. Co-creation results in economic gains for customers and strengthens customers emotional bond to the supplier, but at the same time it increases employees' job stress, potentially hindering their job satisfaction. The value created through the joint collaboration of the customer and the supplier depends on the cultural values of customers and employees, therefore customers and employees should be 'matched' based on their cultural value orientations to facilitate successful co-creation (Chan, Yim & Lam, 2010).

### **3.4.2 Advantages of co-creation for the supplier**

Co-creation enables the supplier to reduce the risks associated with providing customers with a product that does not sufficiently satisfy their needs. The supplier needs to implement engagement platforms which will allow the supplier to focus on the customer's experience as well as the different contexts within which those experiences take place. It is vital for the supplier to use communication to build relationships with stakeholders. Engagement platforms will enable employees to provide creative input to improve customer experiences. By building the experience and value propositions with the customer, the supplier reduces uncertainty and thus manages risk. Co-creation allows the supplier to improve the efficiency and effectiveness of business procedures by designing them around the customer. Co-creation leads to increased customer satisfaction and retention, and subsequently increases returns which allow the supplier to grow in a sustainable and customer-oriented way (Ramaswamy quoted in Frigo, 2010). In a business-to-business context, and depending on the supplier's innovation orientation it has been found that co-production positively influences service innovation (Chen, Tsou & Ching, 2011).

### **3.4.3 Four principles of co-creation from the supplier's perspective**

There are four basic underlying principles that facilitate co-creation in any business. These are value for the supplier, focus on the experience of all stakeholders, stakeholder interaction and interaction platforms. Firstly, employees and other stakeholders will not fully participate in the exchange unless there is value in it for them too. Secondly, focus must be placed on the experience of all stakeholders, not just the customers, in order to ensure effective and efficient co-creation. Thirdly, employees must be able to communicate directly with each other. They must be able to engage with each other to obtain a greater understanding of the problem and to effectively generate solutions. Lastly, suppliers need to provide a platform that facilitates the sharing and interaction between stakeholders (Ramaswamy & Gouillart, 2010).

### **3.4.4 Types of supplier roles**

The supplier needs to be able to adapt to the customer's skills and competencies during the transaction. Suppliers need to be able to collect all of the customer's input and use it in the development of the end product. The supplier needs to have customer input on hand to share with other departments that are involved in the transaction in order to provide a truly integrated and collaborated end product. The supplier must be able to absorb what the customer has provided and use it to offer the customer a personalised experience and uniquely co-created customised end product. The supplier needs to be flexible when participating in the interaction, and when implementing decisions in order to make the co-creation dialogue and collaboration a reality (Gurău, 2009).

## **3.5 NEGATIVE SIDE TO CO-CREATION FOR CUSTOMERS AND SUPPLIERS**

No purchase transaction, whether it involves a product or a service, can be perfect every single time (Dong et al., 2008). Co-creation does not always guarantee positive outcomes for a supplier and mistakes are inevitable. Therefore co-creation has various risks for all involved and can consequently lead to value co-destruction (Plé & Cáceres, 2010).

### **3.5.1 Risks associated with co-creation**

Despite reducing risks by increasing the supplier's information regarding customers (Payne et al., 2008), increasing customisation capabilities and improving the supplier's service provision abilities (Zhang & Chen, 2008), value co-creation as a strategy for offering a superior customer experience does not exist without a number of risks (Plé & Cáceres, 2010).

The supplier's creation of interaction opportunities with the customer results in a loss of control over the purchase experience. The more the customer participates in the co-creation experience, the more difficult it is for the supplier to control the experience (Zhuang, 2010). As customer participation increases, so does their contribution of knowledge and skills to the development of the final product or service. It also increases their active use of the supplier's information and skills. The supplier needs to relinquish a certain amount of control over the experience. Therefore higher customer participation introduces a higher level of uncertainty and risk (Zhuang, 2010). Furthermore, co-creation increases employees' job stress and hinders their job satisfaction (Chan et al., 2010).

The customer may not have the required skills to successfully use the supplier's value proposition (Etgar, 2008). This could result in an unsuccessful transaction because the customer and the supplier's expectations do not match, resulting in role conflict, and an end product that was not desired. There may be threats of potential conflict between the customer and the supplier (Etgar, 2008). This will reduce the quality of the experience and reduce customer and supplier satisfaction derived from the experience. Extended legislation may complicate the co-creation experience (Etgar, 2008).

There may be a risk that some people are not able to accept the supplier's value proposition, leaving the particular needs of these individuals unmet. Elderly people may not be able to participate in the co-creation experience as they may be physically unable to. Some customers may be unable to learn the particular skills, make the decisions, and actively search for the information necessary for the co-creation interaction to be successful. The customer and the supplier may need to make behaviour and cultural adjustments in order to participate in the co-creation experience (Etgar, 2008).

### 3.5.2 Value co-destruction

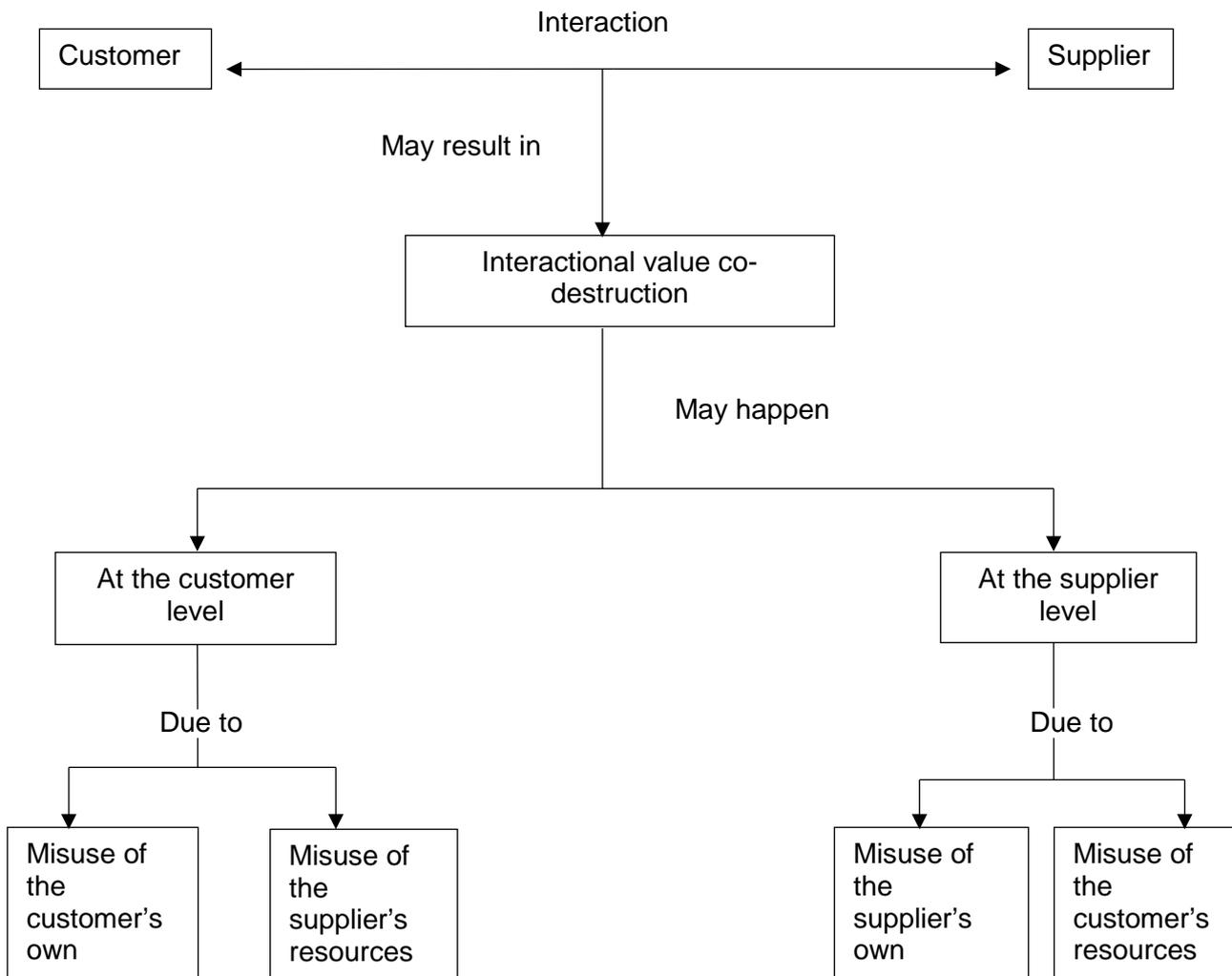
If value can be co-created then it can also be co-destroyed. Value can be both intentionally and accidentally destroyed (Plé & Cáceres, 2010). It is not possible to produce a perfect customer experience every single time (Dong et al., 2008). Co-creation should not be pursued when it is evident that it will not be beneficial for the supplier.

Value co-destruction is a collaborative process between the customer and the supplier that results in a decline in the well-being of either the customer or the supplier, or both of them. The collaboration can be a direct or indirect interaction where the customer and the supplier share their resources inefficiently. The effect co-destruction has on the customer or the supplier depends on his or her ability to adapt to the purchase environment (Plé & Cáceres, 2010).

During the co-creation experience both the customer and the supplier share resources that benefit each other in the exchange. This sharing of resources can also have reverse effects when the resources shared by one party could be detrimental to the other party. Resources are misused when one party fails to use the resources offered by the other party in a way that is expected of them. Figure 3.5 illustrates how resources can be misused by the participants in the transaction. This can happen when the customer misuses his or her own resources and/or those offered by the supplier, or when the supplier misuses his or her own resources and/or the resources offered by the customer. This will consequently lead to value co-destruction for at least one party in the transaction (Plé & Cáceres, 2010).

Role theory suggests that customers and suppliers assume certain roles in the buying transaction (Solomon et al., 1985). Consequently, the customer and supplier have specific expectations of each other. When resources are inappropriately or unexpectedly used in the purchase transaction value will be destroyed for at least one party (Plé & Cáceres, 2010). Resources are misused accidentally when both parties intend to use each other's resources to co-create value, but discrepancies occur in customer and supplier mutual expectations of how resources will be integrated and applied in the purchase transaction. The transaction does not meet the value expectations of both the customer and the

supplier. Value could be created for one party and destroyed for the other (Plé & Cáceres, 2010).



**Figure 3.5 Value co-destruction**

Source: Plé and Cáceres (2010)

Resources are misused intentionally when one party is interested in using the other party's resources for their own gain at the other party's expense (Plé & Cáceres, 2010). Customers and suppliers are sometimes opportunists who will create value for themselves at the expense of another party (Etgar, 2008). This will generate value destruction for the other party. Therefore one party will experience value creation while intentionally misusing

a second party's resources to decrease the second party's value, generating value co-destruction (Plé & Cáceres, 2010).

Value co-destruction shows that interactions between parties do not always have positive effects; they can also have negative effects. Research on value co-destruction is mostly conceptual therefore practical conclusions about value co-destruction have not been established. It is important for suppliers to understand where and how value co-destruction may occur, as well as to what extent (Plé & Cáceres, 2010). An empirical investigation of value co-destruction was conducted in the public transport context where it was found value can indeed be co-destroyed. Informing, greeting, delivery, charging, and helping are five practices where value can be either co-created or co-destroyed in the public transport context (Echeverri & Skalen, 2011).

### **3.6 CONCLUSION**

This chapter has explained the parties, processes and behaviour related to co-creation and co-production. Four important frameworks were presented to explain value creation. A descriptive model of the customer co-production process was presented to map out the conditions existing before, during, and after the customer participates in co-production. A conceptual framework for value co-creation was presented that showed what processes are involved in co-creation that need to be managed to ensure a successful co-creation experience. A typology of service contexts was presented to illustrate different combinations of customer and supplier participation, which allows managers to segment their market based on customers' tendency and ability to participate in co-creation. Lastly, a model of customer co-creation behaviour was presented to illustrate the dimensions of this behaviour. The roles of customers and suppliers in the purchase experience have changed. Both parties are more active and pursue mutual value. The types of roles and level of participation of each party were discussed to explain how customers and suppliers interact with each other to create value. Co-creation involves a variety of risks for both the customer and the supplier, and could possibly lead to value co-destruction if the co-creation experience is not managed properly. However, co-creation also offers the customer the opportunity to reduce perceived potential risks with the purchase transaction by participating to obtain the best end result, which could also enhance the benefits they derive from the purchase experience. The potential risks of co-creation and the process in

which value may be co-destructed were presented to shed insight into the negative impacts that failed co-creation may have for customers and suppliers.

The goal of co-creation and co-production is to share skills, knowledge and resources to benefit all participants involved (Vargo et al., 2008). Customers can choose which suppliers they want to engage with based on their needs and how well that supplier satisfies their needs (Prahalad & Ramaswamy, 2004). According to role theory, actors enter a relationship with another actor who best satisfies their needs and provides the most benefits (Ruddock, 1969). Despite the importance of customer benefits for co-creation and co-production, they have been poorly documented. The next chapter aims to give more insight into possible benefits by explaining value and benefit conceptualisations in marketing literature.

## CHAPTER 4

### BENEFITS OF CO-PRODUCTION

#### 4.1 INTRODUCTION

The purpose of this chapter is to provide a thorough understanding of the possible benefits of co-production and where they are sourced from in the marketing literature. In order to understand customer benefits, value needs to be understood. Co-production is the active participation of both the customer and the supplier in the production of a product or service. It requires an interaction between the customer and supplier to co-produce value. For the purpose of this study, customers' pursuit of benefits in co-production is rooted in social exchange theory. Social exchange theory explains that customers direct their reciprocation efforts towards the source from which the benefits are received, and seek to maximise the benefits they obtain relative to the costs they give up.

According to S-D logic, service is the fundamental unit of exchange and all providers are service providers (Vargo & Lusch, 2004). If S-D logic is considered the dominant logic for marketing, as is accepted in this study, then "service represents activities that transform marketing activities into benefits and ultimately value" (Babin & James, 2010: 473). Value and service are inseparable concepts, where service is the activities that use resources to benefit another, and value is the end result of service. Value is a measure to assess the success of the service, and is evaluated by comparing the benefits reaped to the costs given up (Babin & James, 2010). Value is also the foundation of the marketing concept, but it is one of the most overused and misused concepts in marketing and management literature. The nature of value is complex, multi-faceted, dynamic and subjective. There is a lack of consensus in the understanding of value, because definitions have been constructed differently and the relevance of each definition varies for different circumstances (Sánchez-Fernández & Iniesta-Bonillo, 2007).

There are two major streams of research on value. Some academics argue that value is a uni-dimensional trade-off between benefits and sacrifices. Others argue that value is a multi-dimensional construct in which concepts such as perceived price, quality, and

sacrifice are all embedded. Both uni-dimensional and multi-dimensional models of value have their roles to play in providing simplified and complex understandings of value. The uni-dimensional approach has the advantage of simplicity, but the multi-dimensional approach consists of a number of dimensions that represent a more holistic understanding of value (Sánchez-Fernández & Iniesta-Bonillo, 2007). The major reported research on value conceptualisations is presented in this chapter. These conceptualisations are important because customers derive benefits from value perceptions, therefore different conceptualisations of value may be important sources of benefits of co-production.

The remainder of this chapter addresses customer benefits published in marketing literature. Customers derive benefits from value perceptions (Mathwick, Malhotra & Rigdon, 2001). This study uses social exchange theory to explain the importance of benefits to customers. Only a few studies have been published addressing benefits from the customers' perspective in marketing literature, and they have mostly been limited to the context of relational benefits. Etgar (2008) has proposed conceptual benefits of co-production. This conceptualisation will be used as a framework to discuss further potential benefits of co-production.

## **4.2 SOCIAL EXCHANGE THEORY**

Social exchange theory deals with interpersonal interactions from a cost-benefit perspective (Blau, 1964). It explores the nature of exchange between parties who depend on each other and share responsibility. A social exchange is defined as the joint activity of at least two parties, where each party has something of value to offer the other party (Lawler, 2001). Social exchange theory is a large and complex theory. Emersen (1976) suggests that it is not a theory at all but rather a framework to organise a body of theories and works addressing social exchanges. Exchange theory "is a frame of reference that takes the movement of valued things (resources) through social process as its focus" (Emersen, 1976: 359). Essentially this whole body of work addresses the same social exchange model. The social exchange model entails that two parties interact with each other in such a way so as to maximise benefits and minimise costs in the exchange. Benefits are both tangible and intangible and may include physical objects, psychological pleasure and social gain. Costs may include harmful objects, or psychological and social

punishments (Bagozzi, 1994). In many cases the most important benefits in social exchanges are the non-material ones such as confidence and enjoyment.

The foundation of the theory can be found in the statement that social exchange theory “postulates that exchange interactions involve economic and/or social outcomes. Over time, each party in the exchange relationship compares the social and economic outcomes from these interactions to those that are available from exchange alternatives which determine their dependence on the exchange relationship. Positive economic and social outcomes over time increase the partners’ trust of each other and commitment to maintaining the exchange relationship. Positive exchange interactions over time also produce relational exchange norms that govern the exchange partners’ interactions” (Lambe, Wittman & Spekman, 2001: 5-6). People engage in social exchanges when they expect the benefits to justify the costs of participation. Social exchange differs from economic exchange in that it deals with intangible benefits and costs. Unlike with economic exchanges, there is no guarantee that there will be reciprocal rewards, because there are no mechanisms in place to ensure equal exchanges. In a social exchange, parties engage on the basis of faith in the other’s reciprocal efforts. Parties believe in each other’s cooperative intentions (Blau, 1964).

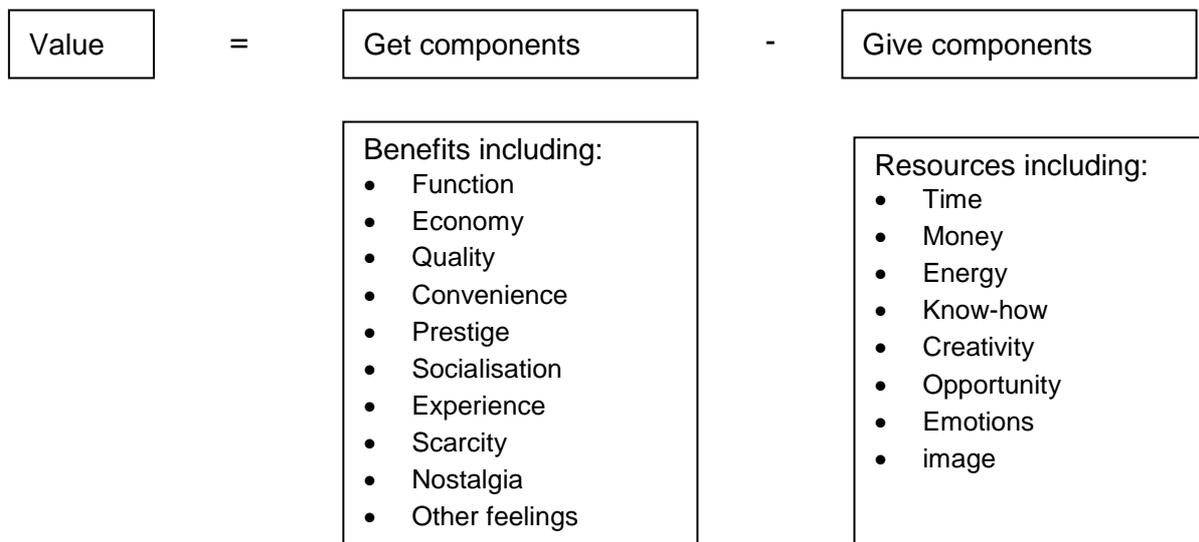
Social exchange theory has been applied to economic exchanges where a service encounter is a form of social exchange (Solomon et al., 1985). In an economic setting, a social exchange exists when there is a close interaction between a customer and a supplier. These exchanges are dynamic, and the interaction between the customer and supplier is continuously evolving (Sierra & McQuitty, 2005). Bagozzi (1994) applied the social exchange theory in marketing in his attempt to define the exchange system. Bagozzi’s (1994) purpose was to define marketing as the process of creating and resolving exchange relationships. However, his views at that time were rooted in a G-D logic perspective, where he explained value as value-in-exchange.

#### **4.3 VALUE AS A UNI-DIMENSIONAL CONSTRUCT**

Value has been defined as a uni-dimensional construct in price-based studies that focus on value as a quality-price relationship and as a means-end theory that looks at a bi-directional trade-off of giving and receiving. It has also been explained by a number of

variables such as corporate image, quality and sacrifice (Sánchez-Fernández & Iniesta-Bonillo, 2007).

Zeithaml (1988) made a significant contribution to the uni-dimensional view. Zeithaml (1988) offered four definitions of value from a customer's perspective based on the different ways it has been used in marketing. Firstly, value equals price, therefore a low price equals high value. Secondly, value equals the benefits the customer gets from consumption. It relates to overall product usefulness when the customer gets everything he/she wants from the purchase. This definition focuses purely on the benefits of value. Thirdly, it has been defined as the outcome of a calculation of the benefits from the quality obtained less the price paid. The fourth definition is an expanded version of the third one, where value is an evaluation of overall 'give' factors compared to the overall 'get' factors.



**Figure 4.1 A value equation**

Source: Babin & James (2010)

A simple way to understand value that is co-created or co-produced between customers and suppliers is by considering it as a direct function of 'give' versus 'get' components. This concept transcends the different ways value has been conceptualised from a multi-dimensional view and is illustrated in Figure 4.1. 'Give' and 'get' components are exchanged as the service takes place. The 'give' components are typically the costs of participating in the service, such as the price paid or the time given up to participate. In high involvement services or in value co-production, 'give' factors can include emotions,

energy, know-how and creativity investments. The 'get' components are typically the benefits obtained from the service, such as convenience and quality. The supplier's ability to become a co-creator or co-producer of value instead of simply a value facilitator depends on the level of engagement from the customer (Grönroos, 2009), but as the customer becomes more engaged, the 'give' and 'get' components become blurred.

#### **4.4 VALUE AS A MULTI-DIMENSIONAL CONSTRUCT**

Value is gaining increasing attention as a multidimensional concept, largely because of an increased acceptance of the fourth definition of value suggested by Zeithaml (1988). Multi-dimensional value conceptualisations differ. Operationalising models with many dimensions is problematic. Multi-dimensional constructs are conceptually ambiguous, explain less variance than explained by their dimensions collectively, and confound relationships between their dimensions and other constructs (Sánchez-Fernández & Iniesta-Bonillo, 2007). Empirical studies by researchers such as Sweeney and Soutar (2001) show that multi-dimensional conceptualisations of value explain customer choice better. This section reviews important multi-dimensional conceptualisations of value. Customers obtain benefits from value perceptions, therefore the operational definitions of the value dimensions are provided where possible, to provide insight into possible customer benefits.

##### **4.4.1 A theory of consumption values**

Sheth, Newman and Gross (1991) have developed a theory of consumption values. This theory uses five types of consumption values to explain customer value. These are functional value, conditional value, social value, emotional value and epistemic value. The operational definitions for these values are captured in Table 4.1. Different customer values may be important in different contexts, and customers may be willing to sacrifice levels of one customer value to have more of another. These customer values are independent of each other, and a customer's choice may not necessarily be influenced by all five of the values.

The theory can be used to predict and explain consumption behaviours in terms of why customers choose to buy or not, what type of product or service they choose to buy, and what brand they choose to buy (Sheth et al., 1991). The theory provides a good foundation for extending existing value constructs, because it has been validated in a variety of fields (Sweeney & Soutar, 2001).

**Table 4.1**  
**Operational definitions of consumption values**

Consumption value	Operational definition
Functional value	“The perceived utility acquired from an alternative’s capacity for functional, utilitarian, or physical performance. An alternative acquires functional value through the possession of salient functional, utilitarian, or physical attributes. Functional value is measured on a profile of choice attributes.”
Social value	“The perceived utility acquired from an alternative’s association with one or more specific social groups. An alternative acquires social value through association with positively or negatively stereotyped demographic, socioeconomic, and cultural-ethnic groups. Social value is measured on a profile of choice imagery.”
Emotional value	“The perceived utility acquired from an alternative’s capacity to arouse feelings or affective states. An alternative acquires emotional value when associated with specific feelings or when precipitating or perpetuating those feelings. Emotional value is measured on a profile of feelings associated with the alternative.”
Epistemic value	“The perceived utility acquired from an alternative’s capacity to arouse curiosity, provide novelty, and/or satisfy a desire for knowledge. An alternative acquires epistemic value by questionnaire items referring to curiosity, novelty, and knowledge.”
Conditional value	“The perceived utility acquired from an alternative as the result of the specific situation or set of circumstances facing the choice maker. An alternative acquires conditional value in the presence of antecedent physical or social contingencies that enhance its functional or social value. Conditional value is measured on a profile of choice contingencies.”

Adapted from: Sheth et al. (1991: 160-162)

#### **4.4.2 Utilitarian and hedonic value**

Traditionally, consumption was viewed from the information processing perspective of the rational consumer, which neglected consumption phenomena such as enjoyment and

other emotional responses. The information processing perspective focused on the utilitarian functions resulting from fairly objective features of tangible goods and services (Babin, Darden & Griffin, 1994). Holbrook and Hirschman (1982) highlighted the neglect of hedonic consumption phenomena, and argued that marketing requires an expanded view that must combine the utilitarian information processing perspective with the hedonic experiential perspective for a more comprehensive picture of the consumption experience. Therefore fantasies, feelings and fun are included as important consumption components.

Babin et al. (1994) conceptualised perceived shopping value as having utilitarian and hedonic components. They developed a scale called the 'personal shopping value' (PSV) scale to capture the utilitarian and hedonic aspects of the shopping experience. The utilitarian component relates to task completion while the hedonic component is subjective, personal, and results from fun, feelings and playfulness. Although Sheth et al. (1991) declared that the consumption values in his study were independent, hedonic value and utilitarian value are considered interdependent constructs.

The utilitarian and hedonic components of value have been used in other contexts to explain different types of consumer behaviour. Babin, Lee, Kim and Griffin (2005) extended the PSV conceptualisation into the service domain, adapting it into a consumer service value (CSV) concept. This work empirically confirmed that both utilitarian and hedonic aspects of value exist in the service experience. Services are often defined and evaluated on both functional and affective qualities. Babin et al. (2005) found that functional qualities were associated with utilitarian value and affective qualities were associated with hedonic value, and both equally contributed to customer satisfaction and word-of-mouth. The PSV framework was also extended into customer choice as influenced by the nature of the decision. It was found that people prefer the hedonic aspects of a product or service to the utilitarian aspects in the case of a forfeiture decision, and that forfeiture and acquisition decisions are asymmetrical (Dhar & Wertenbroch, 2000).

Behavioural outcomes of hedonic and utilitarian value have been investigated by Jones, Reynolds and Arnold (2006) who found that satisfaction with the retailer, word-of-mouth and repatronage anticipation were influenced by more non-product-related, hedonic aspects of shopping, while repatronage intentions were more strongly influenced by utilitarian value.

### 4.4.3 Typology of customer value

Holbrook (1996) proposed a typology of eight types of customer value. Holbrook acknowledged that value is the foundation for all marketing activities and that every consumer researcher needs to address value. One can only understand one type of value by understanding its relationship to the other types of value (Holbrook, 1996). Holbrook (1996) defined value as an “interactive relativistic preference experience” (Holbrook, 1996: 27). In this definition he implies that an interaction between the product or the experience and the customer must take place, and that value is personal, comparative and context-specific. By preference he clarifies that customer value uses the singular term of value, not the plural use of the term that deals with various types of values. Lastly the definition implies that value resides in the experience of consumption (Holbrook, 1996).

The framework for customer value is based on the dimensions of extrinsic/intrinsic, active/reactive, and self-orientated/other-orientated. Value is extrinsic when consumption is a means to an end and accomplishes utilitarian or functional objectives. It is intrinsic when the consumption experience is an end in itself and is appreciated for its own sake. Value is self-orientated when a product or experience is prized for the customer’s personal sake, and other-orientated when the product or experience is valued for other people’s sake. Value is active when customers are required to do things, and reactive when things are done to customers (Holbrook, 1996). This three-dimensional framework results in a typology of eight customer values, described in Table 4.2.

Holbrook’s (1996) typology is a very comprehensive approach to the value construct as it defines more sources of value than other constructs. Despite its richness and complexity, it does have limitations. The complexity of its structure complicates its operationalisation in capturing certain types of value. In addition, there is a relatively circumscribed role for certain aspects of sacrifice in this typology. The exact nature of the hierarchical relationship between quality and value and the extent to which perceived value is situational and context-specific has not been clearly addressed (Sánchez-Fernández & Iniesta-Bonillo, 2007).

Holbrook’s (1996) framework has been extended by Mathwick et al. (2001). An experiential value scale was developed to show the benefits of Internet shopping in the

online catalogue context. Benefits are derived from perceptions of playfulness, aesthetics, service excellence, and customer return on investment. 'Customer return on investment' occurs when the customer invests temporal, financial, behavioural and psychological resources that may result in economic and/or efficiency returns. 'Service excellence' takes place when the customer achieves a self-orientated end. It is an ideal against which quality standards are formed. Value is realised when the seller delivers promises via expertise and task-related performance. 'Aesthetics' refers to the value achieved from visual appeal or the entertainment factors of the experience, which offer immediate pleasure for its own sake. 'Playfulness' refers to the intrinsic enjoyment of engaging in activities and the opportunity to temporarily escape from daily life. The difference between the aesthetic and playful dimensions is the level of participation by the customer, where customers are not simply distant appreciators but rather become co-producers as active participants (Mathwick et al., 2001).

**Table 4.2**  
**Typology of customer value**

<b>Value</b>	<b>Definition</b>
Efficiency	The active use of a product to achieve some self-oriented purpose.
Excellence	A reactive response in which some object is admired for its ability to serve as the means to a self-oriented end in the performance of some function.
Status	The active use of one's own consumption behaviour toward the other-oriented end of achieving a favourable response from someone else.
Esteem	A reactive response in terms of the esteem that may result from a fairly passive ownership of goods. It appreciated as a means to building one's reputation with others.
Play	A self-oriented experience actively pursued and enjoyed for its own sake. Play leads to having fun, and characterises the familiar distinction often made between work and leisure.
Aesthetics	A reactive response of self-oriented appreciation of some object where this experience is valued as an end in itself.
Ethics	The active and other-oriented pursuit of justice, virtue, and/or morality sought for its own sake as an end in itself.
Spirituality	An adoption, appreciation, admiration, or adoration of the Other in which a self-motivated faith may propel one toward a state of ecstasy involving a disappearance of the Self-Other dichotomy and a profound experience of sacredness.

Adapted from: Holbrook (1996)

Sánchez-Fernández and Iniesta-Bonillo (2007) extended Holbrook's typology of customer value. They found that the multi-dimensional structure of customer value as proposed by Holbrook is superior in customer value definitions. Intrinsic categories of play, aesthetics, and altruism are more reflective of customer value in the service context than the extrinsic categories of efficiency, quality and social value, thereby emphasising the role of 'affective' in addition to cognitive aspects.

#### **4.4.4 The customer value hierarchy**

Customer value takes the perspective of a supplier's customers, considering what they want and believe they get from buying and using a supplier's product. Woodruff (1997: 142) defines value as "a customer's perceived preference for an evaluation of these product attributes, attribute performances, and consequences arising from use that facilitate (or block) achieving the customer's goals and purposes in use situations." This definition includes consumption goals, consequences and attributes, and also incorporates desired value and received value. It emphasises that value stems from customers' learned perceptions, preferences and evaluations, and that customer value thus changes over time. It links products with use situations and related consequences experienced by goal-orientated customers. The hierarchy suggests that different kinds of overall satisfaction may arise, and that customers' desired value hierarchy leads to satisfaction feelings at each level in the hierarchy. Ultimately, it is how customers see value that influences what they will do in the market place, therefore suppliers must learn about consequences in use situations that customers want and the goals to which those consequences lead.

Parasuraman (1997) argues that the relationship between value and satisfaction is not as clear as Woodruff (1997) describes it to be, and that more empirical research is necessary. Parasuraman also criticises Woodruff's (1997) definition in that it may not work because it is such a rich definition in terms of multiple contexts, multiple cognitive tasks and multiple assessment criteria; therefore it cannot be measured by a single measure but rather by multiple measures. Parasuraman (1997) proposes a value measurement framework on how data can be collected and used to facilitate customer learning.

#### 4.4.5 PERVAL scale

Sweeney and Soutar (2001) developed PERVAL, a reliable and valid 19-item scale to measure customer-perceived value of durable consumer goods at a brand level for the retail purchase situation. Four dimensions of value emerged: emotional value, social value, quality/performance value and price/value for money. The operational definitions for these types of value are described in Table 4.3.

The four-dimensional PERVAL scale contains both utilitarian and hedonic components. The scale provides empirical support for the notion that customers do not simply assess products in functional terms of expected performance, versatility and value for money, but also in emotional terms of enjoyment and pleasure derived from the product, and in social terms of what the product communicates to others (Sweeney & Soutar, 2001).

**Table 4.3**  
**Operational definitions of PERVAL dimensions**

<b>Value</b>	<b>Operational definition</b>
Emotional value	"[T]he utility derived from feelings or affective states that a product generates."
Social value	"[T]he utility derived from the product's ability to enhance social self-concept."
Functional value (price/value for money)	"[T]he utility derived from the product due to the reduction of its perceived short term and long-term costs."
Functional value (performance/quality)	"[T]he utility derived from the perceived quality and expected performance of the product."

Adapted from: Sweeney & Soutar (2001: 211)

The PERVAL scale is suitable for both pre-purchase and post-purchase situations (Sweeney & Soutar, 2001). The PERVAL scale is not suitable to measure the benefits of co-production because it does not address the benefits of the actual interaction or the relationship between customers and employees. It was designed for durable goods, not complex services.

#### 4.4.6 SERV-PERVAL scale

Customer evaluations of perceived value for services differ from customer evaluations of perceived value for products. Most value conceptualisations have been developed to address products, therefore Petrick (2002) developed a scale to measure the perceived value of a service for a leisure experience. Petrick (2002) found the perceived value of the leisure experience to be a five-dimensional construct consisting of behaviour price, monetary price, emotional response, quality, and reputation. The operational definitions of these values are given in Table 4.4.

Petrick's (2002) scale has strong evidence of reliability and validity, but it is context-specific and has a number of redundant items. The scale does not address any relational or interactional components of the service.

**Table 4.4**  
**Operational definitions of SERV-PERVAL dimensions**

<b>Value</b>	<b>Definition</b>
Behaviour price	The non-monetary price of obtaining a service. It includes the time and effort used to search for a service.
Monetary price	The price of a service as encoded by the customer.
Emotional response	A descriptive judgement of the pleasure that the product or service gives the customer.
Quality	A customer's judgement about a service's overall superiority or excellence.
Reputation	The customer's perception of the prestige or status of the service based on the image of the supplier.

Adapted from: Petrick (2002)

#### 4.5 BENEFITS OF CO-PRODUCTION

Benefits are the 'get' components of value from the uni-dimensional perspective (Zeithaml, 1998), and are obtained from value perceptions (Mathwick et al., 2001). 'Benefits' are valuable or worthwhile outcomes received by the parties engaging in a relationship with each other (Nielson, 1998). According to social exchange theory, customers aim to

maximise the benefits they receive from an exchange, to justify their costs. These benefits are both tangible and intangible (Bagozzi, 1994). Customer and supplier benefits have not received equal attention in marketing literature. To develop long-term relationships between customers and suppliers, mutual benefits must exist. However, marketing literature mainly focuses on the benefits that suppliers receive from their experiences with customers, and only to a much lesser extent does literature focus on the benefits that customers receive (Gwinner, Gremler & Bitner, 1998).

Limited articles have been published on customer benefits in marketing literature. Gwinner et al. (1998) studied relational benefits in different service contexts where three categories of benefits emerged: confidence, social and special treatment benefits. Gwinner et al.'s (1998) relationship benefits conceptualisation has been extended into different contexts. These dimensions were found to be significantly related to the customer's level of commitment to the supplier (Hennig-Thurau, Gwinner & Gremler, 2002) and also found to be antecedents of customer affective commitment to a service (Dagger, David & Ng, 2011). Confidence, social and special treatment benefits have been investigated in different retail sectors including grocery, clothing, electronics, furniture and retail banking contexts (Molina, Martin-Consuegra & Esteban, 2007; Riz-Molina, Gil-Saura & Berenguer-Contró, 2009). Gwinner et al. (1998) are not the only researchers to conceptualise relational benefits. Beatty, Mayer, Coleman, Reynolds and Lee (1996) investigated the benefits customers receive from engaging in relationships with salespeople in upscale department stores, and found that functional and social benefit dimensions emerged. These dimensions were further confirmed by Reynolds and Beatty (1999). Mimouni-Chaabane and Volle (2010) studied the customer benefits of loyalty programmes and identified five types of benefits: monetary savings, exploration, entertainment, recognition and social benefits. Arnold and Reynolds (2003) developed a scale to identify and measure hedonic customer shopping motivations, where six types of motivations were found: adventure, social, gratification, idea, role and value shopping motivations. Customer benefits were addressed in business-to-business contexts from a relationship perspective where customer benefits were categorised into core benefits and add-on benefits. Core benefits are the basic aspects and features of a product or service and include product quality, service quality and trust. Add-on benefits are additional and not necessarily required benefits that assist the supplier to differentiate themselves. Add-on

benefits include joint action, supplier flexibility and supplier commitment (Homburg, Kuester, Beutine & Menon, 2003).

Only one article has been published that addresses the benefits of co-production. Etgar (2008) describes the five stages customers go through when they engage in co-production. This conceptual framework was discussed in section 3.2.1 of Chapter 3, but a brief overview is revisited here to place the benefits of co-production into the context of the customer's overall engagement in co-production. In the framework, antecedent conditions develop in the first stage, which involve macro-environmental, consumer linked, product linked and situationally linked conditions. In the second stage, customers exhibit goal-orientated behaviour and are motivated by economic, psychological and social benefits. In stage three, customers perform a cost-benefit analysis to decide whether to participate, and in stage four, customers choose the level of co-production they want to be engaged in and actively co-produce their product or service. In the final stage, customers evaluate the outcomes of their co-production engagement in regard to the benefits they have received. This five-stage process is explained by social exchange theory, because customers reap tangible and intangible benefits from interacting with suppliers, and customers aim to maximise these benefits to justify their costs of involvement.

In stage two of the process of customer engagement in co-production, Etgar (2008) groups the benefits of co-production into three categories: economic, psychological and social benefits. These three categories will be used as a framework to discuss the potential benefits of co-production as identified in Etgar's (2008) article and in other marketing studies on customer benefits. However, benefits have been defined differently in different studies and therefore may be applicable to more than one category. Many definitions are used differently in different contexts, and therefore it is difficult to accumulate and compare findings (Churchill, 1979). Based on the benefits that emerged in the exploratory phases of this study from the literature review, insight-stimulating examples, and in-depth interviews, ten benefits were identified as the benefits of co-production. These were confidence, convenience, customisation, expertise, enjoyment, exploration, financial, support, social and symbolic benefits.

#### 4.5.1 Economic benefits

Economic benefits are the utilitarian benefits of co-production. Etgar (2008) identifies two types of economic benefits: economic rewards and customisation. Economic rewards include reduced costs, reduced risks, and reduced dangers of product misperformance. These benefits also appear in an article by Auh et al. (2007) in which co-production benefits customers by offering “lower prices, more opportunities to make choices, and greater discretion about the configuration about the final product. Moreover, clients likely experience shorter waiting times and enjoy a greater likelihood of customisation” (Auh et al., 2007: 361).

Gwinner et al. (1998) initially proposed that economic benefits were an important category of relationship benefits. They defined economic benefits as the monetary benefits of discounts or price breaks, and the non-monetary benefits of time savings in regard to faster service and saving time by not having to look for another supplier. However, their empirical results did not support this category of benefits, and some of the items instead loaded onto other dimensions.

In the context of customer-salesperson relationships in up-scale department stores, Reynolds and Beatty (1999) operationalised functional benefits as convenience, time savings, fashion advice and better purchase decisions. Their functional benefit category encompassed Gwinner et al.’s (1998) confidence and special treatment benefits.

In loyalty programmes, utilitarian benefits have been addressed as financial advantages including monetary savings, reduced spending and convenience benefits, because loyalty programmes help to automate customers’ decision-making. Loyalty programmes can also reduce information searching and decision costs, offering value-added service. Therefore utilitarian benefits for loyalty programmes are operationalised as monetary, convenience, and time and effort-saving benefits (Mimouni-Chaabane & Volle, 2010).

Collectively, these studies address economic benefits as the monetary rewards of saving money, and the non-monetary rewards of convenience, customisation, advice, and

reduced risks. The benefits identified for this study that address Etgar's (2008) economic benefits category are customisation, convenience, expertise and financial benefits.

#### **4.5.1.1 Customisation benefits**

'Customisation' refers to making or modifying something according to an individual's requirements (Collins English Dictionary, 2003; The Concise Oxford Dictionary of Current English, 1990). Customisation is the primary goal of co-production. Customers strive to make their products match their personal preferences within their budget and physical constraints (Etgar, 2008). Co-production enables suppliers to tailor their offerings to customers' specific needs (Auh et al., 2007). Customer participation in service delivery results in better service outcomes, because suppliers have a clearer understanding of their customers' circumstances and needs, and customers are more aware of what the supplier can and cannot deliver, therefore customers develop more realistic expectations. In their study of relational benefits, Gwinner et al. (1998) operationalised customisation benefits as a tailored offering to meet regular customers' needs, and noted that some customers may perceive customisation benefits as preferential treatment. In the relational context, customisation also entails the benefit of a history development, where the supplier gains knowledge about customer needs and preferences, and this knowledge reduces inconvenience for customers. However, empirical research does not support this benefit, and instead, some of the items loaded with monetary benefits to form a special treatment construct. Preferential treatment in the form of receiving a customised offering because of the customer's relationship with the service provider was identified. Loyal customers received additional services or consideration. A kind of history development emerged where the supplier learned about customers' needs and wants, which reduced the inconvenience of explaining it each time customers visited the supplier (Gwinner et al., 1998).

#### **4.5.1.2 Convenience benefits**

Convenience is an important consideration for most customers (Berry, Seiders & Grewal, 2002). 'Convenience' refers to a state of freedom from trouble or difficulty, any means of giving ease or comfort, the quality of being suitable or opportune, usefulness, easy

accessibility, availability, and a saving of time and effort (Chambers 21st Century Dictionary, 1999; Collins English Dictionary, 2003; English Dictionary for South Africa, 2011; The Concise Oxford Dictionary of Current English, 1990).

Berry et al. (2002) operationalised service convenience as the customer's time and effort perceptions of buying and using a service. They developed a conceptual model of five different types of service convenience. These five types of service convenience are: decision convenience in terms of simplifying decision-making, access convenience in terms of initiating service delivery, benefit convenience in terms of experiencing the core benefits of the offering, transaction convenience in terms of finalising the transaction, and post-benefit convenience in terms of re-establishing subsequent contact (Berry et al., 2002). Seiders, Voss, Godfrey and Grewal (2007) developed a scale to measure these five types of service convenience, empirically confirming the dimensions.

For relational benefits, the non-monetary benefits of time saving in regard to quicker service and not having to look for another supplier were empirically validated (Gwinner et al., 1998). Customers may be motivated to participate in co-production to ensure that the timing of the delivery suits them, and for convenience benefits. Utilitarian benefits have been studied in the loyalty programme context, where customers experience the benefits of shopping convenience and time saving as the primary benefits of joining a loyalty programme. Utilitarian benefits were defined for loyalty programmes as convenience in reducing choice, and saving time and effort. It also included economic benefits in the form of spending less and saving money (Mimouni-Chaabane & Volle, 2010).

#### **4.5.1.3 Expertise benefits**

'Expertise' refers to skills, knowledge, or opinions belonging to an expert in a specific field gained through experience or training (South African Pocket Oxford Dictionary, 2002). The three basic components of expertise are knowledge, experience, and problem solving. An operational definition can be drawn from these three components. Human expertise is the "displayed behaviour within a specialized domain and/or related domain in the form of consistently demonstrated actions of an individual that are both optimally efficient in their execution and effective in their results" (Herling, 2000: 21). In the domain of marketing,

expertise is the knowledge that sellers hold of their products and services, and their ability to sell them to customers. Expertise is necessary to match product offerings to customer needs and expectations (Dampérat & Jolibert, 2009). Furthermore, for professional services such as a travel agent, seller expertise is considered 'product quality' therefore seller expertise is the core element customers look for when buying a service of this nature (Wan, Luk, Fam, Wu & Chow, 2012).

#### **4.5.1.4 Financial benefits**

'Financial benefits' refer to the monetary rewards of co-producing. The use of a non-customer partner is more expensive than a customer partner, therefore the more expensive resource is replaced by the lower cost resource to reduce costs. As Bendapudi and Leone (2003: 14) state, "when customers participate in production, it frees up labour costs and enables a firm to market the offering at a lower monetary price." Customer involvement lowers costs for the firm, therefore customers can expect lower prices (Auh et al., 2007).

Utilitarian benefits for loyalty programmes also include economic benefits in the form of spending less and saving money (Mimouni-Chaabane & Volle, 2010). For relational benefits, economic benefits are the monetary benefits of discounts or price breaks, and the non-monetary benefits of time saving in regard to quicker service and saving time by not having to look for another supplier (Gwinner et al., 1998). The financial benefits of a retail shopping experience have been operationalised as value motivations in the form of looking for sales, discounts and bargains (Arnold & Reynolds, 2003).

Gwinner et al. (1998) originally operationalised economic benefits and customisation benefits as two separate constructs, but their statistical analysis grouped them into one category called 'preferential treatment benefits' to include special treatment in the form of price breaks, faster service and additional services. Special treatment benefits are reaped by relational customers by getting better service and having access to better deals than non-relational customers.

#### **4.5.2 Psychological benefits**

The difference between economic exchange theory and social exchange theory is that people do not only reap tangible benefits from social exchanges, but also non-tangible benefits such as psychological and social benefits. Etgar (2008) has identified psychological benefits as the hedonic aspects of co-production. 'Hedonic benefits' are experiential, emotional, non-instrumental and personally gratifying benefits (Holbrook & Hirschman, 1982). Etgar (2008) has primarily used Holbrook's (1996) typology of eight types of consumer value with some reference to other authors to substantiate the psychological benefit category. Etgar (2008) proposes intrinsic benefits to include play, aesthetics, ethics, spirituality, excitement, variety-seeking, and deviation from daily routines. Extrinsic benefits include excellence, autonomy, self-expression and uniqueness, using personal inherent capabilities, enjoyment and self-confidence.

A variation of the social exchange theory is the affect theory of social exchange. This theory views social units as sources of emotions which depend on the extent to which they share responsibility (Lawler, 2001). This theory has been tested in a service exchange setting where it was found that because of the inseparability characteristic of services, the inherent interaction between the customer and supplier in the service exchange leads to shared responsibility for the outcome, resulting in heightened emotions. When these heightened emotions are positive, they lead to increased customer loyalty to the service provider (Sierra & McQuitty, 2005).

Etgar (2008) also discusses the implication of the self-serving bias theory for the psychological benefits of co-production. The self-serving bias theory is that the customer feels more responsible for success and less responsible for failure when value is co-produced. The self-serving bias theory implicates customer satisfaction with co-production. This theory suggests that when the outcome is better than expected, the customer assumes greater responsibility for the outcome, takes more credit and gives the supplier less credit for the outcome, and therefore may be less satisfied. When the outcome is worse than expected, the customer may be less willing to assume some of the responsibility, therefore the level of customer satisfaction will be the same as it would be if the customer had not participated. Therefore the customer is more likely to take credit rather than take the blame when he/she co-produces the product or service. Suppliers can

reduce the effect of the self-serving bias theory by providing choice in participation. This prompts the customer to take credit and blame. If the firm expects the product to exceed customer expectations, customer participation is not attractive as customers will assume some of the credit, but if the product is not expected to meet customer expectations, customer participation (via choice) is attractive as customers will assume some of the blame. Ultimately the findings of this study indicate that customers take on more responsibility than is warranted when the product or service is co-produced. The study also acknowledges that there is a close relationship between the customer and the supplier, and the customer may be less subjected to the self-serving bias theory. Therefore it is attractive for suppliers to encourage customers that have a strong relationship with them, to engage in co-production (Bendapudi & Leone, 2003).

Based on the hedonic value dimensions and the benefit conceptualisations for relationship and loyalty marketing literature, the psychological benefits identified for this study are enjoyment, exploration, and support benefits.

#### **4.5.2.1 Enjoyment benefits**

‘Enjoyment’ refers to finding pleasure in something and experiencing joy or satisfaction (Collins English Dictionary, 2003; English Dictionary for South Africa, 2011). Some customers simply enjoy being involved in the delivery of the service; they are motivated to participate because it is intrinsically attractive to them. This category refers to the positive emotional feeling aroused when the customer participates (Sheth et al., 1991). ‘Enjoyment benefits’ refer to Holbrook’s (1996) play value, which is the customer’s intrinsic enjoyment and the fun had by the customer. Enjoyment has been addressed in the context of loyalty programmes, where entertainment benefits refer to the enjoyment of collecting and redeeming points, which is an end in itself as customers are ‘players’ and are entertained.

#### **4.5.2.2 Exploration benefits**

‘Exploration’ refers to searching for or investigating something, and the process of discovery (Collins English Dictionary, 2003; English Dictionary for South Africa, 2011). Exploration benefits primarily appear in Mimouni-Chaabane and Volle’s (2010)

investigation of the role of hedonic benefits in loyalty programmes. Hedonic benefits are non-instrumental, emotional, experiential and personally gratifying (Hirschman & Holbrook, 1982). Exploration and entertainment have been identified as important hedonic benefits of participating in a loyalty programme (Mimouni-Chaabane & Volle, 2010). 'Exploration benefits' refer to discovering and trying new products, satisfying curiosity and keeping up with new trends (Mimouni-Chaabane & Volle, 2010). Exploration is active and adventurous (Rintamäki, Kanto, Kuusela & Spence, 2006). In the context of retail shopping, motivations similar to exploration include adventure shopping and idea shopping. Adventure shopping includes motivations for adventure, stimulation and escapism. Idea shopping includes motivations of keeping up with trends, and finding out about new products and innovations (Arnold & Reynolds, 2003).

#### **4.5.2.3 Support benefit**

'Support' refers to giving help, speaking in favour of, encouraging, enabling, providing backup, tolerating and maintaining or representing adequately (Collins English Dictionary, 2003; English Dictionary for South Africa, 2011; The Concise Oxford Dictionary of Current English, 1990). In marketing, seller support is an integration of people, processes, technologies and strategies that combines organisational resources and communication to enable customer value creation interactions. Seller support enables customers to access the services they want, when and how they want them (Nilsson, 2007).

Two types of support have emerged in the social exchange relationship between suppliers and customers: perceived organisational support and perceived service provider support. Perceived organisational support is the extent to which the customer believes the supplier as a whole values their input and is concerned with their well-being (Eisenberger, Huntington, Hutchinson & Sowa, 1986). By continuously interacting with the supplier, customers can perceive support from the supplier and may feel better about service delivery because of the history of support. The second type of support is perceived service provider support. This is the extent to which the employee expresses consideration for the customer. It focuses on the dyadic relationship between a particular service provider and a customer (Yi & Gong, 2009).

### **4.5.3 Relational benefits**

Etgar (2008) proposes status, self-esteem enhancement, maintaining communication and dialogue with co-production partners, social contact values, engagement in customer and brand communities and control over the environment as possible social benefits of co-production. Other research on relational benefits is also fitting for this category, particularly Gwinner et al.'s (1998) relational benefits conceptualisation. Relational benefits have been operationalised as the benefits customers receive beyond the core product or service when they engage in long-term relationships with firms. They include confidence benefits, social benefits, and special treatment benefits.

#### **4.5.3.1 Confidence benefits**

'Confidence' refers to a person's trust or belief in someone else's ability, or belief in their own ability. It is a feeling of reliance or certainty (English Dictionary for South Africa, 2011; The Concise Oxford Dictionary of Current English, 1990). Confidence benefits are the sense of confidence one feels from having a relationship with a supplier, which includes risk reduction and trust. Trust exists when one party has confidence in the other party's reliability and integrity in the exchange. Confidence thus refers to a service provided in a way that is honest, fair, competent, responsible, helpful and benevolent (Morgan & Hunt, 1994). In value co-creation and co-production, trust is built through dialogue between the customer and the supplier, creating bonds of integrity and shared risk (Randall et al., 2011). According to social exchange theory, the positive outcomes from the customer-supplier interactions over time increase trust between the customer and supplier and their commitment to the exchange relationship (Lambe et al., 2001).

Many people feel stress and anxiety over the risks associated with certain purchases, and by co-producing the product or service, their participation may relieve this stress because they adopt a degree of control over the situation. Therefore co-production is a risk-reliever strategy (Etgar, 2008). Possible risks could include the risk of receiving the wrong product (Dowling & Staelin, 1994), the risk of a lack of consistency of product quality (Etgar, 2008), and perceived physical, financial, psychological, performance, social, and time-related risks (Stone & Gronhaug, 1993).

Confidence benefits are conceptualised as the feelings of comfort and security in having developed a relationship with a supplier and the formation of more realistic expectations of the service. Confidence benefits are the most important type of relational benefit (Gwinner et al., 1998), and they affect customer loyalty through satisfaction (Hennig-Thurau et al., 2002). In the retail shopping context, confidence benefits have been termed 'gratification motivations' and operationalised as the motivations of reduced stress, alleviating a negative mood, and treating oneself (Arnold & Reynolds, 2003).

#### **4.5.3.2 Social benefits**

Etgar's (2008) third category of co-production motivations is social benefits. 'Social' refers to the experience, behaviour and interactions of people in groups, needing companionship, and concerning or belonging to a way of life (Collins English Dictionary, 2003; English Dictionary for South Africa, 2011; The Concise Oxford Dictionary of Current English, 1990). Etgar (2008) identifies possible social benefits as status and self-esteem enhancement, control, and social contact values. Social contact values exist when people have a desire to share activities with other people who have similar interests (Berthon & John, 2006 in Etgar, 2008)

In the loyalty programme context, 'social benefits' refer to belonging to a group of people who share the same values as theirs (Mimouni-Chaabane & Volle, 2010). In the relationship context, social benefits are received beyond the benefits of the core product itself when a kind of fraternisation occurs between customers and employees – it can range from recognition to friendship (Gwinner et al., 1998). Social benefits are feelings of familiarity, rapport, friendship, personal recognition, and social support. Sometimes social benefits arise from customer-to-customer interactions as well as customer-supplier interactions and friendship (Gwinner et al., 1998). In the retail shopping context, two social motivations were found: social motivations referring to socialising with others, enjoying spending time with friends and family when shopping, and bonding with others. 'Role motivations' refer to enjoying shopping for others, and how this affects customers' feelings and moods, and the excitement and joy when the perfect gift for the other person is found (Arnold & Reynolds, 2003). Reynolds and Beatty (1999) operationalise social benefits as enjoying the salesperson's company, in some cases having a close relationship with the salesperson, having a good friend, and enjoying the time spent with the salesperson.

### **4.5.3.3 Symbolic benefits**

The word 'symbolic' refers to serving as a symbol of something, which is something that represents something else (English Dictionary for South Africa, 2011). Mimouni-Chaabane and Volle (2010) have investigated the role of symbolic benefits in loyalty programmes, being the extrinsic advantages in terms of personal expression, self-esteem, and social approval. In Mimouni-Chaabane and Volle's (2010) study of the benefits of loyalty programmes, symbolic benefits included recognition in the form of having special status, feeling distinguished and better treated. It also included social benefits, which meant belonging to a group that shared the same values. Recognition benefits arise from customers feeling that they have a special status, feeling distinguished, and treated better than other customers. Social benefits refer to the feeling that customers are part of an exclusive group of customers with shared values associated with the supplier.

Symbolic benefits are demonstrated when customers are able to express their personal values through consumption. These values can be status or self-esteem, and defining or maintaining the customer's self-concept (Rintamäki et al., 2006). Customers experience improved self-image when their active participation in the experience enables them to become more independent (Fitzsimmons, 1985).

## **4.6 CONCLUSION**

Value has been defined and conceptualised from both a uni-dimensional and multi-dimensional view, in order to explain value. The uni-dimensional view of value according to the definition by Zeithaml (1988) where the 'get' component is compared to the 'give' component to determine value, provides a context for the this study. Benefits are the 'get' component of value and are obtained from value perceptions. From a social exchange theory perspective, customers engage in social exchanges with suppliers to obtain economic, psychological and social benefits to justify their costs of participation. Customers aim to maximise the benefits they receive from an exchange.

This chapter has illustrated the importance of psychological and social components of customer benefits in addition to the economic components. It supports the logic that not only utilitarian benefits such as monetary savings and efficiency are important, but so are

hedonic benefits such as psychological and social benefits. The discussion on multi-dimensional conceptualisations of value reviewed the way value has been conceptualised by other researchers, and provides insight into what 'get' components of value are considered important by customers. All the conceptualisations addressed some form of utilitarian value, such as functionality, efficiency, and monetary benefits. All the studies also addressed some form of hedonic value, mostly psychological and social benefits. Psychological perspectives addressed aspects such as emotions, esteem and exploration. Social perspectives addressed aspects such as association and connection. The multi-dimensional value conceptualisations reviewed in this chapter support Etgar's (2008) theoretical discussion on the benefits of co-production, because it also addresses benefits from hedonic and utilitarian perspectives.

There is a lack of published research on customer benefits in general, particularly in terms of looking at it from a wider view than simply relational benefits. In marketing studies published on customer benefits, benefits have been defined and categorised differently for various contexts. For example, in a relational context customer benefits include confidence, social and special treatment benefits, while in a loyalty programme context customer benefits include monetary savings, exploration, entertainment, recognition and social benefits. Etgar (2008) has categorised the benefits of co-production into economic, psychological, and social benefit categories which provided a broad framework within which to address previous benefit conceptualisations. A review of the literature addressing the benefits of co-production as well as other exploratory techniques resulted in the identification of 10 possible benefits for the customer. These are confidence, convenience, customisation, expertise, enjoyment, exploration, financial, support, social, and symbolic benefits.

After reviewing value creation, value definitions and conceptualisations, and the identification of the possible benefits of co-production, a more specific discussion of these topics within the tourism industry is required. In the next chapter the tourism industry will be discussed, with particular focus on the customer-travel agent interaction, rounding off with a discussion on value and benefits for tourism customers.

## CHAPTER 5

### TOURISM MARKETING

#### 5.1 INTRODUCTION

This chapter explains the tourism industry, how value is co-produced between customers and travel agents, and presents value conceptualisations in the tourism industry which are possible sources of customer benefits. Tourism is one of the largest economic sectors in the world and is an important contributor to global economic growth (Middleton et al., 2009). For many underdeveloped and developing countries tourism is their primary income generator, while for many people in developed countries tourism is a critical component of their quality of life (Binkhorst & Den Dekker, 2009). Tourism directly contributed almost USD \$2 trillion to the global economy in 2011, and accounted for 9% of global gross domestic product (GDP). Combining indirect, direct and induced impacts, tourism contributed USD \$6.3 trillion in GDP and supported 255 million jobs in 2011 (World Travel & Tourism Council, 2011a). Tourism is therefore an important industry for people and economies around the world.

Tourism is a gargantuan and complex industry and it is best explained by supply and demand. From the supply side, a tourism experience typically consists of different interdependent aspects such as accommodation, transport, destination attractions, and food and drink. From the demand side, customers choose tourism options that best meet their preferences and needs, and then exchange their time and money in order to receive them. Supply and demand are linked by tourism marketing (Middleton et al., 2009). As this view suggests, tourism marketing is still entrenched in G-D logic, where value is embedded and transferred to the customer in the exchange. However, new marketing thinking such as S-D logic has started to find its way into the tourism literature.

Tourism marketing is unique because of characteristics such as shorter exposure to services, more emotional buying appeals, the significance of managing physical evidence, the importance of stature and imagery, diverse distribution channels dependent on complementary organisations, the ease of service imitation, and the high emphasis on off-

peak promotion (Morrison, 2009). One of the most significant characteristics of tourism is its interactive nature. The interdependence of different aspects means that tourism suppliers interact with each other and with customers, either directly or through intermediaries. The tourism industry is currently undergoing reintermediation as a result of changing supplier business models and distribution structures, information technology developments, and the growth of online intermediaries, resulting in a changing role for the travel agent. However, tourism remains grounded in an interactive nature as “the tourism industry is characterized by high-contact services in which co-creation of customers plays a major role” (Grisseman & Stokburger-Sauer, 2012: 1). Furthermore, customers no longer simply expect the utilitarian benefits of consuming their goods, but also pursue emotional and psychological benefits from unique experiences. Tourism is highly dependent on human interactions to create experiences; therefore tourism is a suitable field for the study of co-creation and co-production. Depending on the level of input by customers, value co-creation and co-production occur through their interactions with tourism suppliers, intermediaries and other customers.

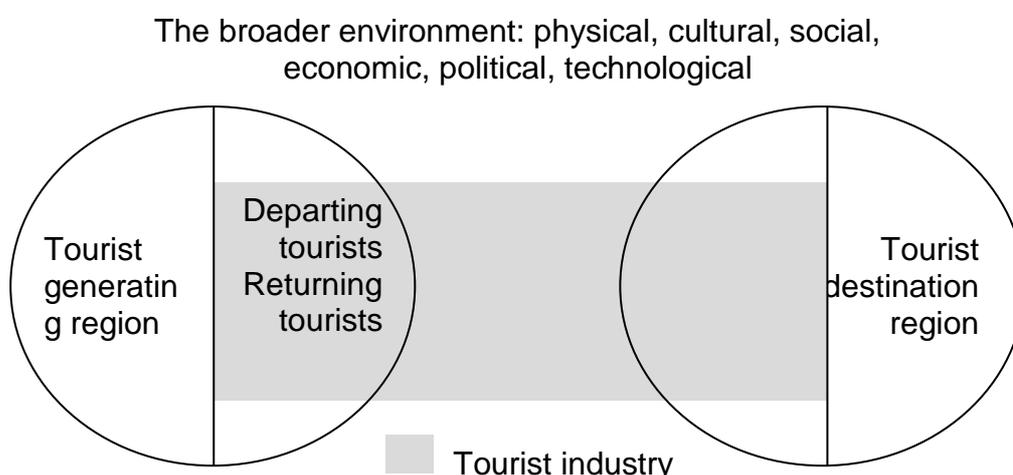
The purpose of this chapter is to explain how the tourism industry works, and how value is created in it. Firstly a broad overview of the dynamics of the tourism industry is discussed, followed by the reintermediation process underway, which has led to the changing role of the travel agent. Lastly value creation and value conceptualisations for tourism are discussed.

## **5.2 DYNAMICS OF THE TOURISM INDUSTRY**

“Tourism comprises the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes” (World Tourism Organisation, 1992 in Middleton et al., 2009: 3). This definition of tourism highlights the facts that: tourism activities take place away from the person’s usual environment and everyday routines; the person must travel to the destination to experience tourism; and people can be travelling for a variety of reasons (not related to commuter travel). The definition is not restricted to overnight stays, but may also include same-day visits. The terms ‘travelling’ and ‘tourism’ are usually used interchangeably because they refer to the same sector of the economy (Middleton et al., 2009). Tourism is commonly split into two categories, business travel and leisure travel,

although often the line between the two is blurred. In 2010, leisure travel provided 76.7% of tourism's contribution to global GDP, while business travel contributed 23.3%, making leisure travel the far more dominant sector (World Travel & Tourism Council, 2011b).

Owing to the multifaceted nature of tourism, it has been defined as five isolated elements which are: tourists; the generating region from which the tourist originates; the destination region; the transit route connecting the generating region to the destination and through which the tourist travels; and the tourist industry, which consists of all firms and resources that serve the specific needs and wants of tourists. This is called the 'tourism process' and is illustrated in Figure 5.1 (Leiper, 1979).



**Figure 5.1 The tourism process**

Source: Leiper (1979)

The tourism process has two interacting factors: firstly, tourists who are looking for experiences and need services and facilities to support their search, and secondly the wide assortment of resources to support tourists' experiences. Resources necessary for tourism can be identified by analysing the tourism process. The pre-trip activities that take place in the generating region include the stimulation and identification of motivations, planning, and organising the trip. Tourists interact with attractions and use services and facilities in the transit route and at destination regions. When tourists return, they recollect the trip and have to readjust back into their normal routines (Leiper, 1979).

Experience is a pivotal concept in tourism, and has received much attention. Motivations shaping tourist experiences have been viewed from different perspectives such as the benefit chain of causality view, and the means-end model of a tourist experience. Tourism is a domain that consists of many public and private suppliers that vary greatly in the diversity and nature of their offerings. Traditionally the supply side of tourism has been referred to as the 'tourism industry'. The concept of an 'industry' is useful for encompassing the commercial sector, but it does not account for the governmental and public sectors. It has been suggested that the tourism industry should rather be considered as a 'visitor economy' paradigm for enhancing firm performance. It has been proposed that there are four dimensions of an experience which differ depending on the amount and type of customer involvement and on the firm's offerings. These four dimensions are: entertainment, education, escapism, and aesthetics. However, for the sake of the popularity of the term 'tourism industry' in tourism literature, it will continue to be used in this study to describe the supply side of tourism (Middleton et al., 2009).

### **5.2.1 Tourism marketing**

Tourism itself has five major subsectors, namely: the hospitality sector; the attractions and events sector; the transport sector; the travel organiser's and intermediaries sector (also called the 'tourism marketing' sector); and the destination sector. Each sector has underlying principles in common, which also underlie services marketing. When linked, these five sectors become the 'visitor economy' (Middleton et al., 2009). Of particular importance to this study is the sector of tourism marketing. Tourism marketing elicits and facilitates communication between the different elements in the tourism system. Tourism marketing mainly takes place in the generating region in different forms, such as travel agents, tour operators, and promotion offices for tourism bodies, and can also be located along transit points and at destinations, such as in the form of local tour operators and tour guides. All elements in the tourism system engage in marketing activities, but what distinguishes firms in the tourism marketing sector is that they are specialists in tourism marketing, rather than simply using marketing to complement their primary functions, such as transportation or accommodation (Leiper, 1979).

Services can be differentiated from goods because they are intangible, heterogeneous, and perishable and the production of a service cannot be separated from consumption.

Tourism services have characteristics that set them apart from more generic services because they are dependent on seasons and other aspects that may cause the pattern of demand to vary, and they have a fixed capacity with high fixed costs. Tourism products are interdependent, requiring collaborative marketing efforts. Because of these characteristics, the core principles of marketing have to be adapted for tourism marketing. Tourism marketing is determined by the nature of demand for the tourism product and the operating characteristics of tourism suppliers. Demand for tourism products is determined by economic factors and comparative pricing, demographic factors, geographic factors, socio-cultural attitudes to tourism, access to personal transport, government and regulatory factors, media communications, information technology, environmental concerns and demand for sustainability, and global political developments and terrorist actions. It is the marketer's role to understand and influence, and where possible manage customer demand in response to changes caused by these determinants (Middleton et al., 2009).

Tourism marketers influence tourism options via the marketing mix. Traditionally the marketing mix consists of the '4Ps': price, product, place, and promotion. These are also called the '4Cs': customer value, cost, two-way communication between the customer and the firm, and convenience. However, these four variables are extended in the services context to the '7Ps', including product (customer value), price (cost), promotion (communication), place (convenience), the people involved in the service delivery, the process of delivery, and physical evidence. Tourism is a high-contact service, therefore the people aspect is critical; it is a complicated overall product, therefore the process of delivery is critical, and the end result can only be assessed by the customer, therefore physical evidence is critical (Middleton et al., 2009).

### **5.2.2 Tourism product**

The concepts of visiting and visitors underlie tourism. Visitors are all tourists travelling for tourism reasons, and can either be classified as a tourist who is a visitor who stays overnight, or as a same-day visitor who is an excursionist who arrives and departs on the same day. There are three major categories of visitor demand, namely international visitors who are inbound tourists visiting a country that they do not inhabit, international visitors who are outbound tourists who are residents of a country visiting another country,

and residents, who are domestic tourists travelling within their country of residence (Middleton et al., 2009).

Tourism literature previously assumed that low-complexity travel such as domestic travel does not necessarily need the services of a travel agent to the extent of international travel, because these trips are less complex and can be planned without professional assistance. However, an empirical study by Anckar and Walden (2002) has found no empirical support for this notion. The difference between low complexity and high complexity travel is captured in Table 5.1. For low-complexity travel, customers can save time and money by planning their trip themselves. Also, customers have the knowledge, skills, contacts, and often the experience to plan a domestic trip themselves.

**Table 5.1**  
**High- and low-complexity travel characteristics**

Low-complexity travel	High-complexity travel
Domestic travel	International travel
Single-destination journeys	Multi-destination journeys
Single-legged flight	Multi-legged flights
Routine journeys	Non-routine journeys
Flexible travel dates/times	Inflexible travel dates/times
Flexibility with airports	Inflexibility with airports
Little co-ordination of travel services/products needed	Significant co-ordination of travel services/products needed
Heavily travelled routes/ easily accessible destinations	Lightly travelled routes/ poor destination accessibility
Inclusive (packaged) tours	Independent travel

Adapted from: Anckar & Walden (2002)

Despite Anckar and Walden's (2002) findings, it is clear that customers vary in the extent to which they plan their trip. Some people put little planning in beforehand and make plans at the destination, while others make extensive plans before they even leave (Babin & Kim, 2001).

A needs-functions model of tourism distribution has been developed which segments the type of travel into independent travel, customised travel, and packaged travel for

international leisure tourists. Packaged and customised tourists require higher levels of service in terms of bundling, simplifying transactions, pre-trip bookings, and market transactions, while independent tourists tend to assume the key functions of tourism planning themselves (Pearce, 2008).

Packaged tourists purchase all-inclusive tours where a number of products have been bundled together and are sold in one standardised product to the market. Information for this type of product is typically obtained from the tour operator in the form of a brochure or website. There is little freedom to deviate from a structured itinerary, even regarding destination attractions and activities. On the opposite end of the spectrum are independent tourists who value flexibility, spontaneity and choice. Their planning process consists of multiple payments, and these independent tourists make all or most of their bookings themselves, and tend to bypass intermediaries as much as possible. This is an information-intensive way of doing things, and independent tourists tend to use destination-based distribution rather than making pre-trip bookings, as they are reluctant to commit to structured itineraries. An intermediate segment is customised tourists. Customised tourists have been neglected in tourism literature in favour of packaged tourists, and to lesser extent independent tourists. Customised tourists differ from independent tourists in that they purchase and plan a number of travel components from an intermediary before they leave for their trip. They differ from packaged tourists in that they seek a combination of products that are not standardised but instead personally bundled to suit their specific requirements, and they pay for this tailor-made product in a single transaction prior to departure. Customised tourists generally require a wider assortment of product choices such as accommodation or transport, because they are not constrained by size, such as in group tours. International air travel is always pre-booked, transport in the destination country is often arranged for part of the trip, and accommodation is pre-booked for most or all of the trip. Pre-purchasing tickets for attractions and activities is less common, as this is generally decided en-route or at the destination (Pearce, 2008).

### **5.3 REINTERMEDIATION OF THE TRAVEL INDUSTRY**

Tourism distribution channels transmit products, marketing communication, bookings, payments and information. Tourism suppliers can choose to engage directly with end

customers via direct distribution and/or indirect distribution via third parties. The most common strategy is to use both direct and indirect distribution. One type of third party is the travel agent. Although travel agents are still an important intermediary in tourism, their importance is said to be waning. Critics have argued that a disintermediation process is occurring, where the travel agent is being eliminated from the distribution channel in favour of direct transactions between customers and suppliers (Middleton et al., 2009). The Internet has changed the way customers look for and receive information, and has had major transformation implications for the structure of the tourism distribution system. The tourism distribution system now has multiple channels, and has introduced new challenges to both customers and firms (Grisseman & Stokburger-Sauer, 2012).

Role theory (discussed in section 2.2 of Chapter 2) states that when roles no longer meet people's needs, a role change takes place (Ruddock, 1969). As customers become more expressive and look for unique experiences and customised products and services, the role of the customer and the supplier in the interaction change (Solomon et al., 1985). This has happened in the tourism industry. Increasing competition and the rise of information and communication technologies have led suppliers to re-assess their distribution costs and options (Middleton et al., 2009). Even before the Internet became popular as a distribution channel for tourism, the tourism industry began undergoing a disintermediation process, and the travel agent in particular was predicted to suffer the most. When advance bookings started becoming less important and suppliers began to regard travel agents as an unnecessary cost in the sale of their products, firms started looking for ways to bypass the travel agent by setting up their own retail premises and selling directly to customers. Other indirect threats to the travel agent included the need for new supplier business models, commission cuts by airlines in order to reduce distribution costs and because of the opportunities to distribute directly online (Anckar & Walden, 2002). Opportunities to distribute online were made possible because of information technology developments that made direct contact with customers easier for tourism suppliers. The Internet in particular has posed a major threat to travel agents. Via the Internet, suppliers are able to engage directly with customers, and customers have access to a host of options, therefore firms can reach their target market directly and at lower costs (Middleton et al., 2009).

Although travel agents were predicted to suffer, they have remained an important intermediary in the current tourism landscape. This is largely due to challenges presented

by planning a trip online, as well as the benefits that travel agents offer customers that the Internet cannot. Travel customers still use traditional travel agents for advice and bookings, but are aware that more information can be found on the Internet (Law, Leung, & Wong, 2004). Travel agents are still relevant today, therefore reintermediation rather than disintermediation is occurring. However, travel agents need to offer clear benefits to customers to ensure their survival (Middleton et al., 2009).

### **5.3.1 The Internet**

In the last decade there has been a major change in tourism and tourist behaviour. The tourism industry is evolving from mass tourism rooted in economic factors to 'new tourism', rooted in individually tailored experiences. Today many tourists are demanding personalised tourism packages, and prefer to book their own holidays. This is demonstrated by the rapid growth of tourism cybermediaries in the last 10 years (Sigala, 2010; World Travel & Tourism Council, 2011b). The global online travel segment represents 30% of the total travel market, and is predicted to grow twice as fast as the overall market (World Travel & Tourism Council, 2011b). The Internet provides a new, more direct channel between suppliers of tourism offerings and customers. It allows tourism businesses to become more competitive and improve their performance, because they can potentially sell their products to travel customers anywhere in the world. Customers can easily plan their trip and buy the necessary tourism products online (Law et al., 2007). However, to make these bookings, customers use third-party intermediaries anyway, in the form of online travel agents. At present, the only true direct bookings between customers and tourism suppliers are for hotels and airlines (Anckar & Walden, 2002).

Tourism is one of the best suited industries to reap the benefits of information technology because tourism products have an information-intensive nature (they are almost purely information goods when they are purchased), making them highly suitable for distribution over electronic platforms (Anckar & Walden, 2002; Novak & Schwabe, 2009). However, when buying products on the Internet, it is not the difference in options or the amounts of information obtainable that affect customer choice, but rather how easy it is to complete the entire transaction that influences customers' online purchase behaviour (Middleton et al., 2009).

It is not only customer interactions with suppliers and intermediaries that have been affected by the Internet, but also how customers interact with each other. Web 2.0 has had a substantial impact on tourism marketing. Instead of tourism businesses having control over how they market their products, consumer-generated content is now just as important and relevant. Third-party websites and social media have given customers a voice, and allow tourists to share tips and opinions. Tourists no longer simply search and book online, but rather create content, connect with other travellers, and exchange stories online. “Traveller reviews, photos, trip planning and sharing, and blogging, are all influencing how travellers of all ages connect to and interact with suppliers, products and services” (World Travel & Tourism Council, 2011b: 24).

#### **5.3.1.1 Advantages of online trip planning**

Tourism’s position as a leader in the use of information technology and the development thereof has resulted in a number of benefits for customers. The rise of the Internet and mobile communications means that tourists are far better informed about tourism products and are therefore able to make more informed travel decisions. They can put together their own itineraries and packages, and compare prices and products. Customers do not have to rely on the official descriptions of destinations or products, but can access first-hand reviews from other travellers when making their purchase decisions (World Travel & Tourism Council, 2011b). Benefits of making direct bookings online include convenience, greater choice because of access to a variety of suppliers, and most importantly, reduced prices (Anckar & Walden, 2002). Developments in information technology infrastructure are making do-it-yourself trip planning less frustrating, less complex, less time-consuming, and a more enjoyable and efficient experience (Sigala, 2010). The online distribution channel means that there are shorter lead times for bookings and last-minute travel decision making, and customers are able to tailor-make their own travel packages (World Travel & Tourism Council, 2011b), as the Internet allows travel products to be packaged in a way that is more individualised (Middleton et al., 2009).

#### **5.3.1.2 Disadvantages of online trip planning**

Although customers can bypass intermediaries and make convenient and inexpensive travel bookings on the Internet, they also face challenges and limitations when doing so.

Tourism suppliers have computerised reservation systems, which are often networked into multiproduct global distribution systems, but many web versions of these systems that the public can access still lack services and privileges that are available to travel agents, therefore customers are still not competing with them as equals, as they do not have access to travel agents' special negotiated rates. Furthermore, travel agents know how to make bookings even when the reservation system indicates that they are sold out, and booking a multiple-stop journey is far more expensive to book online than via a travel agent (Anckar & Walden, 2002).

One of the biggest disadvantages of booking a trip online is not having the expertise, knowledge and advice offered by a travel agent. A lack of customer knowledge or experience with the Internet will pose a barrier to booking one's own travel arrangements online. Complex journeys entail details that an inexperienced traveller may not think of when booking their own trip, such as sufficient waiting times at different airports. Even moderately experienced Internet users who are inexperienced travellers may not get around this, and online booking systems do not usually take these aspects into account. Inexperienced travellers may also face uncertainty barriers owing to the huge and diverse availability of different suppliers on the Internet (Anckar & Walden, 2002).

Because of the absence of human interaction, customers have more technologically complex purchase processes (Grisseman & Stokburger-Sauer, 2012). Barriers posed by the technological complexity of online trip planning include high entry costs, search costs, security hazards, technical problems, system limitations, and poor web services, such as websites that are not user-friendly. Because of the enormity of the Internet and the options available on it, finding the right supplier's website requires a substantial amount of time, patience, perseverance, and luck. Furthermore, when options are found, they may not be available, or customers may not be able to book the different components via a single website. Although reduced price is one of the most significant benefits of online booking, if customers are not experienced in low-fare booking strategies or are not knowledgeable about travel prices in general, they may struggle to find acceptable prices and itineraries. If customers need to make cancellations, they may not be able to get a refund, and will struggle to make adaptations if their bookings require alterations (Anckar & Walden, 2002).

### 5.3.2 The role of the travel agent

Travel agents play a critical role in customers' decision-making processes, yet they have not been studied as extensively as destinations or leisure services in tourism (Moliner, Sánchez, Rodríguez & Callarisa, 2007). Although the Internet has been predicted to threaten the existence of the traditional travel agent, researchers such as Novak and Schwabe (2009) argue that travel agents can add significant value if they are able to decipher customers' hidden needs, and build and maintain trust and relationships when they interact, thereby creating better experiences for customers. Despite this opportunity, travel agents are struggling to develop new value propositions to ensure their survival (Novak & Schwabe, 2009).

As a result of suppliers introducing web-based interfaces to sell directly to customers, and the emergence of purely online travel agents, the travel market has become highly commoditised with standardised products that can be bought with low transaction costs and which are mainly differentiated on price. Although traditional travel agents still receive some degree of commission, albeit much less than in the past, their extremely low margins can only be compensated by a large number of transactions, which may be encouraged by having an online presence. The traditional travel agent has much higher costs because of the brick-and-mortar base, and therefore does not have as high profit margins as purely online competitors, so an additional presence online may elicit more transactions. Furthermore, travel agents are no longer protected by airline and accommodation companies, and therefore have to rethink their business models and charge customers for their services. Because they now have to expose and justify their fees, they are even more vulnerable to the competition posed by online agencies and direct booking options. Suppliers are offering as much information to customers via online bookings as the travel agent could provide, bringing the travel agent's other role as an information broker under threat. Because of the commoditised nature of the tourism industry, and travel agents' low profit margins and lack of bulk transactions that online competitors experience, travel agents cannot differentiate by price, and instead have to turn their focus elsewhere. Travel agents need to adopt differentiation strategies at the service level, not at the product level, such as personalisation, high-quality information, and advisory services. These strategies require highly skilled and well-trained personnel, intensifying their cost implications (Novak & Schwabe, 2009).

Although the travel market has become highly commoditised, customers are increasingly looking for more personalised and unique experiences, higher-quality travel services, information and value. In addition to their functional needs such as those for information, convenience, and help avoiding information overloads, customers also have emotional needs to be fulfilled, such as the need for a unique experience, a sense of security, and personalised advice. It is the physical presence of the traditional travel agent that can best fulfil all these needs, as the face-to-face interaction between travel agents and customers allows for a better understanding of the customer (Novak & Schwabe, 2009). The importance of the traditional travel agent is their continuous provision of personal advice and service (Walle, 1996), and their provision of human contact in the planning phase, enabling them to build trust (Grisseman & Stokburger-Sauer, 2012). This direct contact also facilitates an increased sense of security, which the anonymity and lack of humanity of the Internet cannot accomplish (Novak & Schwabe, 2009). Therefore the reintermediation of the travel agent will require them to adjust their offerings to better suit the needs of their changing customers and the opportunities that emerge from an electronic distribution channel (Anckar & Walden, 2002). As suppliers are bypassing travel agents to get to customers, travel agents need to reposition their value propositions to ensure their survival. Law et al. (2007) suggest that traditional travel agents would be able to secure their role if they combined their advice-offering strengths with the offerings made possible by the Internet. Providing value-added services by integrating internet technology with their physical presence can enable the traditional travel agent to expand their reach via digital platforms (Novak & Schwabe, 2009).

Travel agents are unable to beat online competitors based on price, therefore traditional travel agents need to build new value propositions by focusing on their close and personal relationships with customers and on their skills to provide expert advice, and in this way to build on the current weaknesses of online competitors (Novak & Schwabe, 2009). To do this, travel agents need to understand the key underlying factors that guide the behaviour of their customers (Moliner et al., 2007). Travel agencies must focus on “the creation of personalised travel offerings through a human-mediated advisory in direct agent-customer interaction in a physically collocated setting” (Novak & Schwabe, 2009: 19). Different customer needs, different firm requirements, different pragmatic and different emotional aspects, result in different possible solutions. ‘Sticky information needs’ occur when customers have pragmatic needs and cannot properly articulate their needs until they

know what their answers look like. In this case, the firm requires a value co-creation approach to help customers uncover their needs, and find the best solution. Customers with emotional needs require travel agent to help them solve their problems by engaging in a relationship with them to elicit and fulfil their emotional needs (Novak & Schwabe, 2009). Travel agents need to focus on relationship quality and perceived value to achieve customer loyalty. Therefore the perceived value obtainable from the travel agent, satisfaction and confidence, are all precursors of the level of commitment customers exhibit towards their travel agents (Moliner et al., 2007).

“The pleasure of arriving relies very much upon the work of the journey” (Brown, 2007: 364). This statement highlights the importance of the pre-trip-planning phase as a component of the overall trip. Customers underlying motivations to embark on a trip are intrinsically hedonic in nature, and therefore travel agents need to offer services that make the trip-planning process enjoyable instead of dreary and time-consuming (Novak & Schwabe, 2009), as “the solution of working out where to go is not a chore, but a crucial part of the enjoyment: ‘getting there is half the fun’” (Brown, 2007: 370). Tourists do a lot of work-gathering information, deciding where to go and planning their trip. The pre-visiting stage is both practical and enjoyable, and it builds up excitement and anticipation for the trip (Brown, 2007). Traditional travel agents have an upper hand over online competitors here because they can add a human, personal touch to the process (Novak & Schwabe, 2009). However, a typical ‘bad trip’ is one that is overly planned if it does not account for flexibility and changing circumstances (Brown, 2007). Varying degrees of interaction between the customer and the travel agent may occur when planning a trip, but ultimately it is the interaction between them when planning a trip where value is created.

#### **5.4 VALUE CREATION IN TOURISM**

Value is created when customers interact with other tourism customers, suppliers, and intermediaries. Co-creating value is an increasingly important concept in tourism, and opportunities to co-create arise from interaction opportunities. As information and communication technologies improve, people become more knowledgeable, and have more choices enabling them to participate in value creation to receive an end product that best meets their needs (Middleton et al., 2009). Researchers need to take a broader view of value in the tourism context. For customers to obtain value, the benefits received must

exceed the costs given up to obtain them. Although value has traditionally been viewed from a utilitarian perspective, it is suggested that a multi-dimensional perspective of value is more suitable for services, because of the social and psychological components involved when customers interact with a supplier, making a functional value perspective too simple for such a consumption experience. Tourism intermediaries who offer value through its respective dimensions have been found to generate greater customer satisfaction (Williams & Soutar, 2009). Therefore value creation is a pivotal concept for tourism marketing when linking supply and demand. Although co-creation has received growing attention in the broader domain of marketing, there have only been a handful of articles published that provide an empirical investigation into co-creation and its consequences for firms in the services and travel service domains (Grisseman & Stokburger-Sauer, 2012). This section discusses tourism marketing's adoption of emerging marketing thoughts, defines value co-creation and value co-production for tourism, and discusses previous conceptualisations of value for tourism.

#### **5.4.1 New perspectives for tourism marketing**

Most tourism literature is still entrenched in G-D logic perspectives. The relationships between tourists and suppliers have been viewed as buyers versus sellers instead of from a relationship perspective. Tourism marketers assemble tourism components into packages and market and sell them to tourists, embedding value and distributing it to customers. The field of tourism marketing has started to echo new marketing thoughts such as the network approach, relationship marketing, and the S-D logic as a new marketing paradigm, but detailed conceptual and empirical research is still lacking with these concepts in the tourism marketing domain, and therefore tourism marketing lacks current relevance (Li & Petrick, 2008).

Tourism has been briefly viewed from a network approach in the literature but not in practice, as "tourists are rarely included as partners in the process of designing the tourism experience beforehand, reporting about it during the experience of it, or evaluating it afterwards" (Binkhorst & Den Dekker, 2009: 315). The concept of the S-D logic has also not received much attention in tourism literature. However, tourism has placed a focus on the importance of knowledge building and exchange, and its role in achieving economic growth and a competitive advantage. In line with emerging marketing thoughts, travel

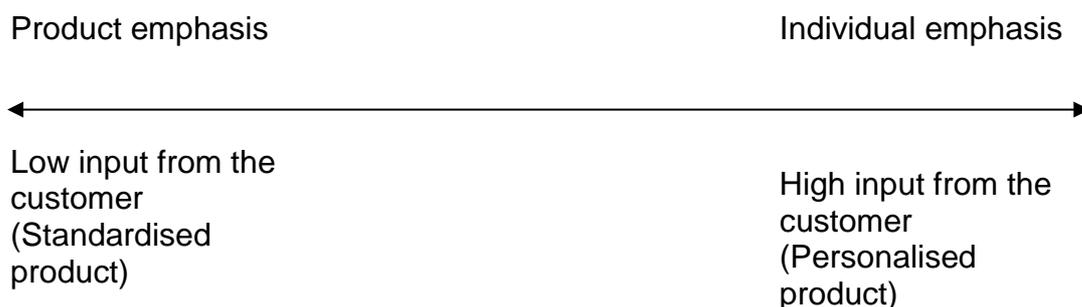
agents are switching their roles from agents of the sellers, to agents of the buyers. To do this, travel agents need to better understand their customers' knowledge structures, competencies, and interests (Li & Petrick, 2008).

The tourism experience is emotional, and customers perceive it as risky, which supports the importance for relationship building between customers and the tourism firms they deal with (Kotler, Bowen & Makens, 2006). Increasingly people are looking for unique experiences that reflect their own personal stories and self-concept. Today, customers have access to whatever they want, and are looking to fulfil psychological and emotional needs, such as for inspiration and authenticity (Binkhorst & Den Dekker, 2009). Tourism is one of the most significant realms in which people can construct their own unique experiences, yet it lags behind in co-creation research (Binkhorst & Den Dekker, 2009). For firms in the tourism industry to remain competitive, they need to offer customers unique and memorable experiences. These memorable experiences are created by involving customer participation and a connection linking the customer to the experience (Grisseman & Stokburger-Sauer, 2012).

Co-creation requires a new experience space and a new experience-centric view of innovation (Binkhorst & Den Dekker, 2009). "Involving customers in the creation of a travel arrangement helps tailoring the service to the customers' particular needs and hence assists in creating a unique experience" (Grisseman & Stokburger-Sauer, 2012:1). An experience environment proposed by Prahalad and Ramaswamy (2003) is a space where customers and suppliers can engage in dialogue and co-creation of individual experiences. In the co-creation experience, the network of tourism suppliers becomes important as it contains all the people and resources necessary to enable the experience environment. Firms and their networks, customers, and customer communities become three important co-creators of value (Prahalad & Ramaswamy 2003). Li and Petrick (2008) suggest that tourism must become an environment where competitors are potential partners, customers are co-creators of value, and marketers are learning facilitators. If tourism adopts new marketing thoughts, "tourists and tourism providers are considered as co-creators of value and co-producers of experience products" (Li & Petrick, 2008:240).

## 5.4.2 Defining co-creation and co-production in tourism

Customer co-creation of tourism experiences has been operationalised as the customer's input in developing his or her travel arrangement. This input can be in the form of simply expressing his or her needs and wants or in the form of customer self-input whereby customers spend time developing part of the service (Grisseman & Stokburger-Sauer, 2012). According to Middleton et al. (2009) customer co-creation in tourism can be understood by thinking of it as a continuum, where on one end there is low customer input such as purchasing a standardised package tour and on the other end there is high customer input, such as planning a fully customised product trip. This is graphically illustrated in Figure 5.2. Li and Petrick (2008) use the term co-production for the trip planning phase, where travel agents and tourists as co-producers involves customising offerings by involving tourists in bundling different tourism components (Li & Petrick, 2008).



**Figure 5.2 Value co-creation in tourism**

Source: Middleton et al. (2009)

For the purpose of this study, co-creation as defined by Grisseman and Stokburger-Sauer (2012) and Middleton et al. (2009) is considered as co-production, because whether customer input is high or low, they have an active role in the production of the overall product that they purchase and experience. Purchasing a packaged holiday will require information-seeking and decision-making in terms of what to buy, and often aspects such as visa and insurance arrangements are not included in the package, therefore customers still need to make arrangements for these aspects themselves. For the purpose of this study, co-creation of value exists from the first step the customer makes to initiate a trip

right up until they return from the trip. The planning phase of the trip is one component of the overall trip experience, and during this phase, value is co-produced. It is also important to note that value co-production is not an isolated phase of the overall trip experience. There may be situations where the customer has embarked on his or her trip but requires the assistance of their travel agent, for example for an emergency change of accommodation. In cases like this, he or she again co-produces with the travel agent. Therefore possibilities to co-produce do not end with the trip-planning phase, but can occur again throughout the overall trip experience.

Empirical research on co-creation in tourism is scarce. To date, only one empirical study has been published that addresses co-creation between a customer and a travel agent. It was found that the firm's support for the customer in terms of the firm-customer interaction is significantly related to the degree of co-creation, and the degree of co-creation is significantly related to customer satisfaction with the travel agent. Furthermore, customers who are satisfied with their co-creation activities tend to spend more on their travel arrangements, but are less satisfied with the travel agent (Grisseman & Stokburger-Sauer, 2012).

Co-creation does not only take place between customers and travel agents but also between customers and other customers. Customers often share their travel insights via social networks, therefore co-creation also takes place among customers. Online customer communities play a role in quality control, as customers share positive and negative experiences and develop certain expectations. Online platforms soliciting customer feedback are a co-creation tool that other customers can use to guide their decisions, as well as an important source of marketing information about customer opinions which are valuable for travel agents and suppliers to use in their own decision-making processes (Grisseman & Stokburger-Sauer, 2012).

### **5.4.3 Conceptualisation of value in tourism**

Value perceptions are very important in order to understand travel and leisure consumption outcomes. Value constructs can aid travel agents in better positioning their offerings to their market (Babin & Kim, 2001). Empirical studies of value in the tourism industry indicate that a multidimensional perspective is required because psychological

and emotional aspects are often just as important as functional aspects. The tourism experience consists of functional, objective, and tangible elements as well as subjective, hedonic, emotional, and symbolic elements (Williams & Soutar, 2009). However, many studies measuring value, including those conducted in the tourism industry, have only addressed the benefits side to value, and have neglected the costs. Therefore aspects that are referred to as value in this section often only refer to the benefits received, as costs were not measured in these studies.

In the adventure tourism context, functional value, emotional value, social value, and value for money were conceptualised as the five dimensions of customer value (Williams & Soutar, 2009). Intermediaries can offer functional value by providing convenience, efficiency, speed, contacts and administrative assistance. Emotional value includes experiencing exhilaration and excitement, but often these feelings are preceded by apprehension, hesitation, and fear. Social value can be achieved when people on a tour interact, the relationship between tourists and their tour guide, and the recognition or prestige the customer obtains as a result of taking the trip. Novelty value in a tourism context refers to the novelty of the activity and of the destination (Williams & Soutar, 2009). Acquiring new knowledge and novelty seeking are important motives for people to engage in adventure tourism because of their desire for variety seeking, novelty seeking, exploratory behaviour, and their need to escape routine (Williams & Soutar, 2009).

Empirical evidence from the adventure tourism context proves that customer value relates to satisfaction and future intentions. Emotional value is the highest ranking value dimension, followed by novelty value, functional value, and value for money, while social value was the lowest ranking value dimension. All five of these value dimensions were significantly related to customer satisfaction. Novelty value and value for money had the strongest relationship with customer satisfaction, while social value had a significant but negative relationship to satisfaction suggesting that it was not a relevant value dimension for the adventure tourism context. Emotional value, novelty value and value for money were significantly related to customer intentions, with value for money being the most important. Functional value and social value had no significant relationship with customer intentions. An additional finding was that satisfaction mediated the relationship between customer value and intentions. For novelty value, value for money, and emotional value,

the greater the benefits provided to the customer the more satisfied customers were and the more positive their future intentions (Williams & Soutar, 2009).

Value has been investigated in the online travel community context where it was initially found that customers participate in online travel communities to satisfy functional, social and psychological needs (Wang, Yu & Fesenmaier, 2002). However, a second study testing these dimensions with an added dimension for hedonic needs showed that the social and hedonic needs of customers positively affected their level of participation while functional needs had a negative effect, suggesting that people do not engage in goal-oriented tasks such as looking for specific information when participating in online travel communities but rather engage in social interactions with other members. Functional needs referred to transactions, support for information seeking and learning in order to facilitate decision-making, convenient and efficient access to information, exchanging information, and experience among the community so that community members can gather greater amounts of relevant information necessary to plan a trip. Social needs depend on the tasks that community members are involved in such as socialising, providing help and support, or sharing ideas, and is built on a sense of trust among community members. Social needs involve relationship and interactions among members (Wang & Fesenmaier, 2004). Online users generally progress from asocial information gathering to increasingly social activities, therefore the mode of interaction may progress from informational to relational to recreational to transformational (Kozinets, 1999). Psychological needs include a sense of belonging to the community, self-expression through the community, and a sense of affiliation with other community members. Hedonic needs referred to the enjoyment and entertainment members obtain from participating in an online community as it elicits feelings of enjoyment, amusement, entertainment, fun, pleasure and enthusiasm (Wang & Fesenmaier, 2004).

A multidimensional value conceptualisation was developed for international student travel that showed how educational benefits, perceived safety, and fun impacted personal and hedonic value perceptions resulting in travel satisfaction (Babin & Kim, 2001). The safer the travel offering was perceived, the higher the perceived utilitarian value. Benefits from the total learning experience of the trip also positively influenced perceived utilitarian value and the feelings of accomplishment experienced by customers related to their satisfaction with the experience. Educational benefits were also negatively related to hedonic benefits

possibly because the activities that the customer needs to undertake in order to learn detracts from the spontaneity and freedom that contributes to hedonic value. Feelings of fun had the strongest positive relationship with hedonic value (Babin & Kim, 2001).

In a study of the relationship quality between customers and a travel agency for standardised tourism packages six dimensions of value were found. These dimensions included functional value with the travel agent's retail outlet installations such as its interior and its location, functional value of the travel agent's personnel regarding their professionalism, functional value of the tourism package that was purchased in terms of its quality, functional value of the price, emotional value in terms of comfort, and social value in terms of social recognition and approval. The perceived value of the tourism package was found to be an antecedent of the relationship quality between the customer and the travel agent. Social value had the biggest effect on both affective and cognitive value. Functional value of the product and the personnel had the biggest impact on satisfaction, but also indirectly had an effect on trust and commitment via satisfaction. These results indicated that the travel agent must provide value by offering functional quality of their product and service offering as well in the professionalism of their staff without disregarding the importance of their pricing. It is also important that the travel agent focuses on the emotional aspects of the time the customer spends with the travel agent and their enjoyment of his or her package, as this is important to achieving satisfaction. In regards to social benefits for the customer the travel agent must aim for acceptance, recognition, belonging, and integration. Travel agents must homogenise the value they offer to customers. This does not mean standardise value, since empathy is necessary to satisfy each customer (Moliner et al., 2007). This is possible by identifying the benefits customers seek and then enabling them to co-create value.

Customers make both a rational and an emotional analysis of their relationship with a travel agent. The benefits sought by customers may change as their relationship with the travel agent progresses from transactional to relational. The basis of keeping a relationship between a customer and a travel agent depends on the travel agent's propensity to keep his or her promises. If the travel agent does not keep his or her promises customers will have no future intentions of engagement and the relationship will come to an end. When the customer and the travel agent engage in a long-term relationship it requires

commitment, which requires making short-term sacrifices in order to obtain long-term benefits (Moliner et al., 2007).

## **5.5 CONCLUSION**

Tourism is dynamic, interactive, and a vital contributor to global GDP. Because of the complexity of tourism there are many different situations that require different amounts of customer and supplier input, which could result in numerous different outcomes. Tourism is understood by considering it in regard to supply and demand, which is linked by tourism marketing. One major player in the tourism marketing segment is the travel agent. Changing business models and the development of information technologies has led to a growth in cybermediaries that were believed to threaten the existence of the travel agent. However, instead of a disintermediation taking place eliminating the travel agent, a reintermediation has taken place, repositioning the travel agent. The travel agent still has valuable benefits to offer customers, so their survival depends on effective value propositions based on personalisation, expertise and interaction. Owing to the complexity and interactive nature of tourism and the inherently active role the customer plays in the production of his or her end product, alongside the travel agent's quest for survival, the interaction between the customer and the travel agent when planning a trip was the domain chosen in which to study the benefits of co-production.

The concepts of value co-creation and value co-production have recently been introduced to tourism literature. Value co-creation exists from the first step the customer makes to initiate a trip right up until they return from the trip. The planning phase of the trip is one component of the overall trip experience, and during this phase value is co-produced. Opportunities to co-produce can also re-emerge later in the co-creation experience, for example if the customer encounters necessary changes that must be made while on the trip, and contacts the travel agent for assistance. Value has been considered from a multi-dimensional approach in different tourism contexts such as adventure tourism, student travel and online travel communities. Only one study has been published investigating customer value obtained from a travel agent.

This chapter, alongside Chapter 2, 3, and 4 aimed to provide an understanding of value, value creation, benefits, and the tourism context by examining secondary sources. The

next two chapters attend to the primary research of the study, presenting the methodology and statistical results for the study.

## CHAPTER 6

### METHODOLOGY

#### 6.1 INTRODUCTION

The purpose of this chapter is to explain the methodology followed in developing a scale to measure the benefits of co-production for customers when planning a trip with a travel agent. Churchill's (1979) suggested paradigm for scale development was followed as it is the most widely accepted and respected procedure for scale development. Updated recommendations regarding construct validity from authors such as Gerbing and Anderson (1988) and Terblanche and Boshoff (2008) were incorporated as well as recommendations made by Rossiter (2002) regarding construct definition. This chapter first presents the literature on Churchill's (1979) paradigm, explains how exploratory research was undertaken, defines the domain of the study and operational definitions of the dimensions, discusses item generation, and explains the data collection and analysis procedure.

The research problem was presented in Chapter 1, but is revisited here to place the study in context. The primary objective of this study is to develop a reliable and valid multiple-item scale to measure the benefits of co-production for customers when planning a trip with a travel agent. The secondary objectives of the study are:

- To develop a scale measuring the dimensions and sub-dimensions of the benefits of co-production in the tourism industry.
- To purify the scale to achieve acceptable reliability where each dimension in the scale has a Cronbach alpha of 0.7 or higher.
- To purify the scale to achieve a simple and interpretable factor structure where each item only loads onto a single factor.

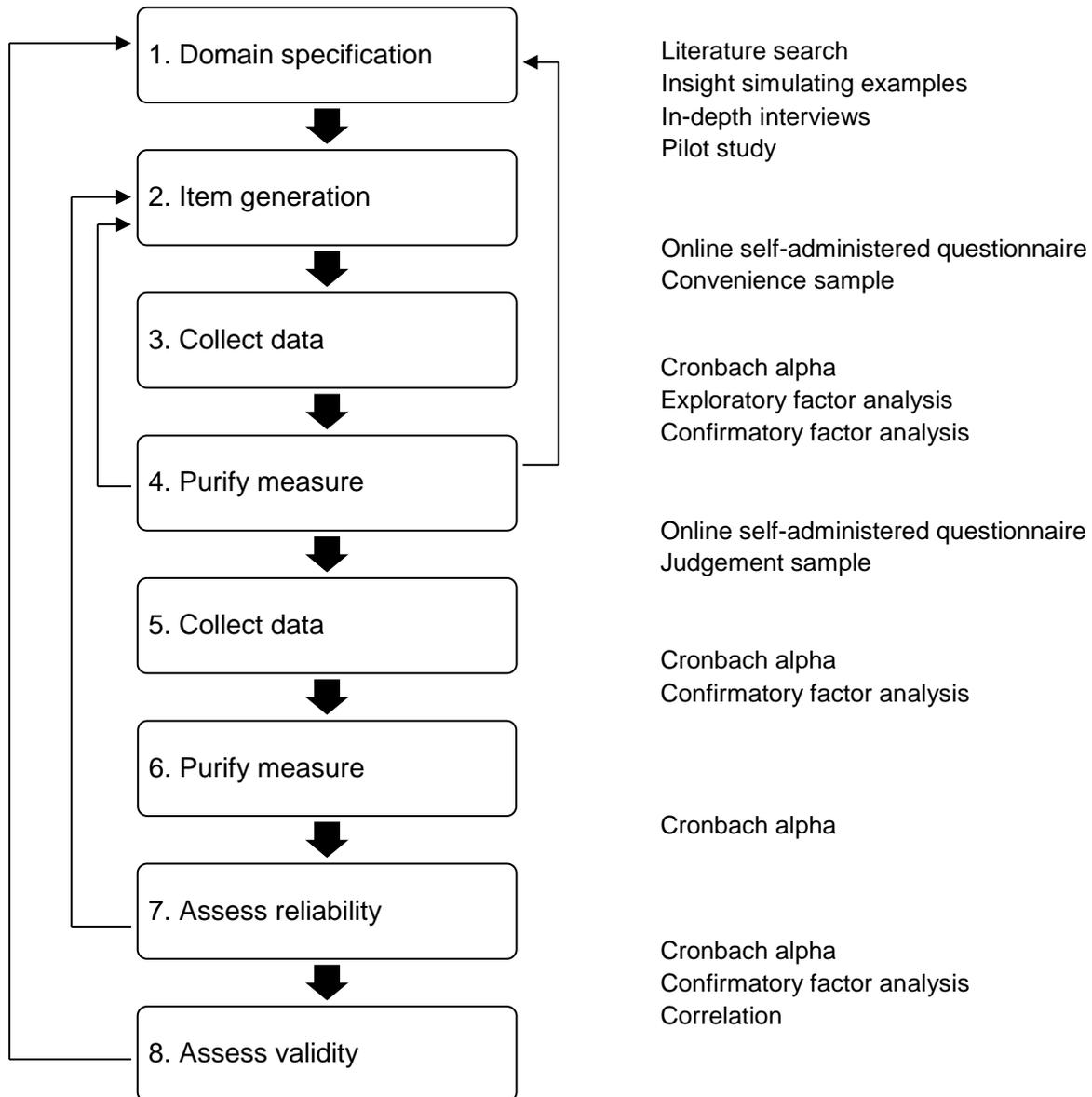
#### 6.2 SCALE DEVELOPMENT

Churchill (1979) aimed to close the gap between the need for better marketing measures and a procedure to develop them. When using a scale to measure marketing constructs,

attributes of objects are measured, not the objects themselves. Numbers are assigned to the attributes of objects which are subjected to measurement error. How well this is done determines how well the construct is captured by the measure. The scale must provide strong evidence of reliability and validity to constitute a good measure. Churchill's (1979) paradigm has been used by numerous researchers over the years in their pursuit to develop reliable and valid scales (e.g. Mimouni-Chaabane & Volle, 2010; Seiders et al., 2007; Terblanche & Boshoff, 2008).

The first step of the process is to specify the domain of the construct, defining what is included in and excluded from the definition. A literature search is the primary technique for defining the domain of the study. The next step is to generate a sample of items for which exploratory techniques are useful. Once the questionnaire has been finalised, data is collected and submitted to statistical analysis for purification. Depending on the results of the statistical analysis, the study will either need to loop back to steps one or two and make the necessary revisions or it can proceed to step five for further data collection. The data will again be submitted to statistical analysis to confirm the reliability and validity of the instrument. In the last step of the process, norms are developed so that the data can be understood and interpreted.

Purification of the measure can result in three possible outcomes. Firstly the purification stage could produce acceptable Cronbach alpha estimates and the factor analysis could confirm that the dimensions are correct. The next step would be to confirm the reliability of the measure by testing it in a new sample. The second possible outcome could be that the factor analysis indicates that some items loaded on more than one dimension or did not load at all. These items can be restructured according to the factor analysis. The new Cronbach alpha(s) will be calculated and if they are satisfactory, the instrument can be tested further in a new sample. The third possible outcome is that if the Cronbach alpha(s) are too low, and item restructuring is unproductive, the researcher will need to loop back to specifying the domain or item generation and assess where they went wrong or start the process again (Churchill, 1979). The number of times the scale will be purified and therefore the number of times data will be collected depend on the results of each data collection and purification phase of the scale. The present scale required two phases of data collection and purification.



**Figure 6.1 Process followed to develop a scale to measure the benefits of co-production**

Adapted from: Churchill (1979)

### 6.3 EXPLORATORY RESEARCH

Exploratory research was undertaken to specify the domain of the study, identify and operationalise constructs, and generate a sample of items. Useful exploratory techniques include literature reviews, experience surveys, insight-stimulating examples, critical incidents and focus groups (Churchill, 1979). A literature review, in-depth interviews with

customers and suppliers, and insight-stimulating examples were the exploratory techniques used in this study.

### **6.3.1 Literature review**

A literature review was conducted to assess and understand the context of the problem, relate theories and ideas to the problem, assess previous related work, identify the relevant dimensions, and show where the gaps are in the knowledge regarding the problem (Blumberg, Cooper & Schindler, 2008). The research was embedded in this literature, theory and models to increase the researcher's understanding of the problem and so that the researcher could better understand and interpret findings (Jacoby, 1978). A review of existing literature was conducted to assess what information already existed regarding co-creation and co-production, customer benefits and the tourism industry. The literature review is dealt with in Chapters 2, 3, 4 and 5 of this study. The literature provided a fundamental understanding of the concepts and context of co-creation and co-production, the major thoughts on the concepts and customer benefits addressed in the marketing literature, as well as identifying a lack of focus on co-creation and co-production in the tourism industry. Books in the Stellenbosch University Library were consulted, although owing to the newness of the concept of co-production, very little was found. A search of multiple online databases provided the majority of the information. These databases included EBSCOhost, Emerald Insight, ProQuest Databases, Sabinet, JSTOR, and a comprehensive search of Google Scholar. Literature recommended by experts in the marketing field was also addressed.

### **6.3.2 Insight-stimulating examples**

Insight-stimulating examples involve comparing competitors' products or critically examining complaints (Churchill, 1979). This technique was used in the form of analysing complaints and compliments lodged by customers on a popular website for customer service reports. The Hellopeter website was chosen because it had significantly more customer feedback regarding travel planning problems than any other South African complaints board website. A total of 357 complaints and compliments lodged on the Hellopeter website were analysed to determine what aspects customers generally complained about or were happy with when planning their trip, to provide support for the

benefits identified in the literature and to identify additional benefits. Important travel agent websites including those belonging to the Association of Travel Agents, the Association of British Travel Agents and the Association of South African Travel Agents were investigated for further support and identification of customer benefits. A list of all the factors identified from this exercise is captured in Addendum 1. Furthermore, seven tourism suppliers including five travel agents and two tour operators were interviewed to gain insight into their perspectives on the benefits customers seek when interacting with them, to learn what their product offerings were, and to learn about the process followed when planning a trip with a customer. The purpose of these interviews was to provide a greater understanding of the tourism industry and the travel planning process, so that the researcher would be better equipped to interview actual tourism customers.

### **6.3.3 In-depth interviews**

An in-depth interview is a one-to-one meeting between the researcher and another person who has valuable information to contribute to the study. The researcher probes during the interview to gain as much information out of the interviewee as possible (Zikmund & Babin, 2007). The in-depth interview is a useful technique because it can provide a deeper understanding of the customer-supplier relationship from the customer's perspective. In-depth interviews have been useful in previous studies to help understand other areas of consumer behaviour and may be helpful in discovering elements that have not been addressed in the published relationship marketing literature. Furthermore, in-depth interviews provide insight into the description of benefits in the customers own words, which has largely been ignored in previous studies (Gwinner et al., 1998).

A judgement sample of tourism customers was selected to participate in the in-depth interviews. A travel agent was approached and asked to supply names of customers who travel frequently and who would be suitable to interview for this study, and who might be willing to participate. In-depth interviews were conducted between the researcher and 26 travel customers in March 2012. This sample of respondents comprised 10 males and 16 females, their ages ranging from 22 to 69. The researcher first gave a brief description of what the study was about and what the concepts of co-production and benefits meant. She then asked interviewees to talk generally about benefits they felt were important when they planned a trip with a travel agent. The researcher then went through the steps of a

travelling experience and probed into what benefits were important to the interviewee at each stage. The material used for the interview process is in Addendum 2. Other topics covered in the interviews were the role of the Internet when planning their trip, negative trip-planning experiences, and how interviewees preferred to customise their trips. In almost all the interviews, the interviewees expanded on the topic, providing examples of important benefits and speaking about latent benefits that they had not realised they sought. At the end of the interview respondents were asked to add anything they felt was relevant or beneficial for this study. These interviews provided vital insights into the benefits customers seek from travel agents, from the customer’s perspective. Table 6.1 contains examples of some of the comments made by interviewees addressing the benefits of the study identified from the literature reviews, insight-stimulating examples, and in-depth interviews with real tourism customers. Comprehensive details from these in-depth interviews can be found in Addendum 3.

**Table 6.1**  
**Customer comments supporting the identified benefits of co-production**

Benefit	Comments
Confidence	<p>“Reduces insecurity with things that go wrong because the travel agent organised it and she is available to fix it.”</p> <p>“Trust is very important. The first time you use a travel agent it’s a leap of faith but then you learn to trust her.”</p> <p>“The experience of the travel agent takes a weight off your shoulders knowing that they know what they are doing.”</p> <p>“Trust is imperative in the relationship, especially in regards to flights and time differences in places such as in the U.S.”</p> <p>“I have complete peace of mind – emotionally.”</p> <p>“I like to give suggestions and input rather than just hand over the entire planning of the trip firstly because I enjoy participating in the planning of the trip and secondly because I have more control and am less insecure of what could go wrong.”</p> <p>“The travel agent, with experience and maturity, will already have gathered some risks from previous experience with clients, and especially if they gather feedback from clients – and they communicate it to you so that you go into the trip knowing what can go wrong.”</p>
Convenience	<p>“The travel agent makes it easier to travel because they do all the thinking work...”</p> <p>“They save you a lot of time.”</p> <p>“It’s convenient and hassle free.”</p> <p>“The fact that you can choose how much you want to be involved is a benefit.”</p> <p>“The travel agent has the information and ability to book everything from visas to buses and transfers, so all my information requirements are at one stop instead of having to research everything individually on the Internet. The Internet won’t necessarily inform you about aspects you are not aware of in the first place.”</p>

	<p>"It saves you time as you would have to research these things yourself and the money value of your time doing this is not always worth it."</p> <p>"I like to use a travel agent because the travel agent is a professional and is aware of many more options, it saves time and money."</p> <p>"I know I can find better deals online but I prefer the convenience, time saving, and first-hand experience of my travel agent."</p> <p>"I do expect to be able to phone my travel agent after hours in the case of an emergency or have access to an afterhours service."</p>
Customisation	<p>"We use a smaller travel agency because they know our exact requirements, such as that we will not wait at an airport for more than two hours and that we prefer aisle seats, and they always accommodate these needs. They will book these seats online for us 24 hours before even if it is on a Saturday or Sunday."</p> <p>"I can have a conversation with my travel agent about my needs to obtain a logical and practical end product."</p> <p>"I do like to have a bit of flexibility in the itinerary so that during the trip I can change my mind a bit."</p> <p>"The ultimate thing is that the travel agent can recommend just the thing for you."</p>
Enjoyment	<p>"We enjoy planning a trip and we like to be involved in it"</p> <p>"It is fun planning the trip."</p> <p>"Being involved in the planning is part of the build-up and excitement, and anticipation. It's part of the initial enjoyment. But they like to hand over the nitty-gritty."</p> <p>"I love planning a trip."</p>
Expertise	<p>"It is especially gratifying if the travel agent has had personal experience in the destination you wish to visit and can offer first hand advice."</p> <p>"Professionals know about more options therefore they reduce the chance that you will find something better too late if you search on your own."</p> <p>"I feel that there is too much information available [on the internet] and I rely on the travel agent to sort through it."</p> <p>"It is extremely important that the travel agent chats to the customer after the trip to see what they loved about it or what went wrong, and then they can pass this information onto other customers."</p> <p>"Having options is a benefit of a travel agent."</p> <p>"My travel agent knows my personal tastes and needs, and she matches options to my needs. She knows what not to recommend."</p>
Exploration	<p>"I enjoy planning a trip with my travel agent because she comes up with creative ideas, and with suggestions that opens up your horizons and tickling your fancies."</p> <p>"We really enjoy looking for options on the Internet and planning the trip... we have the time to do so and our yearly overseas trip is the highlight of our year so planning it is very important for us."</p> <p>"I enjoy figuring out where to go but rely on suggestions by my travel agent for details about the destination."</p>
Financial	<p>"Often our travel agent has found better deals for us."</p> <p>"They are very honest in their pricing. They will issue a quote but if they find a better price they will let us know. They are always looking for the best flight prices and this makes me feel like their top priority and that they have my best interests."</p> <p>"I expect value for money."</p> <p>"Although the Internet can get you cheaper options, the travel agent can get you better value for money because they are so in tune with what's going on in the travel industry and they know all about the deals and specials."</p> <p>"They can give advice considering characteristics you want like in the city centre within your price range."</p>

	<p>"Honest pricing is important to me, I want to see what I pay for and I want good prices... I don't want to feel overcharged."</p>
Social	<p>"I need someone that I identify with, speaks my language, and understands that I don't like tourist destinations."</p> <p>"One problem we try to avoid is a travel agency where we have to speak to a number of different people. We prefer to have just one person handle our travel plans."</p> <p>"I have a sense of affiliation with my travel agent, and my relationship with her and previous experience gives me peace of mind."</p> <p>"I prefer being able to go to my travel agent and talk to her face-to-face."</p> <p>"I feel a sense of affiliation to her [travel agent] and that's where my loyalty stems from."</p>
Support	<p>"If the trip needs to be cancelled or adapted, I will phone the travel agent to make the changes and pay the costs."</p> <p>"I rely on my travel agent to have an established network so that if things go wrong she can tap into her network and find a solution."</p> <p>"My travel agent has a contingency plan that I would never even have thought about."</p> <p>"Personal connection and personal service is important to us because when we encounter a problem we phone our travel agent rather than having to figure it out on our own."</p>
Symbolic	<p>"They need to communicate what's going on and what problems they encounter."</p> <p>"When I participate in the planning of the trip I feel a sense of accomplishment which is part of the whole travelling experience for me. It's also very important that I don't feel stressed or unhappy during the planning because it is part of the holiday and it helps me to look forward to it instead of hindering that positive anticipation."</p> <p>"I feel that because we use the same travel agent she knows our personalities and provides options that suit us better."</p>

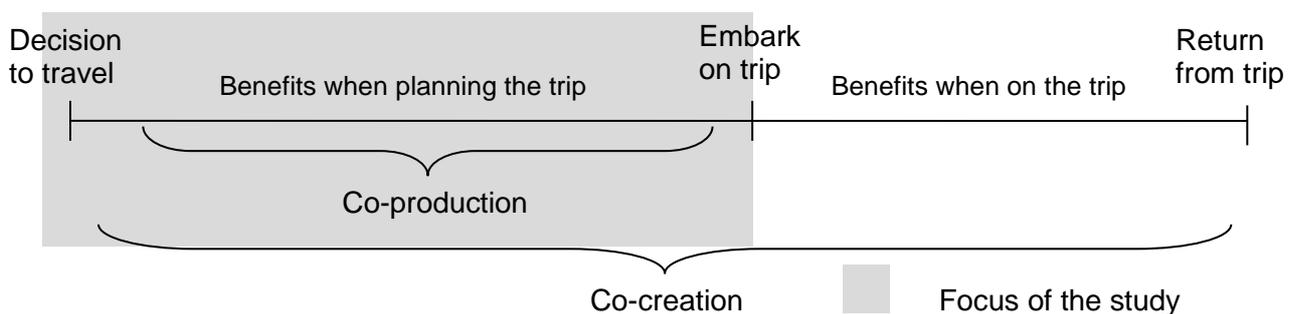
## 6.4 DOMAIN OF THE STUDY

After the exploratory research was conducted, the domain of the study was defined and the constructs identified and operationalised. It is critical that the domain of the study is precisely defined, indicating what is included and what is excluded from the study. Proper domain specification is critical for determining the face validity of the scale. Exploratory research was used to specify the domain of the study. Recommendations for domain and construct definition by Rossiter (2002) were incorporated at this stage. Rossiter (2002) recommended that researchers write the definition in terms of object, attribute and rater entity. Literature is consulted when operationalising concepts and specifying the domain, as was done in Chapters 2, 3, 4 and 5 of this study. Many definitions are used alternatively in different contexts, and therefore it is difficult to accumulate and compare findings (Churchill, 1979). The literature review provided a sound theoretical framework for the domain of the study. The benefits of co-production could then be defined by ascertaining

the dimensions underlying the structure. These dimensions were identified from the exploratory research techniques of the literature review, insight-stimulating examples, and in-depth interviews as discussed in section 6.3.

Co-production is the customer’s participation in the production of the core offering itself. It takes place when there is joint inventiveness, joint production of related products and co-design (Vargo & Lusch, 2008). In the present study, co-production refers to the process whereby the customer plans his or her trip in conjunction with a travel agent. It excludes cases where the customer plans the trip alone, and cases where the customer hands over the entire trip-planning component to the travel agent with none of his or her own input. Co-production requires joint input, skills and resources from both the customer and the travel agent.

A benefit is an advantage that has a good effect, and promotes or aids a person’s well-being. A benefit can also be defined as being helpful or useful (South African Pocket Oxford Dictionary, 2002). In marketing, a benefit is “something a consumer gains as a result of a product attribute or product feature” (Lamb et al., 2008: 201). The advantages customers receive from a purchase experience are not confined to this utilitarian definition, but also include hedonic advantages that customers gain from the purchase experience, which are not necessarily product-specific (Holbrook & Hirschman, 1982).



**Figure 6.2 Domain of the study**

The domain for this study was the benefits customers receive when they co-produce a trip with a travel agent, such as the support the travel agent provides or the financial benefits

of value for money that customers receive. In this definition, travel planning is the objective, benefits are the attributes, and travel customers are the rater entities. The domain excludes customers who plan a trip online themselves, despite the fact that they deal indirectly with online intermediaries. The benefits customers reap from their travel agent while they are on their trip are also excluded because they fall out of the planning phase of the overall experience. Figure 6.2 illustrates the domain of the study.

**Table 6.2**  
**Operational definitions of the benefits of co-production**

<b>Benefit</b>	<b>Operational definition</b>
Confidence	Confidence benefits refer to reduced risk that something will go wrong and feeling confident about travel arrangements resulting from the trust in the travel agent.
Convenience	Convenience benefits include the variety of channels available for communication, the ease of concluding a transaction, the simplification of complicated itineraries and easy decision-making to save time and effort.
Customisation	Customisation benefits refer to a product or service that is tailor made to a customer's demands.
Enjoyment	Enjoyment benefits are the enjoyment, entertainment and fun experienced while planning and anticipating a trip.
Expertise	Expertise benefits include the opinions, advice, recommendations and answers to customers' questions and the provision of relevant and correct information.
Exploration	Exploration benefits are exploring alternatives that provide unique experiences, a sense of adventure and an opportunity for escapism.
Financial	Financial benefits are money savings, the best money deals given budget constraints, value for money and avoiding unexpected expenses by being informed of all costs before any financial commitment is made.
Social	Social benefits are derived from friendly human interactions in which experiences, companionship and interests are shared.
Support	Support benefits include having a particular person to provide assistance, solve problems that arise and who personally attend to complaints, cancellations, refunds and alterations.
Symbolic	Symbolic benefits are intangible non-product related attributes for a customer's self-expression, self-esteem and social approval

The overall benefits customers receive from planning a trip with a travel agent is a function of the sum of the gains each benefit provides when the trip is co-produced. The proposed theoretical structure allowed the researcher to delineate and clarify the domain of the benefits of co-production. The underlying theoretical structure of the benefits was identified by consulting the literature, interviewing 26 travel customers, interviewing 7 tourism suppliers, analysing 357 customer compliments and complaints on a popular complaints board website, and analysing important travel agent association websites. Thirteen

dimensions were initially identified which were subjected to expert judging. The review of the dimensions was done in conjunction with the review of the initial pool of items which will be discussed in section 6.5.3. The expert judging resulted in the dimension for relationship benefits being removed, and its content split up and added to confidence and social benefit dimensions, where they were deemed more appropriate. A dimension for functional benefits was removed because it was too specific, and a dimension for process quality was removed because it did not fit the definition of a benefit. The outcome was a 10 dimensional structure of the benefits of co-production. The revised structure of benefits is presented in Table 6.2 with their respective operational definitions. The operational definitions were developed based on previous operationalisations and dictionary meanings of each construct (see Chapter 4 section 4.5 for a background discussion of each construct). The operational definitions were tweaked based on characteristics of the trip-planning process that were specific to the tourism industry.

## **6.5 FIRST PURIFICATION PHASE**

Primary research was used to purify the scale. Primary research entails gathering primary data to satisfy the specific objectives of the study (Dillon, Madden & Firtle, 1990). Primary data was collected electronically and on an iterative basis until the objectives of the study were reached. The objective was to develop a reliable and valid instrument to measure the benefits of co-production in the tourism industry.

### **6.5.1 Survey method**

A survey method was chosen because it involves collecting primary data from a sample of respondents. Surveying a sample of a study's target population provides a fast, inexpensive, and efficient way to collect information about a sample. The disadvantage of using a survey design is that there is the risk of poor survey construction if specific guidelines are not followed, which will negatively affect the study's results and findings (Zikmund & Babin, 2007).

A critical consideration in survey design is measurement error. Measurement error leads to incorrect conclusions and incorrect decision-making. Measurement error threatens the

validity of the scale (Terblanche & Boshoff, 2008). Surveys may contain two major groups of error, namely random sampling error and non-sampling error. Random sampling error exists when there is a chance of statistical fluctuations in the sample composition. This error can be reduced by increasing the sample size or by choosing a statistically representative sample (Zikmund & Babin, 2007). To reduce the chance of this error occurring, attention was paid to the selection of the sample size, which will be discussed in section 6.6.1.2. Non-sampling error results from mistakes in the research design, which induce the respondent to answer incorrectly. This category of error includes respondent error where the respondent either does not respond to the question or responds with an answer that misrepresents the truth. This may either be deliberate or unconscious. This category also includes administrative error where data processing error, sample selection error, interviewer error, or interviewer cheating can result in data that misrepresents the truth (Zikmund & Babin, 2007). The chance of these errors occurring is dealt with in the questionnaire design, which will be discussed in section 6.5.2.

### **6.5.2 Questionnaire design**

The instrument developed for this study was a self-administered, structured questionnaire. A self-administered questionnaire was chosen because it produces higher scores of internal consistency than questionnaires that are administered by fieldworkers because there is less ambiguity and confusion when the respondent can physically view and complete the questionnaire at his or her own pace (Peterson, 1994). A multiple item instrument was developed instead of a single item instrument because when items for a construct are combined, the specificity of the items can be averaged out, the researchers can make finer distinctions among people, and the more items present in a construct, the higher its reliability is and the lower its measurement error (Churchill, 1979).

To reduce the non-sampling error discussed previously in section 6.5.1, careful attention was given to the design of the questionnaire. The basic considerations of questionnaire design included professional appearance, wording, grammar, concise sentence structure, and the position of personal questions. Attention was paid to avoiding double-barrelled questions, and avoiding leading and loaded questions. The questions were phrased in a simple and direct manner to avoid confusion and ambiguity (Zikmund & Babin, 2007). The

survey was designed to look professional, with the University of Stellenbosch logo at the top. The questions were arranged in a neat tabular format to make them easier to read.

Co-production is a relatively new concept in marketing literature, therefore the researcher doubted that the general public, and in particular the target population for the study, would be familiar with it. A short definition of co-production and the purpose of the study were placed in a cover letter to communicate to respondents the meaning of co-production and the purpose of their participation in the study (Schaeffer & Presser, 2003). An incentive was also provided in the form of 'help us and help yourself to a chance to win R1000' to increase response rates. Three categorically scaled questions inquiring about the number of years the customer had been planning their travel arrangements with a travel agent, how many times a year they planned a trip, and the type of travel they pursued, were included. For the questions addressing the dimensions, a 10-point semantic differential scale was used consistently throughout the questionnaire so that results could easily be analysed. The 10-point semantic differential scale ranged from (1) strongly disagree to (10) strongly agree. A 10-point semantic differential scale was used instead of a 5-point scale to build greater variance into the responses, and also because the respondent could think in terms of percentages. Furthermore the reliability of individual scales increases as the number of response categories increase (Schaeffer & Presser, 2003).

### **6.5.3 Item generation**

Operational definitions were clarified based on the exploratory research, and items were generated to tap into each operational definition. At the beginning of the item generation stage, focus is on generating a set of items that tap into each dimension of the construct. It is important to keep more items than necessary, and to include items with slightly different shades of meaning, as the item list is refined through the data collection and scale purification stages. At the end of the item generation phase focus shifts to item wording and editing. Each item is reviewed to ensure that the wording is as precise as possible (Churchill, 1979).

Marketing and tourism literature was assessed to identify models and scales measuring benefits. Although these items were not designed to measure the benefits of co-production, some were adaptable for use in this study. Existing items that were suitable for

the study were only included if they had a coefficient alpha of 0.7 or higher, an Eigen value of one or more, a factor loading of 0.4 or more, and a higher mean than the average mean of the given scale. However, items were not found to measure many of the aspects that emerged during the exploratory research, so the researchers had to develop their own items. Initially there were 323 items generated by the researchers. These items were grouped with their relevant dimension and can be found in Addendum 4. Many of the items were the same but phrased in different ways, while others were similar but had different shades of meaning. Because similar items were retained, there was a large amount of overlapping among the items. These items were compiled into a document with their domain and their operational definitions, and were reviewed by the researcher and two other marketing academics to identify any errors. The document was revised a second time by the researcher to identify those items that best captured the operational definitions of the constructs to check for mistakes, and to ensure that the items were phrased in the correct direction and in the present tense. Owing to the length and repetitiveness of the 323 items, these items were narrowed down to avoid repetitiveness and to identify the items that captured the operational definition of each dimension. At this stage the focus was on being over-inclusive to ensure that the items fully captured the domain of the study. Also, the retention of items protected against poor reliability results. The positive and negative phrasing of items was considered, but it was decided that because of the initial length of the questionnaire all items would be phrased positively to avoid confusing respondents.

This revised version was sent to two further senior academics in the Business Management Department of Stellenbosch University to seek agreement with the choice of items and identify further errors. The initial questionnaire was narrowed down from 323 possible items to 64 items for the first scale. The 64 items retained for the first purification phase are contained in Table 6.3.

#### **6.5.4 Pilot study**

A pilot study is a small-scale research project that collects data from a small number of people similar to those that will be included in the study's target population. It examines certain areas of the study to determine if specific aspects will work as they were planned to. A pilot study is crucial for refining measures and reducing the risk that the measure will

be faulty (Zikmund & Babin, 2007). A pilot study was used to administer the questionnaire electronically to 15 people, including 5 academics and 10 travel customers to again identify mistakes, gain further insights, and to seek agreement that the survey was asking the correct questions. Feedback from the pilot study was used to make final adaptations to the survey. These questions were randomised in the first final version attached as Addendum 5.

Once the initial questionnaire was finalised, the actual data for the study could be collected and statistically analysed. A sampling plan is necessary to identify who the respondents are, and the data collection procedure detailed for how they can be reached. Reliability and validity analysis are the primary statistical techniques applied to the data. The number of times data is collected and analysed depends on the outcome of each attempt.

**Table 6.3**  
**Items generated for the first survey**

<b>Code</b>	<b>Item</b>	<b>Original source</b>
<b>Confidence benefits</b>		
CONF1	I trust my travel agent when I plan a trip	Gwinner et al. (1998)
CONF2	I trust the judgment of my travel agent when I plan a trip	Price & Arnould (1999)
CONF3	Planning a trip with my travel agent reduces risk for me	Gwinner et al. (1998)
CONF4	When I use my travel agent I experience less stress compared to when I would do it alone	In-depth interviews
CONF5	When I plan a trip with my travel agent my mind is at ease	In-depth interviews
CONF6	When I plan a trip with my travel agent I exercise a certain degree of control over the outcome	In-depth interviews
CONF7	I am confident of the outcome when I plan a trip with my travel agent	Dabholkar & Bagozzi (2002)
CONF8	My travel agent is honest in his/her interactions with me	In-depth interviews
<b>Convenience benefits</b>		
CONV1	Information provided by my travel agent makes it easy for me to make decisions	Colwell, Aung, Kanetkar & Holden (2008)
CONV2	I can communicate with my travel agent through various ways (e.g. telephone, email, etc.)	Colwell et al. (2008)
CONV3	My travel agent makes it easy to complete my purchase	Colwell et al. (2008)
CONV4	My travel agent offers convenient business hours	Colwell et al. (2008)
CONV5	My travel agent enables me to build flexibility into my travel plan	In-depth interviews
CONV6	I save time by working with my travel agent	In-depth interviews
<b>Customisation benefits</b>		
CUST1	My travel agent is able to provide me with a customised end product/service	In-depth interviews
CUST2	I accomplish what I want to when I customise a trip with my travel agent	Babin et al. (1994)

CUST3	My input ensures that my travel agent takes my requirements into consideration	In-depth interviews
CUST4	When I plan a trip with my travel agent arrangements are made that match my needs	Millan & Esteban (2004)
CUST5	My travel agent tries to arrange my trip as close as possible to my specification	Price & Arnould (1999)
CUST6	My travel agent does things for me that he/she doesn't do for other customers	Gwinner et al. (1998)
<b>Enjoyment benefits</b>		
ENJOY1	I enjoy the experience of planning a trip with my travel agent	Babin et al. (1994)
ENJOY2	I enjoy interacting with my travel agent for its own sake, not just for the services I purchase	Babin et al. (1994)
ENJOY3	I have fun looking for and considering options when I plan a trip with my travel agent	In-depth interviews
ENJOY4	It is entertaining to plan a trip with my travel agent	Mimouni-Chaabane & Volle (2010)
ENJOY5	Planning a trip with my travel agent is exciting as I am able to act on the "spur-of-the-moment"	Babin et al. (1994)
ENJOY6	My travel agent contributes to my excitement for the trip	In-depth interviews
<b>Expertise benefits</b>		
EXPER1	I benefit from the wealth of experience of my travel agent	In-depth interviews
EXPER2	When I interact with my travel agent, I have access to the first-hand information of my travel agent	Millan & Esteban (2004)
EXPER3	I benefit from the feedback my travel agent receives from other customers	In-depth interviews
EXPER4	My travel agent provides me with relevant information	In-depth interviews
EXPER5	My travel agent provides me with correct information	In-depth interviews
EXPER6	My travel agent provides me with valuable advice	Moliner et al. (2007)
EXPER7	My travel agent has the knowledge to answer my questions	Parasuraman, Berry & Zeithaml (1991)
EXPER8	I have access to my travel agent's know-how	In-depth interviews
<b>Exploration benefits</b>		
EXPLO1	My travel agent provides me with new travel ideas	In-depth interviews
EXPLO2	When I interact with my travel agent I discover products I wouldn't have known about otherwise	Mimouni-Chaabane & Volle (2010)
EXPLO3	I experience a sense of adventure when I plan a trip with my travel agent	Babin et al. (1994)
EXPLO4	My travel agent provides me with numerous options	In-depth interviews
EXPLO5	Planning a trip with my travel agent truly feels like an escape from my daily life	Babin et al. (1994)
EXPLO6	Planning a trip with my travel agent "gets me away from it all"	Mathwick et al. (2001)
<b>Financial benefits</b>		
FIN1	When I plan a trip with my travel agent I save money	Mimouni-Chaabane & Volle (2010)
FIN2	When I plan a trip with my travel agent I avoid unexpected expenses	In-depth interviews
FIN3	I receive the best possible prices when I plan a trip with my travel agent	Gwinner et al. (1998)
FIN4	When I plan a trip with my travel agent I am informed of all costs in advance	Colwell et al. (2008)
FIN5	When I plan a trip with my travel agent I receive value for money	Sweeney & Soutar (2001)
FIN6	My travel agent finds me the best options within my	In-depth interviews

	budget	
<b>Social benefits</b>		
SOC1	My travel agent has a friendly demeanour when we plan my trip	Millan & Esteban (2004)
SOC2	I appreciate the human element involved when planning a trip with my travel agent	Dabholkar & Bagozzi (2002)
SOC3	I enjoy my travel agent's companionship when I plan a trip	Reynolds & Beatty (1999)
SOC4	When I plan a trip with my travel agent I share my experience with someone with similar interests to me	In-depth interviews
SOC5	I experience a sense of belonging when I plan a trip with my travel agent	In-depth interviews
SOC6	Emotionally I prefer the exclusivity that my travel agent offers	Ryan & Cliff (1997)
<b>Support benefits</b>		
SUPP1	My travel agent goes out of his/her way to fix things that go wrong	Ryan & Cliff (1997)
SUPP2	My travel agent provides assistance in the event of unforeseen circumstances	Ryan & Cliff (1997)
SUPP3	My travel agent provides satisfactory explanations of why problems occur	Boshoff (1999)
SUPP4	My travel agent handles cancellations	In-depth interviews
SUPP5	My travel agent deals with refunds	In-depth interviews
SUPP6	My travel agent successfully deals with changes to my travel plans	Millan & Esteban (2004)
<b>Symbolic benefits</b>		
SYMB1	Planning a trip with my travel agent fits the impressions that I want to convey to others	Rintamaki et al.(2006)
SYMB2	Being involved in planning a successful trip with my travel agent enhances my self-esteem	In-depth interviews
SYMB3	Planning a successful trip with my travel agent gives me a sense of accomplishment	Churchill, Ford & Walker (1974)
SYMB4	When I plan a trip with my travel agent the outcome reflects the image I wish to portray	In-depth interviews
SYMB5	Interacting with my travel agent results in products/service that are consistent with my style	Rintamaki et al.(2006)
SYMB6	When I plan a trip with my travel agent it reflects the kind of person I am	Pritchett, Havitz & Howard (1999).

### 6.5.5 Sampling

A sample is a subset of the target population. The purpose of drawing a sample is to obtain a representation of the characteristics of the larger population of the study. This sampling plan consists of the sample population, the sampling technique, and the sample size (Zikmund & Babin, 2007). Although a representative sample is always recommended, sample representativeness is not important for the purification phase of scale development.

### **6.5.5.1 Target population**

The population for the study was people who had previously planned a tourism experience in conjunction with a travel agent and therefore had experience in the tourism planning process. In order to target these individuals, the population for the study was all male and female individuals who had undertaken co-production tourism activities with South African travel agents.

### **6.5.5.2 Sampling technique**

Probability sampling takes place when every respondent in the target population has a known, non-zero chance of being selected. Non-probability sampling takes place when respondents are chosen based on convenience or based on the researcher's judgment. The chance of any respondent in the population being chosen is unknown. The major difference between non-probability sampling and probability sampling is that probability sampling provides statistically reliable results, while non-probability sampling does not (Zikmund & Babin, 2007). Non-probability sampling was used for this study because the representativeness of the sample was not a requirement for scale development (although it is recommended).

Non-probability sampling techniques include convenience, judgement, quota and snowball sampling. Convenience sampling takes place when the most convenient or economical sampling units are used. Advantages of convenience sampling are that it is inexpensive and there is no need for a sampling frame. Disadvantages of convenience sampling are that it will not draw a representative sample, the researcher cannot make estimates about random sampling error, and using the data for means beyond the sample is risky (Zikmund & Babin, 2007). However, owing to time and cost factors, and lack of a sample frame, as well as the fact that a representative sample was not a prerequisite for scale development, convenience sampling was identified as a suitable technique for this study. For the first purification phase a set of email addresses was bought from a company specialising in data solutions, therefore convenience sampling was used.

### **6.5.5.3 Sample size**

The sample size is the number of data sources that are selected from the total population (Malhotra, 2004). The sample size is related to the issue of non-sampling error mentioned in section 6.5.1. The size of the sample can control random sampling error, but it cannot control non-sampling error. The larger the sample size, the less random sampling error will occur, and the sample will be a better representation of the target population. Non-sampling error is not controllable through the size of the sample. A sample that is too large will be difficult to manage, and will ultimately induce more total error (Malhotra, 2004).

An adequate sample size should be 100 or larger. A sample size below 50 would not qualify for a factor analysis. For scale development, the sample size depends on the number of constructs and items identified, as the rule-of-thumb for a factor analysis is that five respondents are needed per questionnaire item (Hair, Anderson, Tatham & Black, 1998). For the first data collection attempt, the initial questionnaire had 64 items, therefore a sample size of 320 subjects was required to account for five subjects per item.

### **6.5.5.4 Data collection for the first purification stage**

Because of the large sample size needed for the study and the repetitive nature of scale development, electronic data collection was the most appropriate data collection technique for the study. Thirty thousand email addresses were purchased from E-Intelligence, a leading firm specialising in data provision for research. Each purification phase was assigned 15 000 email addresses. The expected response rate for the online survey was predicted to be 2%, therefore 15 000 email addresses were needed for each purification phase. However, because of poor response rates for the first purification attempt, the survey had to be sent out to the second set of 15 000 email addresses to reach the required number of responses to perform a factor analysis. Therefore the survey was sent to 30 000 email addresses for the first purification phase. Data was collected electronically using the software Check Box version 4.7.1.6.0. The questionnaire was given to a software specialist who developed it into an online survey and sent the questionnaire, along with a cover letter, to the e-mail addresses purchased for the study. Monday mornings were chosen because past experience proved that response rates are best when respondents access the email when they get to work on a Monday morning. The

survey was sent to the first batch of 15 000 email addresses very early on Monday 30 July 2012, and a reminder to complete the survey was sent again the following Monday 6 August 2012. This same procedure was repeated for the second data collection attempt on Monday 13 August 2012, and a reminder sent out the following Monday on 20 August 2012. A total of 590 responses were submitted, 269 of which were usable for statistical analysis.

#### **6.5.5.5 Data cleaning**

Because of the online nature of the survey the data was automatically coded into an Excel spreadsheet. The data required cleaning to extract responses which failed to meet the criteria of the screening question, as these respondents did not co-produce with a travel agent. Check Box, the programme used to send and collect the surveys, allowed the researcher to assess the time it took for each respondent to complete the survey. Data was cleaned based on the time it took for the respondent to complete the survey to exclude responses that were completed too quickly or too slowly as it was deemed that the respondent did not concentrate properly and therefore his or her response might not be an accurate reflection of his or her benefit perceptions. The acceptable time frame for responses was 5-20 minutes. This was reached by analysing the time it took respondents to complete the survey in the pilot study. Any submitted responses that did not fall into this time frame were removed. The last data cleaning criteria addressed the issue of responses that contained the same value throughout, for example if the respondent indicated a '10' in response to each item in the questionnaire. These responses were removed from the data set. A missing value analysis was run, and missing values were replaced using mean replacement in SPSS version 19.

#### **6.5.5.6 Statistical methods for purification**

Statistical analysis for the first data collection phase included a reliability analysis and an exploratory factor analysis (EFA) using the software SPSS version 19. Cronbach alpha was used to ensure that the items measuring each dimension were reliable and had acceptable Cronbach alpha values of 0.7 or higher. The reliability of the scale was assessed using Cronbach alpha because it is the most widely used test of scale reliability. Item-total correlation and inter-item correlation scores account for variations in the

Cronbach alpha values, therefore these were also assessed (Peter, 1979). An EFA was used to identify interrelationships among variables, to identify new variables and to reduce the data. Factor analysis was used at this stage to confirm or disprove items or dimensions and to find a factor structure that was both interpretable and simple (Stewart, 1981). A confirmatory factor analysis (CFA) using LISREL version 8.80 was used to further investigate the factor structure that emerged from the EFA. The nature and purpose of a CFA will be discussed in more detail in section 6.6.3. The root mean square error of approximation (RMSEA) was used to assess the overall fit, and error variance was assessed by looking at the completely standardised theta-delta matrix to identify items with error variance scores of 0.5 or higher, to qualify them for elimination. Lastly the squared multiple correlations of each item were assessed.

## **6.6 SECOND PHASE OF PURIFICATION**

After analysing the data from the first purification phase, alterations were made to the survey, resulting in the formation of a second survey for the second phase of purification. The composition of this survey, the sampling procedure for the second data collection phase, and the statistical tests that were used, are presented in this section.

### **6.6.1 Scale composition**

The factor structure was reduced from 10 dimensions to six dimensions. Nineteen original items were retained and 13 new items were generated. An additional five items were included for validity reasons. The same questionnaire design as discussed in section 6.5.2 was used. However, the response categories were expanded for the screening question addressing how many times a year the respondents co-produced with a travel agent to gain more insight into the sample.

#### **6.6.1.1 Dimensions of the second survey**

EFA identified a factor structure composed of four dimensions. The first dimension was utilitarian in nature, but it was not conceptually sound. It emerged that the dimension had unidimensionality issues, therefore it was split up into its three original dimensions of

convenience, customisation, and expertise. The second factor that emerged consisted of items from the original symbolic, exploration, social and enjoyment dimensions. After assessing the items it was decided that this factor represented the psychological benefits of co-production as proposed by Etgar (2008). The third dimension represented support benefits, and the fourth dimension represented financial benefits. Therefore in total, six dimensions of customer benefits were retained: convenience, customisation, expertise, psychological, financial and support. The operational definitions of these dimensions were revised and are contained in Table 6.4.

**Table 6.4**  
**Revised operational definitions**

Benefit	Operational definition
Convenience	Convenience benefits include the variety of channels available for communication, the ease of concluding a transaction, the simplification of complicated itineraries and easy decision-making to save time and effort.
Customisation	Customisation benefits refer to a product/service that is tailor made to a customer's demands.
Expertise	Expertise benefits include the opinions, advice, recommendations and answers to customers' questions and the provision of relevant and correct information.
Psychological	Psychological benefits are intangible non-product related attributes for a customer's self-expression, self-esteem, social approval and belonging, exclusivity, and an opportunity for escapism.
Financial	Financial benefits are money savings, the best money deals given budget constraints, value for money and avoiding unexpected expenses by being informed of all costs before any financial commitment is made.
Support	Support benefits include having a particular person to provide assistance, solve problems that arise and who personally attend to complaints, cancellations, refunds and alterations.

#### 6.6.1.2 Items in the second survey

Of the 64 original items, only 19 items were retained. These are contained and renamed as shown in Table 6.5. However, all the dimensions were under-identified except for the psychological dimension. Therefore new items had to be generated.

Factor 3 and Factor 4 were the financial benefits and the support benefits customers reap when co-producing with a travel agent, and were deemed important dimensions of the study. However, Factor 3 (three items) and Factor 4 (two items) did not have enough items

loaded onto them for the next purification phase. This was also true for the customisation, convenience, and expertise dimensions, as a dimension with less than four items measuring it is under-identified. Therefore additional items were generated for Factor 3 and Factor 4 as well as the customisation, convenience and expertise benefit dimensions.

**Table 6.5**  
**Items retained for the second purification phase**

<b>Original code</b>	<b>New code</b>	<b>Item</b>
<b>Convenience benefits</b>		
CONV1	CONV1	Information provided by my travel agent made it easy for me to make decisions
CONV2	CONV2	I can communicate with my travel agent through various ways
CONV3	CONV3	My travel agent makes it easy to complete my purchase
<b>Customisation benefits</b>		
CUST1	CUST1	My travel agent is able to provide me with a customised end product/service
CUST2	CUST2	I accomplish what I want to when I customise a trip with my travel agent
CUST3	CUST3	My input ensures that my travel agent takes my requirements into consideration
<b>Expertise benefits</b>		
EXPER4	EXPER1	My travel agent provides me with relevant information
EXPER5	EXPER2	My travel agent provides me with correct information
EXPER7	EXPER3	My travel agent has the knowledge to answer my questions
<b>Psychological benefits</b>		
SYMB6	PSYC1	When I plan a trip with my travel agent it reflects the kind of person I am
EXPLO6	PSYC 2	Planning a trip with my travel agent “gets me away from it all”
SOC5	PSYC 3	I experience a sense of belonging when I plan a trip with my travel agent
EXPLO5	PSYC 4	Planning a trip with my travel agent truly feels like an escape from my daily life
SOC6	PSYC 5	Emotionally I prefer the exclusivity that my travel agent offers
ENJOY6	PSYC 6	My travel agent contributes to my anticipation for the trip
SYMB2	PSYC 7	Being involved in planning a successful trip with my travel agent enhances my self-esteem
CUST6	PSYC 8	My travel agent does things for me that he/she doesn’t do for other customers
<b>Support benefits</b>		
SUPP2	SUPP1	My travel agent provides assistance in the event of unforeseen circumstances
SUPP6	SUPP2	My travel agent successfully deals with changes to my travel plans
<b>Financial benefits</b>		
FIN3	FIN1	I get the best possible prices when I plan a trip with my travel agent
FIN5	FIN2	When I plan a trip with my travel agent I receive value for money
FIN6	FIN3	My travel agent finds me the best options within my budget

The exploratory research was revisited to identify more suitable items for these five dimensions. Two new items for Factor 3 were identified from previous studies. Three new items were developed for Factor 4 after revisiting the in-depth interview details. One item was developed for each of the customisation, convenience and expertise dimensions after revisiting the exploratory research. These eight new items and their sources are captured in Table 6.6.

**Table 6.6**  
**Items generated for the second survey**

<b>Code</b>	<b>Item</b>	<b>Source</b>
<b>Financial benefits</b>		
FIN4	Planning a trip with a travel agent is economical	Sweeney & Soutar (2001)
FIN5	When I plan trip with my travel agent I receive good financial value	Williams & Soutar (2006)
FIN6	I get the most out of my money when I plan a trip with my travel agent	Petrick (2002)
<b>Support benefits</b>		
SUPP3	My travel agent solves problems that arise when planning a trip	In-depth interviews
SUPP4	My travel agent successfully deals with cancellations to my travel plans	In-depth interviews
SUPP5	My travel agent handles my queries regarding my travel plans	Millan & Esteban (2004)
SUPP6	My travel agent clarifies the fine print regarding my travel plans	In-depth interviews
<b>Convenience benefits</b>		
CONV4	My travel agent makes travelling uncomplicated	In-depth interviews
<b>Customisation</b>		
CUST4	I receive a personalized trip when I plan it with a travel agent	In-depth interviews
<b>Expertise benefits</b>		
EXPER4	I benefit from my travel agent's accumulated experiences	In-depth interviews

For the second survey, items measuring dependent variables were also included for criterion validity purposes. These included questions measuring loyalty, satisfaction, and overall reputation. These are included in Table 6.7.

### 6.6.2 Sampling

Non-probability sampling was used for the second purification phase. The data that was bought for the second purification phase was used in the first phase, therefore new data

was sought. For the second purification phase non-probability sampling was used again to reach the sample.

**Table 6.7**  
**Items for criterion validity purposes**

<b>Code</b>	<b>Item</b>	<b>Source</b>
<b>Loyalty</b>		
LOY1	I have developed a good relationship with my travel agent	Arnold & Reynolds (2003)
LOY2	I am loyal to my travel agent	Arnold & Reynolds (2003)
<b>Satisfaction</b>		
SAT1	Overall I am satisfied with my travel agent	Maxham & Netemeyer (2002)
<b>Reputation</b>		
REP1	My travel agent has a favourable reputation	Walsh, Beatty & Shiu (2009)
REP2	My travel agent is highly reputable	Self-generated
REP3	I have never heard anything bad about my travel agent	Self-generated

#### **6.6.2.1 Target population**

The target population for the second purification phase again included all male and female individuals who had undertaken co-production tourism activities with South African travel agents.

#### **6.6.2.2 Sampling technique**

The non-probability technique of judgement sampling was used for the second purification phase. Judgement sampling occurs when an experienced individual makes a judgement about what subjects to include in a sample based on that subject exhibiting appropriate criteria required for the sample (Zikmund & Babin, 2007). The survey was sent to the Association of South African Travel Agents (ASATA), who sent it to their travel agent members requesting them to send it to frequent customers who would be willing to participate. ASATA is the association representing travel agents, travel management companies and wholesalers in South Africa. ASATA currently represents 85% of the South African travel industry (ASATA, 2012). In addition to ASATA, judgement sampling was used again to identify frequent travellers who would be willing and able to respond to the survey with the aid of independent travel agents.

### **6.6.2.3 Sample size**

For the second purification phase, the sample size had to be large enough for scale development purposes to run a CFA. There were 32 items measuring the benefit dimensions, therefore a sample size of approximately 400 respondents was required for the CFA and validity testing. The final sample size comprised 565 responses for the second purification phase.

### **6.6.2.4 Data collection and cleaning**

The survey was again translated into an online version using Check Box version 4.7.1.6.0. A cover letter was emailed containing a description of the study, indicating that it was supported by ASATA, and again the R1 000 incentive was included to increase response rates, and the link to the survey. In reply, 824 responses were submitted of which 565 were usable. Addendum 6 contains the cover letter and questionnaire used for the second purification phase.

Data was again automatically captured into a Microsoft Excel spreadsheet. A 'forced response' command was given to the electronic survey, allowing for no missing values. Respondents who did not meet the screening question were removed from the study. A formula was used to identify respondents who responded with the same value to each item, whereby if the respondent used the same value for 24 or more of the 38 items their responses were removed.

### **6.6.3 Statistical methods for purification**

After the second data collection phase the data was statistically analysed to confirm what had been found in the first phase. In the second purification phase, a CFA using LISREL version 8.80 was conducted.

The purpose of a CFA is to verify the proposed factor structure based on the EFA and to determine if any significant alterations need to be made (Hair et al., 1998). CFA had not yet been developed when Churchill (1978) proposed his scale development paradigm, but

he did acknowledge that more theory testing with factor analysis was necessary and that a factor analysis would be useful in a confirmatory manner at the later scale development stages. A CFA provides a stricter interpretation of unidimensionality than traditional techniques such as EFA, and therefore will result in different conclusions about the validity of the scale (Gerbing & Anderson, 1988). The difference between an EFA and a CFA is that an EFA attempts to identify a factor structure, while a CFA attempts to confirm a factor structure suggested by theory or by previous empirical results (Terblanche & Boshoff, 2008). An EFA is a useful initial technique for scale development, but a CFA is needed to evaluate and refine resulting scales (Gerbing & Anderson, 1988). A CFA is made possible by structural equation modelling (SEM). This allows a researcher to explain a pattern, structure, or interdependent relationships among a number of constructs at the same time. The advantage of SEM is that measurement error can be controlled for, and it provides statistical tests of construct dimensionality (Terblanche & Boshoff, 2008).

When interpreting the factor analysis, factor loadings and factor correlations are examined, and modifications to the structure are identified by examining the normalised residuals and the modification indices. Modification indices above the level of 3.84 suggest model respecification, but only if the modifications can be justified with theoretical support and make sense (Hair et al., 1998).

To assess the overall model the results the Satorra-Bentler Chi-square statistic was used in conjunction with RMSEA (discussed in section 7.2.4), the expected cross validation index (ECVI), the normed fit index (NFI) and the non-normed fit index (NNFI). The Satorra-Bentler scaled Chi-square was used because it corrects the Chi-square statistic to account for the non-normality of the data. When judged according to the degrees of freedom (df), a large Chi-square value corresponds to a bad fit and a small Chi-square value corresponds to a good fit (Diamantopolous & Siguaw, 2000). Therefore the  $X^2/df$  ratio was also addressed. A  $X^2/df$  ratio between 2 or 3 indicates a good or acceptable model fit respectively (Schermelleh-Engel & Moosbrugger, 2003). The ECVI is an approximation of goodness-of-fit that the estimated model would achieve in another sample of the same size. There is no appropriate range of values for the ECVI coefficient. The NFI is a descriptive measure based on model comparisons. NFI is affected by sample size, but this is accounted for by the NNFI (Diamantopolous & Siguaw, 2000). The minimum recommended threshold for NFI and NNFI is 0.9 (Hair et al., 1998).

#### **6.6.4 Final reliability and validity assessment**

This stage aims to confirm that the final version of the scale is both reliable and valid. It is important to note that if an instrument is reliable, it may not necessarily be valid. Cronbach alpha is an important assessment of reliability but not of validity. Construct validity is the degree to which a measure truthfully measures what it was designed to measure. Construct validity requires examining the scores of a measure to determine whether it performs as it was expected to (Peter, 1981). Four components of construct validity were assessed to evaluate if the scale contained strong evidence of validity.

Construct validity includes face validity, convergent validity, criterion validity, and discriminant validity. Face validity is when the measure appears to be measuring what it was designed to measure (Zikmund & Babin, 2007). The scale development process suggested by Churchill will likely result in a scale that has face validity (Churchill, 1979). The scale was also shared with senior marketing academics and practitioners to ensure face validity. Criterion validity is the scale's ability to correlate with other measures of the same constructs. To confirm criterion validity, the scores for each construct are correlated with the overall scores for customer satisfaction, loyalty and reputation. Discriminant validity represents how unique the measure is. Discriminant validity is confirmed by the factor analysis if a factor structure emerges that confirms that the underlying dimensions were as predicted. Convergent validity is concerned with internal consistency (Zikmund & Babin, 2007). Therefore the satisfactory Cronbach alpha scores confirm the convergent validity of the scale. The existence of these types of validity suggests that there is strong evidence that the instrument exerts construct validity. A CFA provides further evidence of construct validity.

Reliability is only assessed after the construct validity of the scale has been assessed (Gerbing & Anderson, 1988). Three ways to assess the reliability of a scale are the test re-test method, the split-half method and Cronbach alpha (Zikmund & Babin, 2007). Cronbach alpha is the most widely used measure of reliability, therefore it will be used to confirm the reliability to the scale (Peterson, 1994). Again, item-total correlation and inter-item correlation will also be used to interpret the Cronbach alpha results.

## 6.7 CONCLUSION

The methodology of the study is based on the scale development procedure suggested by Churchill (1979). Exploratory research was undertaken in the form of literature reviews, insight-stimulating examples, and in-depth interviews in order to identify a theoretical structure of customer benefits of co-production. The exploratory research was used to identify the domain of the study, operationalise definitions, and generate a sample of items. The initial pool consisted of 323 items. Expert judging was used to narrow down the pool to 64 items measured using a 10-point semantic differential scale. These 64 items were used for the first phase of data collection and along with three screening questions, two demographic questions, a short description of co-production, and a cover letter with an incentive, was emailed to 30 000 respondents whose addresses were bought from a leading data solutions company. Convenience sampling was used, and 590 responses were collected, 269 of which were usable. An EFA was used to identify a factor structure, Cronbach alpha was used to assess reliability, and a CFA was used for exploratory purposes to finalise a scale for the second phase of data collection. Twenty-two items were retained and 10 new items were added. Furthermore items for satisfaction, loyalty and reputation were included for validity purposes. Therefore the second survey had 38 items. The same screening questions, demographic questions, and description of co-production were used for the second phase of data collection. ASATA was brought on board for the second phase of data collection. ASATA sent the survey and cover letter to their travel agent members, who sent it to their frequent customers who would be willing to participate. The survey was also sent to frequent travellers of independent travel agents. In response, 824 replies were collected from both groups, of which 565 were usable. A CFA was used to confirm the model identified from the first purification phase. Evidence of validity was established by using a CFA and correlation tests with dependent variables using SPSS version 19. Cronbach alpha was used to confirm evidence of the reliability of the scale. The statistical results from this process are discussed in Chapter 7.

## **CHAPTER 7**

### **STATISTICAL RESULTS**

#### **7.1 INTRODUCTION**

The purpose of this chapter is to present and discuss the statistical results for the study. Data analysis is the process used to understand and interpret data using statistical techniques (Zikmund & Babin, 2007). Chapter 6 discussed the methodology employed to collect the data and the statistical tests used to analyse it. The first two steps of the study dealt with the domain specification and item generation, and did not require empirical research. These first two steps have been discussed thoroughly in Chapter 6 and therefore will not be revisited here. This chapter presents the results of the statistical analysis for the two purification phases, and the assessment of reliability and validity of the scale developed to measure the benefits of co-production in the travel planning context.

#### **7.2 FIRST PHASE OF PURIFICATION**

The first purification phase served to provide initial reliability estimates, to optimise the scale's length, and to identify the underlying factor structure of the scale. Two data collection attempts were made in the first phase of purification. The expected response rate for the online survey was 2%, therefore the questionnaire was sent to 15 000 people in order to obtain the necessary 320 usable responses to perform a factor analysis. Owing to poor response rates, the sample size consisted of only 129 subjects, and the results of the statistical analysis did not make sense. A second data collection attempt was made by sending the survey to a further 15 000 respondents. This section discusses the statistical results of these two data collection attempts for the first phase of scale purification.

##### **7.2.1 First data collection attempt**

Initially the questionnaire was sent to the first set of 15 000 email addresses. Responses numbered 285, out of which 157 passed the screening question. The non-response bias was high for this study as the response rate was only 1.9%. Of the subjects contacted to

participate, 98.1% fell into the category of 'refusals', people who were unwilling to participate in the study (Zikmund & Babin, 2007). The high rate of refusals was probably due to the specific nature of the study, namely the length of the questionnaire.

#### **7.2.1.1 Data cleaning**

From the 285 submitted responses, 128 (44.91%) respondents did not use a travel agent when planning a trip. These respondents were not granted access to the survey because they were not part of the target population for the study, and were removed from the data set. The 157 (55.09%) completed responses from the subjects who did qualify to take the survey were assessed to eliminate the responses that were deemed inadequate. These included responses that consisted of the same value throughout, such as consistently responding with a '10' to all the items in the survey. These also included responses completed in less than 5 minutes or more than 20 minutes owing to poor concentration on the part of the respondent, resulting in response bias. Response bias could have been either deliberate falsification where the respondent provided false answers on purpose to win the R 1000 participation incentive, or it could have been unconscious misrepresentation. Unconscious misrepresentation could have been due to fatigue experienced by respondents resulting from the length of the survey, respondents having forgotten details of their travel planning experiences, or because of misunderstanding caused by the language barrier, as the questionnaire was administered in English which is not the first language of the majority of people in South Africa (Zikmund & Babin, 2007). A missing value analysis was run using SPSS version 19, where 53 missing values were found. They were restored, using mean replacement. The data columns were named so that each item was assigned a codename. Table 6.2 in Chapter 6 contains the list of items included in the first questionnaire, their codenames and their sources. The analysis columns were arranged so that the items were grouped according to the dimension they were conceptually assigned to.

#### **7.2.1.2 Exploratory factor analysis**

After data cleaning the study was left with 129 (45.26% of the submitted responses) usable responses which were arranged in a neat, analysable format. This meant that there were 2.02 respondents per item, which was insufficient to run a factor analysis according

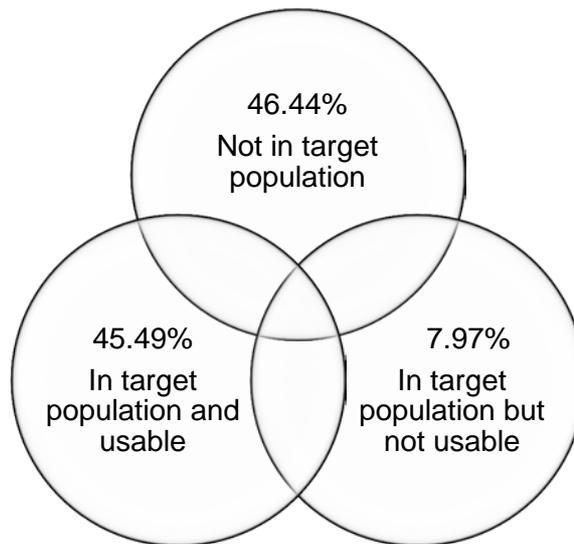
to the factor analysis rule-of-thumb of five respondents per item (Hair et al., 1998). Despite this, a factor analysis was run using SPSS version 19 for exploratory purposes. The factor analysis was run using the principal axis extraction method because the data was expected to be more or less normally distributed, and the direct oblimin rotation method because the factors were expected to correlate with each other. It was first run to assess factor loadings of 0.4 and higher, and then it was run to assess factor loadings of 0.5 or higher. The resulting factor structure did not present a theoretically sound structure.

The exploratory factor analysis was run again, but with a reduced set of items. To reduce the number of items, the reliability of all items in each dimension was checked using the test for Cronbach alpha on SPSS version 19, and the item-total correlations were assessed. For each dimension, the five items with the highest item-total correlations were identified for inclusion. This resulted in a selection of 40 items with 3.2 respondents per item. A factor analysis was run using principal axis extraction and direct oblimin rotation methods at 0.4 and 0.5 factor loadings. However, the resulting factor structures were still not interpretable. Therefore further data collection was necessary before any modification to the scale could be statistically identified.

### **7.2.2 Second data collection attempt**

The survey was sent to the second set of 15 000 responses whose email addresses had been purchased for the study. Although this data set was intended for the second purification phase, it had to be used at this stage owing to poor response rates from the first attempt. A further 305 responses were collected. The new responses were added to the raw data file of the responses collected from the first attempt. In total there were 590 responses, indicating a response rate of 1.96%. Therefore 98.04% of the people invited to participate in the study fell into the category of 'refusals'. Of the 590 submitted responses, 274 did not fall into the population of the study because they did not pass the screening question and were excluded, 29 of which were not completed in the required time frame (within 5 to 20 minutes), and 18 of which were unusable because the same response value was indicated throughout. Therefore 269 usable responses remained for the first purification phase. Figure 7.1 shows the break-up of the combined responses submitted for the first purification phase. As there were 64 items in the survey, there were 4.2

responses per item. This number is almost in line with the factor analysis rule according to which 5 respondents per item are necessary to run a factor analysis (Hair et al., 1998).



**Figure 7.1 Break-up of responses for the first purification phase**

This data set was again subjected to cleaning. The same item names were assigned to each column as was done in the first attempt, and the item columns were grouped according to their dimensions. A missing value analysis identified 80 missing values. A mean replacement was used to restore the missing values.

### **7.2.2.1 Sample profile**

The convenience sample comprised 269 responses from individuals who had undertaken co-production activities with a travel agent. Two categories of characteristics about the sample were assessed: travel characteristics and demographic characteristics. Table 7.1 provides a summary of these results.

Travel characteristics included the frequency of travel, the number of years the respondent had co-produced with a travel agent, and the type of travel respondents engaged in. Most of the respondents travelled only once a year (45.4%), and travelled for both business and leisure purposes (53.9%). Respondents who travelled only for business or only for leisure purposes comprised a significantly smaller portion of the sample. The majority (38.3%) of

the sample had been co-producing with their travel agent for over 10 years. This was reflected in the age categories of the sample, where it was not the young adults who used a travel agent, but rather adults primarily between the ages of 31 and 60 who co-produced with a travel agent. This could partly be attributed to the disposable income available to this age group. Males and females had near equal representation in the sample.

**Table 7.1**  
**Sample profile – first purification phase**

<b>Variable</b>	<b>Category</b>	<b>n</b>	<b>%</b>
Frequency of travel	Once a year	122	45.4
	Twice a year	41	15.2
	More than twice	106	39.4
Number of years co-producing with a travel agent	1-2 years	37	13.8
	3-5 years	71	26.4
	6-10 years	58	21.6
	More than 10 years	103	38.3
Travel category	Leisure	72	26.8
	Business	52	19.3
	Leisure and business	145	53.9
Gender	Male	142	52.8
	Female	127	47.2
Age	20-30 years	15	5.6
	31-40 years	61	22.7
	41-50 years	92	34.2
	51-60 years	83	30.9
	61+ years	18	6.7

### 7.2.3 Reliability analysis

A preliminary reliability analysis was performed using SPSS version 19 to calculate the standardised Cronbach alpha values for each dimension. Cronbach alpha values ranged from 0.870 for social benefits to 0.943 for confidence, therefore no reliability issues were found as each dimension exceeded the recommended Cronbach alpha level of 0.7. The Cronbach alpha for the entire scale was also high, at 0.957. Table 7.2 presents a summary of the reliability estimates.

**Table 7.2**  
**Preliminary reliability estimates**

<b>Construct</b>	<b>Dimension</b>	<b>No. of items</b>	<b>Cronbach alpha</b>
Benefits of co-production		64	0.957
	Confidence	8	0.943
	Convenience	6	0.879
	Customisation	6	0.932
	Enjoyment	6	0.905
	Expertise	8	0.937
	Exploration	6	0.893
	Financial	6	0.926
	Social	6	0.870
	Support	6	0.922
	Symbolic	6	0.924

#### 7.2.4 Exploratory factor analysis

An EFA was performed using SPSS version 19 to identify the underlying factor structure. The factor analysis used the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's test of sphericity, principal axis extraction method because the data was expected to be more or less normally distributed, and the direct oblimin rotation method because the dimensions were expected to correlate with each other. The EFA was based on Eigen values greater than 1.0 because the number of factors to be extracted was unknown. Factor loadings of 0.4 or higher were specified. The first time the factor analysis was run, 7 factors were extracted. The items CONV6, SOC2, SUPP2, CONV5, CUST4, SUPP3, ENJOY2, SYMB5, EXPER3, EXPER6, FIN6, CONV4, CUST5, SUPP1, CONF2 and FIN5 did not load, and were removed. The EFA was performed a second time after these items were removed. Four factors emerged. The items CONF4, EXPLO1, FIN2 and CONF3 did not load, and the items EXPER2, EXPLO3 and EXPLO2 loaded on more than one factor. These items were removed. An EFA was run a third time, from which an interpretable factor structure emerged with four factors, where all the items loaded onto each factor only once. KMO was below 1.0 (KMO = 0.963) and the p-value was significant ( $p = 0.000$ ) making the factor structure analysable. For marketing research, the guideline is that the variance extracted should exceed 0.5, so that the factor structure explains 50% or more of the data (Hair et al., 1998). These four factors explained 53.15% of the data, which is an acceptable extracted variance. The final pattern matrix illustrating the factor structure is presented in Table 7.3

**Table 7.3**  
**Exploratory factor loadings – first purification phase**

<b>Item</b>	<b>Factor 1</b>	<b>Factor 2</b>	<b>Factor 3</b>	<b>Factor 4</b>
CONV2	<b>.891</b>	-.155	.022	.171
CONV1	<b>.833</b>	.037	-.204	-.059
CUST3	<b>.821</b>	.077	-.071	.031
CUST1	<b>.817</b>	-.036	-.269	-.117
EXPER5	<b>.812</b>	.020	.189	.039
CUST2	<b>.795</b>	.069	-.057	-.047
SOC1	<b>.737</b>	-.052	.038	-.082
CONF1	<b>.727</b>	-.020	-.147	-.146
CONF7	<b>.723</b>	.132	.177	-.032
EXPER4	<b>.671</b>	.171	.082	-.124
EXPER7	<b>.663</b>	.189	.219	-.007
SUPP6	<b>.661</b>	.037	.379	-.057
CONF8	<b>.658</b>	.071	.257	-.053
EXPER1	<b>.655</b>	.010	-.158	-.255
CONF6	<b>.654</b>	.017	.214	.094
CONV3	<b>.599</b>	.221	.104	-.070
EXPLO4	<b>.575</b>	.219	.145	-.141
CONF5	<b>.569</b>	.253	.167	-.151
ENJOY1	<b>.559</b>	.153	-.254	-.278
FIN4	<b>.554</b>	.131	.149	-.207
EXPER8	<b>.484</b>	.262	.294	.021
SYMB6	.019	<b>.934</b>	-.016	.131
EXPLO6	.023	<b>.933</b>	-.008	.148
SOC5	-.155	<b>.908</b>	.041	-.122
EXPLO5	-.060	<b>.892</b>	-.064	-.019
SOC6	.037	<b>.877</b>	.078	.073
ENJOY6	.071	<b>.864</b>	.083	.063
SYMB2	-.022	<b>.856</b>	-.262	-.091
CUST6	-.058	<b>.826</b>	.130	.088
SYMB3	.136	<b>.768</b>	-.168	-.070
ENJOY4	-.013	<b>.746</b>	-.028	-.211
SYMB4	.004	<b>.741</b>	.042	-.096
ENJOY5	.074	<b>.737</b>	.060	-.075
SOC4	.044	<b>.654</b>	.017	-.128
SOC3	.080	<b>.628</b>	.013	-.281
SYMB1	.161	<b>.512</b>	-.106	-.188
ENJOY3	.315	<b>.503</b>	-.008	-.119
SUPP4	.371	-.030	<b>.513</b>	-.235
SUPP5	.254	.004	<b>.486</b>	-.347
FIN1	.066	.117	.075	<b>-.702</b>
FIN3	.115	.246	.074	<b>-.643</b>

#### 7.2.4.1 Assessment of the exploratory factor structure

The factor structure with 0.4 factor loadings was accepted. There was evidence of item redundancy because of the large number of items that loaded on Factor 1 and Factor 2,

with 21 and 16 items respectively. There were three possible methods to reduce these items. The items to be retained could have been based on items with the highest factor loadings, the highest item-total correlation scores, or the highest error variance scores. Once one or more of these methods have been employed, the final item selection is assessed for its fit against the operational definition of the dimension. The second option relies on the results of a reliability analysis using Cronbach alpha, which is not a relative measure. Therefore the first method and the third method were used to eliminate redundant items. The 8 items with the highest factor loadings per dimension were retained and the rest were discarded. A CFA was run on all the dimensions to justify the inclusion of the 8 items per dimension with the highest factor loadings. Once the final items for Factor 1 and Factor 2 were confirmed, they were interpreted and compared to the operational definition of the dimensions to finalise their inclusion.

Factor 3 and Factor 4 had the opposite problem as too few items loaded onto them, only two items per dimension. These dimensions of financial benefits and support benefits were deemed very important dimensions of the domain of the study, therefore it was decided to try to expand these dimensions to justify their inclusion. Correlation matrices were drawn for the original financial and support dimensions to observe and better understand the relationships between all the items. FIN5 and FIN6 had moderate to strong relationships with FIN1 and FIN3, and were identified as possible inclusions for the financial benefit dimension. SUPP2 and SUPP6 also had moderate to strong relationships with SUPP4 and SUPP5, and were identified as possible inclusions for the support benefit dimension.

In the next step of expanding these dimensions, the final exploratory factor structure was rerun to include all the items of the specified dimensions. This was done to include all the financial items (excluding the additional support items). It was done with the specification of extracting four factors and then again on the specification of extracting five factors. The result was that FIN5 loaded onto the financial dimension on both occasions, and its inclusion in the dimension was confirmed. FIN2 did not load and was removed. This step was repeated a second time to include all the support items (and exclude the additional FIN items, therefore only FIN1, FIN3, and FIN5 were included in the financial dimension for this step). This step was again repeated on two occasions to specify the extraction of four factors, and then again to specify the extraction of five factors. When a four-factor extraction was specified, all of the support items loaded onto Factor 1. Factor 2 and Factor

3 remained the same. When a five-factor extraction was specified, the factor structure changed. The previous Factor 2 became Factor 1, but it excluded SYMB1, which was removed. The previous Factor 1 was split into two, and became Factor 2 and Factor 5. SUPP1 was added and CONF7, EXPER7, SUPP6, CONF8, CONF6, EXPLOR4, CONF5, FIN4, and EXPER8 did not load, and were removed. Factor 3 remained the same with SUPP4 and SUPP5 being the only two items to load onto the factor. Factor 4 remained the same, confirming the inclusion of FIN5 in the financial dimension. In order to make further decisions about the dimensions, a CFA was run for exploratory purposes.

### **7.2.5 Confirmatory factor analysis for exploratory purposes**

A CFA was conducted with LISREL version 8.80 using the Robust Maximum-Likelihood method for exploratory purposes to justify items for inclusion. The CFA was run on four different occasions to explore different combinations of items based on the exploratory factor structure and correlation matrices. RMSEA was assessed to determine the overall model fit, because RMSEA is regarded as one of the most informative fit indices. Values less than 0.05 indicate a good fit, values between 0.05 and 0.08 indicate a reasonable fit, values between 0.08 and .10 indicate a mediocre fit, and values above 1.0 indicate a poor fit (Diamantopoulos & Siguaaw, 2000). Error variance was checked by assessing the error in the theta-delta matrix to determine which items exceeded the cut of value of 0.5 (Hair et al., 1998). Items with theta-delta scores above 0.5 were removed. The squared multiple correlation of each item was assessed for items with low correlation scores to support their removal.

The first CFA included all the items for Factor 1 and Factor 2 identified in the EFA in Table 6.2, with SUPP2, FIN5, and FIN6 added owing to the different EFA results and correlation results discussed in the assessment of the exploratory factor structure in section 7.2.4.1. The model exhibited an acceptable fit (RMSEA = 0.0746).

The second CFA included the 8 items with the highest factor loadings for Factor 1 and Factor 2 as identified in the EFA, as well as additional SUPP and FIN items owing to the different EFA results and correlation results discussed in section 7.2.4.1. Factor 1 consisted of CONV2, CONV1, CUST3, CUST1, EXPER5, CUST2 SOC1, and CONF1. Factor 2 consisted of SYMB6, EXPLO6, SOC5, EXPLO5, SOC6, ENJOY6, SYMB2 and

CUST 6. Factor 3 consisted of FIN1, FIN3, FIN 5, and FIN6. Factor 4 consisted of SUPP2, SUPP4, SUPP5 and SUPP6. The model exhibited an acceptable fit (RMSEA = 0.0757).

The third CFA consisted of the same items for Factor 1 and Factor 2 as described for the second CFA, that is, the 8 items with the highest factor loadings for these two dimensions. Factor 3 and Factor 4 had different combinations of items. Factor 3 included all six of the SUPP items, and Factor 4 included all six of the FIN items. The model exhibited an acceptable fit (RMSEA = 0.0713).

The second CFA was used for further purification because the items aligned better with the dimensions. In Factor 1, CONV2 and SOC1 had the highest theta-delta scores, and were removed. There were no problems with the theta-delta scores for the items in Factor 2, therefore none of them were removed. FIN1 was removed from Factor 3 and SUPP4 and SUPP5 were removed from Factor 4 owing to high theta-delta scores. The RMSEA for the final CFA indicated a reasonable fit (RMSEA = 0.0653). The standardised factor loadings, theta-delta values from the completely standardised solution, and correlation scores are presented in Table 7.4.

#### **7.2.6 Reliability analysis for first purification attempt**

Once the factor structure was finalised, the dimensions were checked for evidence of reliability. Cronbach alpha was used as the test for reliability. Guidelines suggest that Cronbach alpha scores of 0.7 or higher are acceptable. Cronbach alpha scores below 0.7 indicate reliability problems (Peter, 1979). Cronbach alpha based on standardised items was checked to assess evidence of reliability. Corrected item-total correlation for each item was checked to observe which items were stronger. Cronbach alpha 'if item deleted' values were checked to determine if any item could be deleted to improve the reliability statistic. No reliability issues were found. Table 7.4 includes a summary of the Cronbach alpha values.

**Table 7.4**  
**Summary of CFA and reliability results – first purification phase**

Factor	Item	Factor Loading	Theta-delta	Correlation	Cronbach alpha
1	CONV1	1.340	0.335	0.665	0.923
	CUST3	1.451	0.298	0.702	
	CUST1	1.383	0.397	0.603	
	EXPER5	1.455	0.311	0.689	
	CUST2	1.571	0.255	0.745	
	SOC1	1.378	0.414	0.586	
2	SYMB6	2.284	0.247	0.753	0.958
	EXPLO6	2.357	0.222	0.778	
	SOC5	2.415	0.183	0.817	
	EXPLO5	2.282	0.258	0.742	
	SOC6	2.352	0.221	0.779	
	ENJOY6	2.309	0.219	0.781	
	SYMB2	2.229	0.311	0.689	
	CUST6	2.091	0.394	0.606	
3	FIN3	1.994	0.312	0.688	0.913
	FIN5	1.952	0.180	0.820	
	FIN6	1.903	0.178	0.822	
4	SUPP2	1.782	0.293	0.707	0.847
	SUPP6	1.702	0.237	0.763	

### 7.2.7 Unidimensionality issues

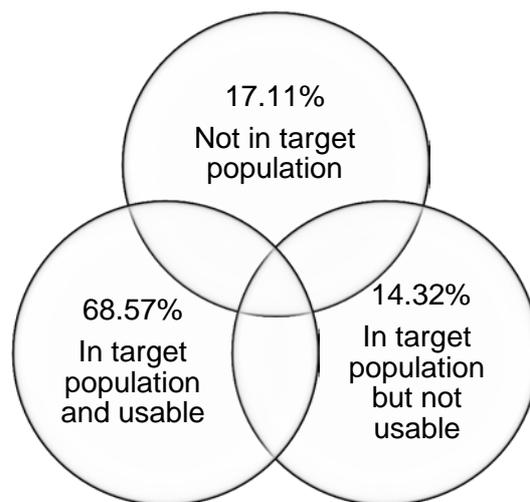
The respecified factors were assessed against the operational definitions of the dimensions and the literature background of these operational definitions. The items that loaded onto Factor 1 did not make sense as one dimension, therefore the researcher predicted that there were unidimensionality issues with the dimension. The items that loaded onto Factor 1 came from the original convenience, customisation, and expertise dimensions. Therefore the CFA was run on only Factor 1. The RMSEA was 0.092, confirming that Factor 1 had unidimensionality issues. Therefore Factor 1 was split into three factors: convenience, customisation, and expertise. Original items from these dimensions with the lowest theta-delta scores were added back to the data set. A CFA was run on these three dimensions, and the RMSEA was greatly improved to 0.069. However, with just three items per dimension, it was deemed necessary to generate one new item per dimension for customisation, convenience, and expertise dimensions. The changes to the scale can be found in Chapter 6. Table 6.4 contains the revised operational definitions, Table 6.5 contains the original items retained for the study, and Table 6.6 contains the new items generated for the scale.

### 7.3 SECOND PHASE OF PURIFICATION

For the second purification phase, judgement sampling was used to collect 565 usable responses. The data was cleaned and the sample was profiled for its demographic and travel characteristics. A CFA was used to assess the overall model fit and to respecify the model. Once the model was confirmed, the reliability and validity of the model was assessed.

#### 7.3.1 Data collection and cleaning

Data was automatically coded into a Microsoft Excel Spreadsheet, and the forced response option specified in the electronic data collection programme resulted in no missing values. Each column was assigned with a label corresponding to the item's code name, and the columns were arranged according to the dimensions they belonged to. A total of 824 responses were submitted, of which 141 respondents did not meet the screening question addressing whether they used a travel agent, and therefore did not have access to the survey. A further 118 responses were discarded because 24 or more responses were the same value. This was determined by a Microsoft Excel formula. Therefore the final sample size for the second purification phase consisted of 565 usable responses. Figure 7.2 illustrates the breakup of submitted responses for all the data collected in the second purification phase.



**Figure 7.2 Break of responses for second purification phase**

### 7.3.2 Sample profile

A judgement sample was used to collect responses from individuals who undertook co-production activities with a travel agent. Again, travel characteristics and demographic characteristics were assessed, although the results had no influence on the primary objective of developing a reliable and valid scale to measure the benefits of co-production. A summary of the travel characteristics and demographics of the sample is presented in Table 7.5.

**Table 7.5**  
**Sample profile – second purification phase**

<b>Variable</b>	<b>Category</b>	<b>n</b>	<b>%</b>
Frequency of travel	Once a year	55	9.7
	Twice a year	57	10.1
	Three times a year	42	7.4
	Four times a year	38	6.7
	More than four times a year	372	65.8
Number of years co-producing with a travel agent	1-2 years	14	2.5
	3-5 years	62	11
	6-10 years	108	19.1
	More than 10 years	381	67.4
Travel category	Leisure	32	5.7
	Business	135	23.9
	Leisure and business	397	70.3
Gender	Male	424	75
	Female	141	25
Age	20-30 years	15	2.7
	31-40 years	95	16.8
	41-50 years	174	30.8
	51-60 years	186	32.9
	61+ years	95	16.8

The travel characteristics of the majority of this sample indicated that they were regular travellers (65.8%), travelled for both business and leisure purposes (70.5%), and had been using a travel agent for more than 10 years (67.4%). As with the sample profile from the first purification phase, the length of time respondents had been co-producing with a travel agent was reflected in their age categories. The majority of the sample (63.7%) who co-produced with a travel agent fell between the ages of 41 and 60. This was expected, because of the disposable income available to this segment, or work commitments that required these customers to travel. Furthermore, people between the ages of 40 and 60

are generally focused on their careers, and may not have the time to plan their trips themselves. In contrast to the first purification phase sample profile, the gender was not equally distributed, as three quarters of the sample were male.

### 7.3.3 Reliability analysis

A reliability analysis was conducted using SPSS version 19 to calculate the Cronbach alpha values for each dimension. Each dimension exceeded the recommended level of 0.7. An investigation of the Cronbach alpha 'if item deleted' scores found that no item could be deleted to increase the Cronbach alpha values of any of the dimensions. Table 7.6 summarises the Cronbach alpha statistics of the scale. In the CFA in the following section, this reliability analysis was consulted in the removal of the specified items.

**Table 7.6**  
**Summary of reliability results – second purification phase**

	<b>Cronbach alpha based on standardised residuals</b>	<b>Corrected Item-Total Correlation</b>	<b>Cronbach's Alpha if Item Deleted</b>
<b>CONV</b>	0.846		
CONV1		.591	.842
CONV2		.666	.812
CONV3		.746	.778
CONV4		.733	.782
<b>CUST</b>	0.888		
CUST1		.729	.859
CUST2		.815	.826
CUST3		.751	.852
CUST4		.717	.870
<b>EXPER</b>	0.911		
EXPER1		.750	.901
EXPER2		.793	.887
EXPER3		.840	.869
EXPER4		.814	.880
<b>PSYC</b>	0.918		
PSYC1		.606	.917
PSYC2		.684	.910
PSYC3		.835	.898
PSYC4		.821	.900
PSYC5		.784	.902
PSYC6		.747	.905
PSYC7		.778	.903
PSYC8		.579	.919

<b>SUPP</b>	0.947		
SUPP1		.734	.734
SUPP2		.810	.810
SUPP3		.846	.846
SUPP4		.803	.803
SUPP5		.785	.785
SUPP6		.730	.730
<b>FIN</b>	0.947		
FIN1		.798	.942
FIN2		.864	.933
FIN3		.764	.944
FIN4		.856	.934
FIN5		.877	.931
FIN6		.868	.932

### 7.3.4 Model respecification

A CFA was performed using LISREL 8.80 to assess the measurement properties of the items used in the model. As it emerged that the data was not normally distributed, the Robust Maximum-Likelihood (RML) estimation method was used to test the theoretical model. Therefore it is not appropriate to report the Goodness of Fit (GFI) and Adjusted Goodness of Fit (AGFI) indices. The proposed model had 32 items measuring six benefit dimensions. Respondents viewed the items measuring customisation, convenience, expertise and support benefits as similar and as measuring the same construct. These items correlated highly with one another and were therefore combined into one dimension, which was renamed functional benefits. There was theoretical support for the combination of these dimensions as they all addressed functional aspects of the travel planning process. The CFA was performed a second time to accommodate these alterations to the model.

The model had an acceptable overall fit (RMSEA = 0.68), but an inspection of the modification indices showed that there was evidence of misspecification. The modification indices were assessed three consecutive times to identify items to delete, to increase fit. It resulted in the removal of the items SUPP4, SUPP2, PSYC7, EXPER1, SUPP6, CUST1, CUST3, FIN3, PSYC4, SUPP5, EXPER2 and CONV3. Once these items were removed, the model fit improved (RMSEA = 0.54). This was the best possible fit respecification the model could achieve. Each item had a significant loading above 1.0 and loaded onto only one dimension, resulting in a simple and interpretable factor structure.

Error variance was also addressed. The guideline for acceptable error variance scores are theta-delta values below 0.5. A look at the theta delta values from the completely standardised solution in this model shows that the items CONV1, PSYC1, and PSYC8 had theta-delta values above 0.5, indicating that they should be removed. However when they were removed, the RMSEA score increased. Therefore they were retained in the scale. Table 7.7 summarises the CFA results.

**Table 7.7**  
**Summary of CFA – second purification phase**

Factor	Item	Factor loading	Sig > 1.96	Theta delta
Functional	CONV1	1.450	18.792	0.503
	CONV2	1.521	17.290	0.472
	CONV4	1.824	23.064	0.310
	CUST2	1.748	22.945	0.254
	CUST4	1.827	22.160	0.397
	EXPER3	1.830	25.445	0.235
	EXPER4	1.902	24.687	0.228
	SUPP1	1.623	19.607	0.494
	SUPP3	1.831	25.036	0.221
Psychological	PSYC1	1.623	17.111	0.593
	PSYC2	1.900	22.894	0.448
	PSYC3	2.139	31.039	0.246
	PSYC5	2.220	30.233	0.333
	PSYC6	1.985	25.080	0.384
	PSYC8	1.611	17.163	0.623
Financial	FIN1	2.048	27.685	0.347
	FIN4	1.978	30.095	0.214
	FIN5	2.016	31.261	0.177
	FIN6	2.196	35.885	0.160

After the model was modified the operational definitions were revisited to ensure that the respecification made sense theoretically. A new operational definition was developed for functional benefits, and the operational definitions for psychological and financial benefits were tweaked according to the items measuring the dimensions. Table 7.8 contains the operational definitions for the benefits and Table 7.9 contains the final list of scale items.

The only published suggestions of possible co-production benefits were proposed by Etgar (2008) and were theoretical in nature. Etgar (2008) categorised possible co-production benefits into economic, psychological and social motivations (refer to section 4.5 in

Chapter 4 for more detail on this conceptualisation). The findings of this study support the contents of Etgar's (2008) economic benefits. Etgar (2008) proposed that economic benefits consisted of monetary and non-monetary components. The present study divided Etgar's (2008) economic benefit category into two separate categories of benefits: functional benefits and financial benefits.

**Table 7.8**  
**Final operational definitions**

<b>Benefit</b>	<b>Operational definition</b>
Functional	Functional benefits include the knowledge, information and expertise that enable the simplification of complicated itineraries and decision making, problem solving, the customisation of the end product/service to a customer's demands, and the provision of assistance in the event of unforeseen circumstances.
Financial	Financial benefits are the value for money obtained from receiving the best prices and the best money deals.
Psychological	Psychological benefits are intangible non-product related attributes for a customer's self-expression, self-esteem, sense of belonging, exclusivity, anticipation and opportunity for escapism.

**Table 7.9**  
**Final list of scale items**

<b>Code</b>	<b>Item</b>
<b>Functional benefits</b>	
FUN1	Information provided by my travel agent made it easy for me to make decisions
FUN2	I can communicate with my travel agent through various ways
FUN3	My travel agent makes travelling uncomplicated
FUN4	I accomplish what I want to when I customise a trip with my travel agent
FUN5	I receive a personalised trip when I plan it with a travel agent
FUN6	My travel agent has the knowledge to answer my questions
FUN7	I benefit from my travel agent's accumulated experiences
FUN8	My travel agent provides assistance in the event of unforeseen circumstances
FUN9	My travel agent solves problems that arise when planning a trip
<b>Financial benefits</b>	
FIN1	I get the best possible prices when I plan a trip with my travel agent
FIN2	Planning a trip with a travel agent is economical
FIN3	When I plan trip with my travel agent I receive good financial value
FIN4	I get the most out of my money when I plan a trip with my travel agent
<b>Psychological benefits</b>	
PSYC1	When I plan a trip with my travel agent it reflects the kind of person I am
PSYC2	Planning a trip with my travel agent "gets me away from it all"
PSYC3	I experience a sense of belonging when I plan a trip with my travel agent
PSYC4	Emotionally I prefer the exclusivity that my travel agent offers
PSYC5	My travel agent contributes to my anticipation for the trip
PSYC6	My travel agent does things for me that he/she doesn't do for other customers

Etgar (2008) proposed customisation as a non-monetary economic benefit, and suggested that it is the primary benefit sought when engaging in co-production. Beatty et al. (1996) identified a functional benefit category that customers receive when interacting with salespeople in upmarket department stores, which was confirmed by Reynolds and Beatty (1999). Beatty et al. (1996) confirmed convenience, advice, communicating with the salesperson and receiving unique and personalised service as functional benefits. Reynolds and Beatty (1999) included better purchase decisions as part of functional benefits. Sweeney and Soutar (2001) confirmed the perceived quality and expected performance of the purchase as functional benefits. In the travel planning context, functional benefits are concerned with the expectations of the interaction between the customer and the travel agent and the quality of the output. Moliner et al. (2007) confirmed the professionalism of the travel agent's personnel and the quality of the travel plans as functional value in the travel planning context.

Etgar (2008) proposed cost reduction as a monetary economic benefit. Financial benefits emerged in most other published benefits conceptualisations addressed in this study (e.g. Arnold & Reynolds, 2003; Gwinner et al., 1998; Mimouni-Chaabane & Volle, 2010; Petrick, 2002; Sweeney & Soutar, 2001). Sweeney and Soutar (2001) confirmed the reduction of perceived short-term and long-term costs as financial benefits. Petrick (2002) confirmed reasonable prices, value for money, and an economical spend as components of monetary perceptions of value.

The results of this study did not confirm that social benefits were a motivation. Although Etgar's (2008) social benefit category was not confirmed, one aspect of it – a sense of belonging to a group that shared the same values – did align with the psychological benefit dimension in this study. Etgar's (2008) proposition of psychological benefits was however, supported. Etgar (2008) proposed excitement, escapism, and self-expression as psychological benefits. Gwinner et al. (1998) confirmed the benefit of special treatment and exclusivity. Mimouni-Chaabane and Volle (2010) confirmed the symbolic benefit of recognition in the form of having special status, feeling distinguished and being better treated. Therefore there was theoretical evidence for the retention of these items and the restructuring of these benefit dimensions into functional, financial and psychological benefits.

### 7.3.5 Overall model fit of the revised model

A CFA was conducted using LISREL 8.80 to assess the measurement properties of the items used in the respecified model. To assess the overall model, the result of the Satorra-Bentler Chi-square statistic was used in conjunction with RMSEA, ECVI, NFI and NNFI.

Overall, the goodness-of-fit measures were consistent with the recommended thresholds, and indicated an acceptable model fit. The Satorra-Bentler scaled Chi-square came to 394.709 with 149 degrees of freedom; this yields a significant result ( $p = 0.000$ ). Both the NFI and NNFI exceeded the recommended level of 0.9 (Hair et al., 1998). Table 7.10 summarises the model fit statistics of the measurement model, and suggests that it has an acceptable fit (RMSEA = 0.054;  $X^2 / df$  ratio = 2.649).

**Table 7.10**  
**CFA fit indices**

<b>Fit measure</b>	<b>Fit indices</b>
Degrees of freedom	149
Satorra-Bentler scaled Chi-square	349.719 ( $p=0.0$ )
RMSEA	0.054
$X^2/df$ ratio	2.649
ECVI	0.845
NFI	0.987
NNFI	0.990

### 7.4 RELIABILITY AND VALIDITY ASSESSMENT

The reliability and validity of the scale were evaluated by assessing construct validity. Construct validity is the degree to which the measure truthfully represents the construct. The indicators of construct validity are face validity, criterion validity, discriminant validity, and convergent validity. Convergent validity also addresses the reliability of the scale (Zikmund & Babin, 2007).

### **7.4.1 Face validity**

Face validity is the situation when the scale appears to measure what it was designed to measure. According to Churchill (1979), if his paradigm for developing better marketing measures was followed as it was in this study, the instrument is likely to have face validity at this point. This is a result of the process followed to specify the domain and generate a sample of items. The scale was also shared with three senior marketing academics at the University of Stellenbosch, who confirmed that the scale had evidence of face validity.

### **7.4.2 Discriminant validity**

An investigation of the standardised solution factor loadings in Table 7.5 of each of the remaining 19 items had a significant factor loading above the recommended threshold of 0.5, ranging from 1.45 to 2.220, and each item loaded onto only one dimension. This simple and interpretable factor structure confirmed evidence of discriminant validity.

### **7.4.3 Criterion validity**

Items measuring overall reputation, loyalty and satisfaction were included in the questionnaire for the purpose of confirming criterion validity. Criterion validity was assessed by correlating these dependent variables with each benefit dimension. Each dimension was expected to have a positive relationship with satisfaction, reputation and loyalty. The items for each dimension were computed into a single score. Simple correlation with a Pearson coefficient was performed using SPSS version 19. There was a significant positive relationship at the 0.05 confidence level between each dimension and reputation, loyalty and satisfaction. These correlations are presented in Table 7.11. Correlation scores between 0.09 and 0.29 indicate a weak correlation, values between 0.3 and 0.699 indicate a moderate correlation, and values of 0.7 or higher indicate a strong correlation. The significant moderate to strong correlations among these dimensions provided strong evidence of criterion validity.

**Table 7.11**  
**Correlation scores for criterion validity**

<b>Correlations</b>			
	Reputation	Loyalty	Satisfaction
Functional	0.801	0.786	0.874
Psychological	0.572	0.643	0.620
Financial	0.601	0.624	0.713

#### **7.4.4 Reliability**

Convergent validity assesses the reliability of the scale, which was evaluated by investigating the Cronbach alpha values for each dimension (Zikmund & Babin, 2007). The minimum acceptable threshold for Cronbach alpha is 0.7. All dimensions demonstrated acceptable Cronbach alpha scores. No items could be deleted to increase the scores. The Cronbach alpha scores for each dimension are presented in Table 7.12.

**Table 7.12**  
**Reliability estimates for convergent validity**

Construct	Dimension	No. of items	Cronbach alpha
Benefits of co-production	Functional	19	0.957
	Psychological	9	0.943
	Psychological	6	0.879
	Financial	4	0.932

#### **7.4.5 Construct validity**

Churchill's (1979) scale development paradigm that was followed in this study as well as expert judging by senior marketing academics provided evidence of face validity. Discriminant validity was evident in the factor loading scores of the items loading on different dimensions. The factor loadings all exceeded the cut-off value of 0.5. The correlation scores provided evidence of criterion validity. The Cronbach alpha scores provided evidence of convergent validity and reliability. Therefore there is strong evidence that this scale has construct validity. Addendum 7 provides an example of how the final items to measure the benefits of co-production can be formatted for practical use.

## **7.5 CONCLUSION**

The purpose of the study was to purify the scale and to confirm whether the scale exhibited acceptable psychometric properties of reliability and validity. The initial scale had 64 items measuring 10 dimensions. The scale was purified on two occasions. The first purification phase used a convenience sample of 269 subjects to perform an EFA. A CFA was used to better understand the EFA, and in conjunction with reliability analysis was used to restructure and reduce the model. This resulted in a scale with 32 items measuring six dimensions. The second purification phase consisted of a judgement sample of 565 respondents. A CFA was used to purify the scale. It resulted in a scale with 19 items measuring three dimensions: functional, financial and psychological benefits. The confirmation of strong evidence of face validity, convergent validity, criterion validity and discriminant validity was used to indicate construct validity, which was further confirmed by the CFA. Therefore the primary objective of the study was achieved because the final scale had strong evidence of reliability and validity.

## CHAPTER 8

### CONCLUSIONS AND RECOMMENDATIONS

#### 8.1 INTRODUCTION

The purpose of this study was to make a contribution to the marketing literature regarding the benefits of co-production by developing a scale to measure them. The study also aimed to share insights that will allow tourism practitioners to manage their co-production processes with customers and ultimately build customer satisfaction and emotional ties with suppliers. Benefits form the 'get' component of value and stem from value perceptions, yet they have not been formally established for value co-production.

Introductory perspectives and the motivation for the study were discussed in Chapter 1. The problem statement, research objectives, and the framework for the rest of the study were presented.

Chapter 2 discussed the major theoretical perspectives underlying the concepts of value co-creation and co-production. The concepts were embedded in role theory, and the rise of customer participation in marketing literature was presented. The concept of value co-creation as a foundational principle of S-D logic was reviewed. The characteristics, dimensions, and key activities of value co-creation and co-production were discussed, and the distinction between the two concepts was clarified.

The major empirical works explaining the parties, processes and behaviour related to value creation were discussed in Chapter 3. Four important frameworks were presented to explain value creation. These included a descriptive model of the customer co-production process, a conceptual framework for managing value co-creation, a typology of service contexts in co-creation, and a model of customer co-creation behaviour. Customer and supplier roles in co-creation were explained, and the negative dimension of value creation was discussed.

Value and benefits were defined and conceptualised in Chapter 4. Uni-dimensional and multi-dimensional perspectives and conceptualisations of value were presented. Important customer benefit conceptualisations in the marketing literature were discussed to identify possible sources of customer benefits of co-production.

Tourism marketing was discussed in Chapter 5 to explain how the tourism industry works, and to comment on the reintermediation of key tourism firms that has taken place. The current role and predicament of the travel agent were presented. Value conceptualisations specific to the tourism industry were presented to shed insight into possible customer benefits of co-producing with a travel agent.

The methodology was presented in Chapter 6. The research design followed Churchill's (1979) paradigm for developing better marketing measures. The stages included domain specification and construct definition, generating a sample of items, two data collection and purification phases, and assessing model fit, reliability and validity.

The results of the statistical analysis were presented in Chapter 7. SPSS version 19 was used to profile the sample, assess reliability using Cronbach alpha, and perform an EFA to identify the underlying factor structure in the first purification phase. LISREL version 8.80 was used to perform a CFA to confirm the model, assess model fit, and confirm evidence of construct validity. The statistical results produced a scale that comprised three dimensions and 19 items with strong evidence of reliability and validity. This chapter presented theoretical conclusions of this scale development study, recommendations for travel agents, the limitations of the study, and suggestions for future research.

## **8.2 CONCLUSIONS**

The primary objective of this study was to develop a reliable and valid multiple item scale to measure the benefits of co-production for customers when planning a trip with a travel agent. The secondary objectives of the study were to identify the benefit dimensions, purify the scale to achieve acceptable reliability, and purify the scale to achieve acceptable factor loadings for an interpretable factor structure. The conclusions of this study will be discussed according to these objectives.

The creation of value is the primary goal of any marketing exchange (Vargo et al., 2008). Two integral components of the value creation process are the value proposition and the interaction between the customer and the supplier. If S-D logic is considered the dominant logic for marketing, as is accepted in this study, then “service represents activities that transform marketing activities into benefits and ultimately value” (Babin & James, 2010: 473). According to S-D logic, value is jointly created by customers and suppliers, and not transferred during the transaction. The supplier presents a value proposition to the customer, and when the customer accepts the value proposition and participates in creating it, it becomes value-in-use. Marketing uses operant resources to offer superior value propositions. Suppliers need to generate knowledge that will allow them to facilitate an exceptional interaction with the customer, and one very important component of this knowledge is which benefits customers seek when engaging in co-production, in other words, what do customers want out of their co-production interactions?

The value proposition stems from the benefits that customers seek. Consequently, benefits form the ‘get’ part of the value equation and stem from value perceptions. Development of a competitive value proposition and the fulfilment of these promises require suppliers knowing what benefits customers seek, the extent to which suppliers are offering them, and the extent to which customers are realising them. The formulation and execution of superior value propositions require suppliers to identify the relevant important benefits, communicate them to customers to entice customers to engage in co-production, and fulfil these promises to ensure successful co-production experiences.

Role theory explains how the success of the co-production interaction depends on customers and suppliers having a clear understanding of the expectations regarding their role. The expectations of the role determine how the individual will act. Individuals assume roles when it is clear that such roles achieve their specific benefit objectives. The implications of this for co-production are that suppliers need to understand the benefits that customers seek, in order to entice customers to engage in co-production. Social exchange theory explains that customers direct their reciprocation efforts towards the source from which benefits are received, and that customers seek to maximise the benefits they obtain relative to the costs they give up. Value is a measure to assess the success of the service, and is evaluated by comparing the benefits reaped to the costs given up (Babin & James, 2010). Customers always do a cost-benefit analysis before

engaging in co-production. Engaging in co-creation and co-production is a direct result of a decision made by the customer that reflects his/her personal needs and interests (Etgar, 2008; Prahalad & Ramaswamy, 2004). Therefore offering the relevant benefits maximally is very important in the value equation.

Despite the critical role of benefits in the value creation equation, published studies have not empirically confirmed what the benefits of co-production are. Difficulties exist in applying other benefit conceptualisations to value creation, because they lack consistency and relevance, as they were investigated in different marketing contexts (e.g. customer-salesperson relationships and loyalty programmes). Furthermore, not enough benefit research has been published from the customer's perspective. What these conceptualisations did have in common is that they were all of a multidimensional nature, addressing various utilitarian and hedonic components. There was a lack of a clear definition for the benefits of co-production, its underlying structure of dimensions, and how they can be measured to contribute to theory development.

To develop a reliable and valid instrument measuring the benefits of co-production for customers when planning a trip with a travel agent, Churchill's (1979) scale development paradigm was closely followed in the research design. Exploratory research (literature review, analysis of insight-stimulating examples and in-depth interviews with tourism suppliers and travel customers) was undertaken to specify the domain, define the construct, identify the dimensions, and generate a pool of 323 items, which was refined in two purification phases. Initially 10 benefit dimensions were proposed: customisation, convenience, confidence, expertise, enjoyment, exploration, financial, support, social and symbolic benefits. The pool of 323 items was subjected to expert judging, resulting in a 64-item scale measuring the 10 benefit dimensions. The questionnaire was formatted into an online survey to collect a convenience sample of 269 responses. The results of an EFA, CFA and reliability analysis performed on the data reduced this conceptualisation to 32 items measuring six dimensions: convenience, customisation, confidence, expertise, psychological, financial, and support benefits. The revised scale was used in a second purification phase to collect a judgement sample of 565 responses. The CFA results and reliability estimates were used to reduce the scale to 19 items measuring three benefit dimensions: functional, financial, and psychological benefits. This final scale exhibited an acceptable model fit and had strong evidence of reliability and validity, therefore achieving

the primary objective of the study. The final model of the benefits of co-production led to a revised definition of the construct: the benefits of co-production is a multidimensional construct based on value perceptions associated with functional, financial, and psychological benefits. These dimensions are of significant importance for the successful co-production of value in the travel planning context.

The construct definition, conceptualisation, and scale developed to measure the benefits of co-production have made an important contribution to the study of value creation as the study attempts to fill the theoretical the gap between conditions prior to customer participation and active customer participation in co-production, and allows suppliers to evaluate the extent to which these benefits are met. However, it is important to note that the results of this study can only be generalised to the tourism industry, as this was the context in which the scale was developed.

### **8.3 RECOMENDATIONS FOR TRAVEL AGENTS**

This study contributes to tourism marketing literature by applying new marketing thinking including the S-D logic and value co-production to the tourism context. The travel planning experience was used to develop the scale because of its interactive nature, the interdependence of tourism suppliers, and the reintermediation currently underway in the tourism industry. A role change has taken place for the travel agent. Changing supplier distribution structures and the threat posed by online intermediaries have required travel agents to differentiate on other variables over and above the core service of their offerings. However, tourism remains grounded in an interactive experience as tourism is highly dependent on human interactions to create experiences. Furthermore, customers no longer simply expect the utilitarian benefits of consuming their goods, but also pursue emotional benefits gained through unique experiences.

The travel agent is still an important intermediary for tourism. This was demonstrated in the study in the response rates. In the first purification phase more than half of the sample (53.56%) co-produced with a travel agent. In the second purification phase a vast majority (82.89%) of the sample co-produced with a travel agent. Despite the travel agents' relevance in the industry, the reintermeidation that is taking place requires travel agents to redefine their role and their value propositions. The reintermediation of the travel agent

has resulted in a role change, where travel agents have a different role in the travel planning experience, and need to offer more personalised value propositions. Four major recommendations can be made to travel agents based on the results of this study:

*Formulate value propositions.* Travel agents firstly need to become aware of the functional, financial and psychological benefits necessary for the successful co-production of value. These benefits are of significant importance to travel agents because of their moderate to strong relationships with satisfaction, loyalty and reputation. Once travel agents are aware of these benefits, they can integrate them into their offerings, and promote them to engage customers in co-production, for example, selecting tourism suppliers with offerings that guarantee a suitable level of quality and cover the customers' benefit expectations. The internal function of selecting can also be used in developing the value proposition by training and motivating the travel agent to orientate them towards the customer, so that any contact fulfils the customer's psychological experience.

*Performance evaluation.* Travel agents can use the scale to identify deficiencies in their co-production processes. As the needs of the market change, so does their interaction with suppliers. Changing customer needs and benefit requirements can be tracked, and the results used for decision-making. Travel agents can use this scale to assess the extent to which their customers are receiving these benefits, as it will allow travel agents to manage their co-production processes with customers, and ultimately build customer satisfaction and customer emotional ties with their firms. Travel agents can use the scale to assess the benefit dimensions against behavioural outcomes such as satisfaction, loyalty, or word-of-mouth. In addition, the scale can be administered to individual travel agents' clients, to determine how well the travel agents are doing their job.

*Segment customers.* Different customer segments may exist with regard to their benefit preferences. The scale can be used to segment customer groups, based on the benefits they require. Different customers' segments can be approached with different value propositions. For example, to target communications at customers who place a high importance on the financial benefits of the trip planning experience, the specific prices of flights or accommodation can be communicated to illustrate the economic value of the purchase. If customers who place a high importance on functional benefits are targeted, travel agents can communicate their knowledge, information, and accumulated experience

that enable them to simplify and personalise travel plans and simplify decision-making. Furthermore, the scale can be used for database purposes where a record can be kept of customers, their personality types, values, ideals, and benefit expectations, to ensure on-going customer relationship management.

*Differentiation.* Travel agents operate in a similar environment, and have to compete with online counterparts. Differentiation is an important marketing tool for the retail travel agent. Non-monetary benefits are harder for competitors to imitate, and therefore form a more solid basis for differentiation. Travel agents can use the functional and psychological benefit dimensions to differentiate from competitors. For example, travel agents can differentiate using exclusivity and special treatment by giving customers more personal attention, and by putting more effort into personally tailored trips. Travel agents can go the extra mile to make customers feel important, by organising surprise activities on the trip (at no additional cost) that align with the customers' personal interests. In addition, the travel agent can phone the customers upon their return to see that they have returned home safely, and to find out any constructive criticism that they can use to improve their service.

#### **8.4 LIMITATIONS**

A few limitations were encountered in this study but were accounted for in the research design, therefore did not have any major implications for the study. The first limitation of the study was the poor response rates in the first purification phase, resulting in a sample size of less than five respondents per item needed to perform an EFA. The questionnaire was administered in English only, although it is not the first language of the majority of South Africans. This was expected to have contributed to the poor response rates and response bias caused by possible misunderstandings posed by the language barrier. The time constraint limited the number of times the scale was purified. Although the final scale had strong evidence of reliability and validity, it was not implemented in a third data collection phase.

## **8.5 SUGGESTIONS FOR FUTURE RESEARCH**

The development of this scale to measure the benefits of co-production and the model it proposes, has been devised as a basis for future studies. The purpose of examining the instrument in the tourism industry was that it was chosen as a suitable industry to study co-production in. The instrument needs to be cross-validated in other industries to investigate its use as a generic instrument for co-production.

Although it is beyond the scope of this study to develop specific hypotheses, the benefits of a co-production scale can be used to test relationships between benefits and various consumer behaviour variables, to contribute further empirical results to co-production theory. This can also enable the confirmation of evidence of nomological validity, which was also beyond the scope of this study and therefore not addressed.

The final scale still needs to be implemented in practice in a travel agent context. The travel agents themselves can complete the questionnaire to ensure congruent expectations. The scale can also be implemented in different categories of travel, to investigate how benefit requirements and perceptions differ across the industry. The scale's applicability to the online travel agent can be investigated to extend its use in the tourism context.

## **8.6 CONCLUDING THOUGHTS**

Value co-creation and co-production are two important concepts in marketing. Benefits stem from value perceptions, and are therefore an important component of value that is created. To date no research has been published empirically investigating what the benefits of co-production are, and only one scale has been developed for co-creation literature. The purpose of this study was to contribute to filling this gap in marketing literature. The study was conducted in the tourism context because it is a high-contact experience, and its interactive nature means that co-creation with customers plays a very important role. A reintermediation process currently underway in the tourism industry is requiring travel agents to redevelop their value propositions to ensure their survival. These value propositions are driven by benefits.

Contemporary guidelines for scale development were followed in this study, to develop a scale measuring the benefits of co-production with the psychometric properties of reliability, validity, and model fit. A review of the literature, insight-stimulating examples, interviews with tourism firms and tourism customers provided the basis for domain specification, construct definition and item generation. Primary research involved 834 respondents in two different surveys. The outcome was the development of a reliable and valid 19-item scale measuring the functional, financial and psychological customer benefits of co-producing with a travel agent.

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## ADDENDUM 1

### BENEFITS FROM INSIGHT-STIMULATING EXAMPLES

#### Hellopeter website

- Reduce risk of receiving the wrong product
- Handle service failure
- Follow up service for visa
- Good attitude from staff
- Only fill in forms once
- Keep promises of marketed products
- Handle cancellations and refunds
- Avoid wasting money
- Security that products have been booked
- After sales service if the holiday was poor
- Expertise about destination
- Relevant options
- Deal with special requests
- Being told about hidden costs in advance (e.g. drinks)
- Make alternative arrangements
- Be treated with help and respect
- Fast and efficient service
- Correct information
- Accurate knowledge
- Quick service in regards to change
- Polite manner
- Go out of their way to fix things
- Find options within budget
- Friendly personality and professionalism
- Be treated as first priority
- Easy, quick, hassle-free
- No hidden costs
- Set mind at ease
- Cost transparency
- Explain in detail
- Find out how trip was upon return
- Constantly good service
- Frequent feedback
- Fast, reliable, and honest approach
- Personalised, affordable rates
- Go the extra mile regardless of booking difficulty
- Take into account everything you want
- Reduce stress

## **ADDENDUM 2**

### **MATERIAL FOR IN-DEPTH INTERVIEWS**

#### **DISCUSSION DOCUMENT**

#### **TOPICS TO BE ADDRESSED**

**Below is a list of topics that I wish to discuss with you. The aim of our discussion is to identify what sort of benefits you value from planning a trip in collaboration with your travel agent.**

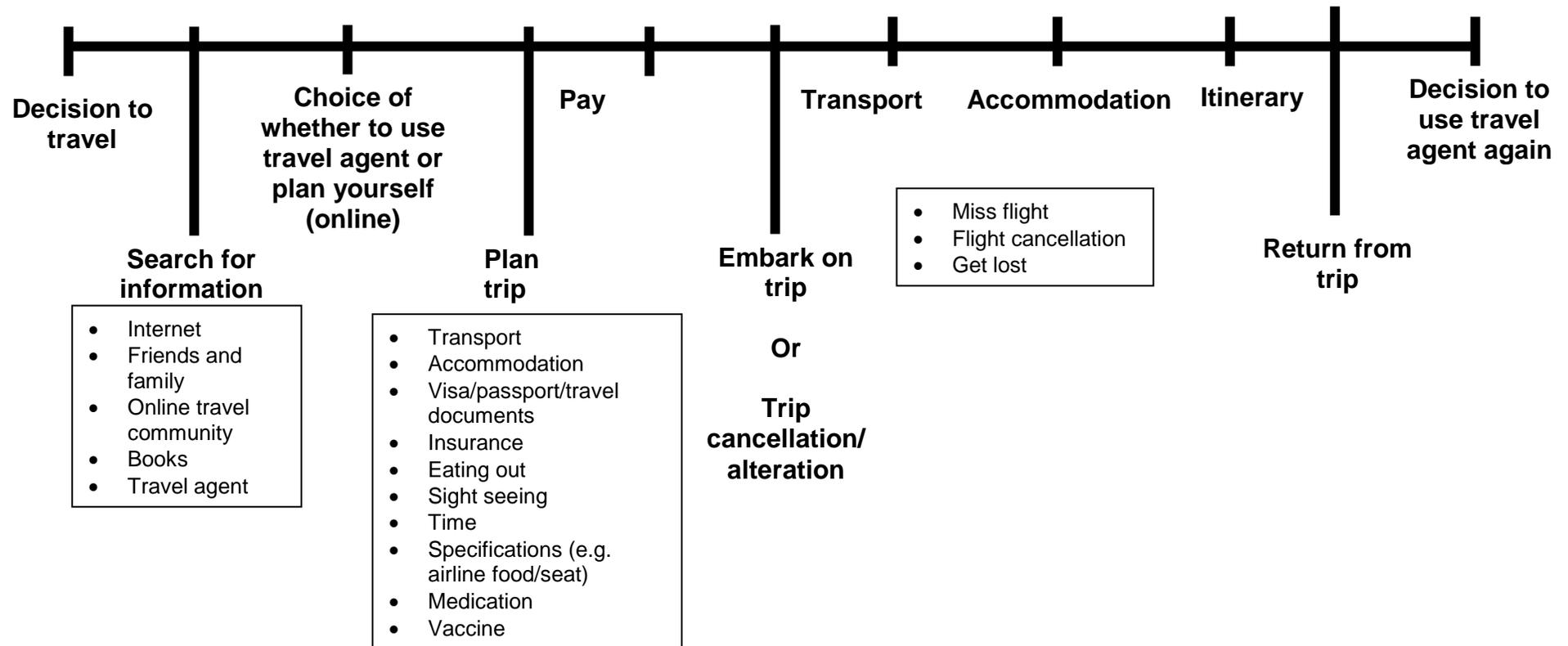
- To what extent do you consult the internet, friends, books, and other information sources before you visit a travel agent?
- What role does the internet play when you plan your trip?
- What are the steps in planning a trip with a travel agent?
- Are there any activities in the trip planning process that you prefer to plan yourself? For example booking flights, or organising accommodation with a friend or family member
- To what extent would you prefer a customised trip rather than standardised package?
- Do you ever experience a conflict of interests when dealing with the travel agent?

Suggestions by marketing academics about customer participation in co-production have included:

- Being able to find affordable options
- Reduced risk of receiving the wrong product (such as reaching your destination and discovering that the hotel is not what you were expecting)
- The ability to have planned the trip exactly as you wanted it to be
- The ability to customise your trip, for example making adaptations to a standardised Mauritius package
- The ability to explore other holidays you can pursue in the future
- Being able to talk to a travel agent that has an interest in your trip
- The enjoyment of planning a trip
- The feeling of success if you helped to plan a successful holiday that you thoroughly enjoyed
- Having control over the trip planning process so that you know what is going on

I would like to identify which of these benefits you find important and to identify benefits which are not included in the list.

# TRAVEL PROCESS



## ADDENDUM 3

### DETAILS FROM IN-DEPTH INTERVIEWS

#### Interviewee 1

- He mostly uses a travel agent for business travel, especially when he is taking students.
- Most of his work is in Africa. For leisure travel he prefers to plan and book the trip himself.
- He uses a travel agent to streamline some of the processes – source of information for flight, and accommodation issues and visa issues.
- Uses travel agent for contingency aspects such as flight cancellation and rescheduling – he expects the travel agent to make sure he gets the message about these things “I expect them to text me”... or
- “If my plans change I need to know that I can just send a message and they will sort it out and not have to follow up”
- Doesn’t generally trust accommodation information, because he finds travel agents generally just list the international hotels (such as Continental, Holiday Inn)
  - “I can get this information easy enough and I prefer to work with my contacts who I am visiting and find something locally owned, and not too expensive but decent”
- Most of his work is in Africa, he has been to Tanzania a couple of times so he knows what it is to do the footwork to bring academics and how to plan it if they are not going to an international hotel such as the Sun International – because the international hotels, especially in African capitals charge \$200+, a night, whereas he knows for \$100 you can get an excellent place with everything you need and still feel like you are contributing a little bit to the local economy because it is probably locally owned. So he would be interested if the travel agent told him that they have been to that city, they have looked at a couple of places, and have base their recommendations on this. However he would rather trust the information he gets from the contacts at that destination.

#### Interviewee 2 and Interviewee 3

- They are both disabled.
- They prefer to look for all the options themselves, but use the travel agent to book the flight and so that if something goes wrong the travel agent can act as an advocate for them.
- It is very important that the travel agent checks the fine print.
- They need accurate hotel details regarding their accommodation for disabled people, e.g. bathroom characteristics, doorways, sliding doors and foots off the bed.
- They need accurate flight details, as many flights require disabled people to fly with an able body person; therefore they must not be booked on these airlines because they do not fly with an able body person.
- They require the hotels to email them recent pictures of their amenities so that they can be assured that they will be able to stay there.
- They prefer to use information from people in the destination country rather than the travel agent.
- “We really enjoy looking for options on the Internet and planning the trip... we have the time to do so and our yearly overseas trip is the highlight of our year so planning it is very important for us.”

#### Interviewee 4

- “The travel agent makes it easier to travel because they do all the thinking work, if you are not worried about the cost. But the Internet is a cheaper option.”
- She likes to work with an agent, tells them what she wants and listens to her suggestions.
- She tells the travel agent what she does not want and what she does want.

- In terms of itinerary the travel agent needs to tell her what is available so that she can then make her choice.
- She collects information from the Internet and from “rough guides.”
- She uses a travel agent because they “know everything”, they are more experienced, they are the professionals.
- There is too much information on the Internet, she would rather have a travel agent sift through it.
- “I need someone that I identify with, speaks my language, and understands that I don’t like tourist destinations.” She wants an authentic experience of the people at the destination. Therefore needs to find a travel agent that understands this and can plan a trip around this.
- She needs advice on vaccines and medicine, travel documents, visa.
- “If the trip needs to be cancelled or adapted, I will phone the travel agent to make the changes and pay the costs.”
- She does not have the time to plan the trip herself. Even if she does have the time she would not do it herself because it is too stressful.
- She expects the travel agent to offer the service to phone her and she must deal with problems on the trip. If it is after hours, she would do the best she could. She does not expect the travel agent to be available after hours. It depends on the relationship she has with the travel agent.
- She does enjoying exploring options.
- One of the most important things for her is having the right type of person as her travel agent, she needs to have a personal connection with this person and the person must understand her needs and personality.
- She uses the same travel agent because she has had good experiences with her. When she encountered bad experiences with travel agents in the past she never went back to them.
- Travelling is stressful. It less stressful if she knows where she is going. It is less stressful if the travel agent planned it.
- “Reduces insecurity with things that go wrong because the travel agent organised it and she is available to fix it”
- Expects the travel agent to keep promises.
- Seeing the travel agent in the duration of the planning phase and chatting about things is a big part in building up the excitement for the trip. This is a fun part because she relates well to her travel agent.
- The whole point of a trip is enjoyment, so if the trip goes well it does enhance her self-esteem. But she wouldn’t realise she was seeking it.
- “I have lovely trip when someone else does the planning. Only wants to participate ‘a little””.
- “Trust is very important. The first time you use a travel agent it’s a leap of faith but then you learn to trust her.”

#### Interviewee 5

- She starts by looking on the Internet at what is available.
- She likes to do as much as possible themselves (her and her husband) so that they have control over it (e.g. accommodation, car hire, itinerary).
- She has been working with her travel agent for a while now so travel agent knows her well and knows exactly what she wants.
- She looks on the Internet for flights to see what is available and what it costs, and then tells travel agent to book it. “Often our travel agent has found better deals for us.” She does however acknowledge that it is generally cheaper to do things herself (e.g. visa). She also notes that “sometimes when you find good deals on the Internet the seats are limited and by

the time the travel agent gets around to booking it the option is not available anymore” and they have to choose another flight.

- They then start looking at their basic travel plan on their own. When they have put together a basic plan they take it to their travel agent to get advice on it e.g. accommodation suggestions. The travel agent knows their budget so she can provide suggestions within their budget.
- Trips are usually coordinated with some academic activities, but they prefer not to book with hotels suggested by conferences. So they start by looking in the area where the conference is and then they start looking on the Internet.
- Travel agent does flight bookings and travel insurance, and sometimes train passes.
- Travel agent books flights to reduce risk associated with cancellation, so that someone else is responsible for it.
- In cases where travel agent has been in the city herself she can recommend accommodation herself, which they trust.
- They prefer to book most of the trip themselves because it is a big part of the enjoyment for them, but it is also stressful.
- Visa advice from the travel agent is particularly important because of the different specifications in different countries. Travel agent usually sends forms but they still need to go to the embassies/consulates themselves. These days they have to organise their visas themselves but with the support of the travel agent.
- If they have a flight problem they contact their travel agent, who has always been helpful to them in sorting out the problem and making alternative arrangements.
- Accommodation problems they handle themselves. Usually the accommodation supplier themselves help them with this.
- The Internet is not always user friendly.
- They never use arranged groups and other package options.
- “We definitely prefer using a travel agent over the Internet, especially if you have a relationship with them. It is especially gratifying if the travel agent has had personal experience in the destination you wish to visit and can offer first hand advice. It’s nice to know there is someone that will help you if nothing works out.”
- They like to control aspects themselves, because it gives them leeway to change so there are quite a few things they do not book in advance, e.g. accommodation in Germany. It is a bit risky but they do not mind taking risks because they do not like to be constrained when they travel.
- They have never had to cancel their trip, but would expect travel agent to handle it if they did cancel it.
- They repeatedly use the same travel agent for a mix of reasons, can be psychological or social, but mostly because she has done a good job. The things that have gone wrong have been out of her control, e.g. flight delays due to the ash cloud.
- They have needed a travel agent after hours but they do not expect the travel agent to be available after hours, but because they have a relationship with their travel agent and they know her on a social basis they have been able to call her.
- “One problem we try to avoid is a travel agency where we have to speak to a number of different people. We prefer to have just one person handle our travel plans.” They also prefer to have an experienced travel agent.
- They definitely prefer a travel agent that has travelled to the destinations him- or herself.

- Her travel agent does everything. She gives the destination, and the travel agent plans the trip – visa, flight, accommodation, and travel insurance.
- Benefit of travel agents is that they have been to many of the countries and have had experience with aspects such as accommodation and transport. They also have customers that have been to destinations that report back to the travel agent and give advice on these aspects so the travel agent can better inform other customers that want to visit the destination.
- “Travel agents had more access into different travel modems overseas than we have, they know which routing to take, and who to contact.”
- “The travel agent’s experience takes a weight off your shoulders knowing that they know what they are doing”
- Travel agents give accommodation options and details e.g. four star, closeness to airport, they have heard which is easier to access, and how to use the shuttle service.
- With flight problems, she has 24/7 contact with her travel agent. She has always been available after hours and has been extremely good with service, and she has needed this service with problems e.g. ash cloud.
- “We use a smaller travel agency because they know our exact requirements, such as that we will not wait at an airport for more than two hours and that we prefer aisle seats, and they always accommodate these needs. They will book these seats online for us 24 hours before even if it is on a Saturday or Sunday.” The travel agent knows
- “They are very honest in their pricing. They will issue a quote but if they find a better price they will let us know. They are always looking for the best flight prices and this makes me feel like their top priority and that they have my best interests.” She has never had this experience with her travel agent before and have been let down.
- She has been with this travel agency for several years and has never had one glitch, and that’s why she goes back to them
- Acknowledges that she could find cheaper flights herself online but then she would have to sit and battle with connecting flights and return flights. She often has to change these flights when on business trips so doing it herself is impossible.
- The travel agent offer best pricing, best routing, and always help with changes.
- The travel agent gives train advice, but she books the train ticket Sometimes she organizes accommodation sometimes travel agent organizes accommodation. But they still give advice on the accommodation.
- Less stressful because travel agent books it
- You can interject when you want to so in the end she still has the control although the travel agent does the arranging
- Human interaction, psychological security that tickets have in fact been booked, rather than booking online and wondering if the booking actually went through
- Have personal connection with travel agent
- Travel is a personal thing in itself, so you want to know that it’s done according to you specifications
- Convenience, so you have time to do other things while they do the organizing
- They get back to you quickly
- For leisure, give broad needs what they like what they don’t like, they come back with options she would never have thought of and specials
- She doesn’t like to look for things, prefers the travel agent to generate options and come back to her and she can say yes or no like this hate this book this
- “I enjoy planning a trip with my travel agent because she comes up with creative ideas, and

with suggestions that opens up your horizons and tickling your fancies”

- “I have a sense of affiliation with my travel agent, and my relationship with her and previous experience gives me peace of mind.”
- Even if she sees the travel agent in the shops they chat like friends and this is important to her
- Past bad experience with previous travel agent – high staff turnover, continuously repeating what you want and what you don’t want to a stream of different travel agent staff.
- At their current travel agent they have been allocated one person that deals with them exclusively
- “Trust is imperative in the relationship, especially in regards to flights and time differences in places such as the U.S.”
- If the trip was successful she gives the travel agent the credit because she didn’t participate too much
- “The fact that you know you can make changes to flight is a comfort”

#### Interviewee 7

- He picks the destination based on his knowledge of what there is. He then will book flight with travel agent.
- If he is not knowledgeable, he ask the travel agent for advice.
- The most benefit the travel agent can provide him with is if the travel agent has been there herself and can tell him the ‘pros’ and ‘cons’ from first-hand experience.
- “I expect value for money”
- He plans most of the trip himself. He prefers to contact a travel agent in the destination country as he feels he can get better deals and more knowledgeable advice.
- He will go to the same travel agent because they are helpful and met all his needs, and particularly because of the personalised service – they add value.
- She also suggests things to him that are unique even if he does not ask for the advice.
- Visa advice, Visa forms. Travel agent knows exactly what to do in these situations.
- From reading he gets information. Also he is well travelled and has friends and family all over the world that he gets information from.
- He uses a destination travel agent for accommodation and hotel car booking etc. Does it through email. It has never gone wrong so he doesn’t have insecurity that it could go wrong.
- If he goes on a golfing trip he prefers to use a travel agent that specialises in golf.
- He is wary of the internet because suppliers can doctor the website and then the accommodation is not what you expected.
- If he goes to destinations he is familiar with he uses the same accommodation.
- He enjoys planning a trip.
- Also used the tourism offices in destinations instead of booking everything so that they have some flexibility. Plans the essential things but leaves gaps so that they can decide on the way.
- Flexibility in certain parts and formality on other parts.
- He hates standard packages. He will only take them for golfing trips. E.g. if going to Mauritius will plan it himself, unless for golf then he will take a beachcomber trip.
- They have spare time to be flexible on their trip and they also have spare time to plan their trip because they are retired.
- First thing he does in a city is take a half day bus trip to get to know the city and then decide where he wants to go and what he wants to see. It gives us snapshot and then you can go into detail.
- When he has flight cancellations/adaptations the travel agent will handle it.
- The travel agent also does all the seating arrangements on the Internet before the flight. His

wife is very tall so they ask for the emergency exit row for Shauna's long legs, which the travel agent always organises.

- He sends a lot of people to her because he has never had a problem.
- "A travel agent is as good as the individual you talk to".

#### Interviewee 8 and Interviewee 9

- Travel agents save a lot of time
- "It's convenient and hassle free"
- "They have knowledge of things you don't"
- "They save you a lot of time"
- "They end up giving you a fool-proof package because they know the protocols", e.g. keep accommodation
- Travel agent books their flights and accommodation
- They like to follow their noses, to choose what they want to do when they want to do it, but they like to get advice from travel agent
- She organises visa because "it's too scary to leave in the hands of other people"
- Being in control is important, e.g. with passports and visas as it gives you peace-of-mind and it saves you money
- "Personal connection with travel agent is important because then they don't want to let you down"
- They use the same travel agent that knows their needs and personalities
- "Although the Internet can get you cheaper options, the travel agent can get you better value for money because they are so in tune with what's going on in the travel industry and they know all about the deals and specials."
- "They have the know-how which is what you pay for."
- Will never use a package trip
- They tend to do a lot of research on places to go, and use recommendations from other people. They rely more on travel agent advice for unknown destinations.
- "We enjoy planning a trip and we like to be involved in it." They hate not being involved and not knowing what's going on, they like to feel that part of it is theirs.
- Being involved also lets them control it to a certain degree
- Use the same travel agent because she always delivers, they trust her and she does not let them down
- Travel agent deals with trip changes and cancellations. They phone their travel agent immediately when they encounter a problem.
- If is an emergency she can phone her travel agent after hours
- If they go to familiar places, they will organise more of it themselves, but will still use travel agent for flights and connecting transport.
- They use a travel agent to avoid wasting time and money in terms of connecting transport, for advice, and in some cases bookings.
- If their current travel agent messes up, they will give the travel agent a second chance to fix it, but if it happens again they will consider changing. Loyalty to a travel agent is important to them.
- The travel agent gives alternative suggestions to what they want to do.
- Prefer to just deal with one person all the time rather than multiple people at the travel agency
- It is a requirement that a travel agent has first-hand experience in the destination or access to first-hand information. "You have a more authentic experience because the travel agent has the ability to take you off the beaten track in terms of typical tourism attractions."
- Their travel agent books aisle seats on flights for them.

- “I have complete peace of mind – emotionally”
- You book a holiday because you want to have fun, and switch off from the grind
- “Being involved in the planning is part of the build-up and excitement, and anticipation. It’s part of the initial enjoyment. But they like to hand over the nitty-gritty.” They would even like to hand over the visas but she would just stress too much for that.
- Travel agent has their own opinions and likes, but they must provide options that suit YOU. “This is a benefit of knowing a person well because they know your likes and dislikes. If you don’t have any input you are relying completely on what they want. You need to have input so you can control the extent to which the trip is what you want.”

#### Interviewee 10

- She requires her travel agent to be productive, efficient and deliver what was promised. E.g. if there is a problem with a visa, it is their responsibility to be in contact with the embassy to fix it.
- Deal with problems e.g. cancelled flight.
- “They need to communicate what is going on and what problems customers encounter.”
- For a new destination it is nice to have suggestions. But she generally has her own pre-set ideas about what she wants to do, where she wants to stay, and the travel agent must just book it.
- Less stress that something will go wrong.
- She has a relationship with her travel agent, so she phones her many times before, especially if the visa has not arrived. The travel agent is always nice, she never comes across irritated or unwilling to help. Eventually they start chatting about other things unrelated to the trip and she really enjoys having that relationship
- A past travel agent made her feel like she was wasting her time and she did not feel like a priority, and they did not get along, so she changed to her current travel agent.
- If there are problems encountered before she has left for the trip she will phone the travel agent if it is something she can fix. When overseas she will fix it herself. The travel agent has never given her a cell number or an after hour’s number so she cannot phone the travel agent. However “I do expect to be able to phone my travel agent after hours in the case of an emergency or have access to an afterhours service.”
- “I prefer being able to go to my travel agent and talk to her face-to-face.”
- She does not use the Internet for anything.
- The travel agent does not need to have first-hand experience in the destination but the more knowledge the travel agent has the better.
- “I like to give suggestions and input rather than just hand over the entire planning of the trip firstly because I enjoy participating in the planning of the trip and secondly because I have more control and am less insecure of what could go wrong”
- The travel agent has information if the flight is cancelled or if the rate goes up which is information that the traveller does not necessarily have, and the travel agent communicates it to her
- The travel agent is very “on the ball” with routing which is a benefit.
- The very important role of the travel agent is that she doesn’t feel stressed when planning the trip. She loves it that the travel agent always says “I’ll help you” or “phone me if you need anything.”
- She always feels that the travel agent is genuinely interested in her trip which is important because it makes her feel important, and it makes the process a positive experience. It helps build up excitement and anticipation for the trip.
- It is really important to her that the travel agent is always friendly, happy to see her,

accommodating, and makes her feel like the most important customer.

- Trust is really important to her.
- The travel agent gives her advice on things she must see,
- The travel agent will never try to cheat her out of a price.
- She believes that the travel agent can find her a better deal because they deal with these products every day. If she wants to use a certain type of connecting transport in her trip the travel agent will suggest a better option to her when compared to her original suggestion if it is available, so the travel agent will find her the option that is in her best interest even if it is not what she originally had in mind.
- They help her but they take risks on her behalf. For example the travel agent will tell her she has made a booking, but then will cancel the booking to keep her options open for alterations.

#### Interviewee 11

- “You know all your flights will be booked and the visa will be organized.” The paperwork especially the visa as that causes her stress.
- “They do all the hard work and you do all the fun stuff like figuring out where to go and what you want to see, choosing accommodation, and then telling them to book it. They can give advice considering characteristics you want like in the city centre within your price range”
- “It is fun planning the trip”
- They have experience so they know what to do.
- “It nice having a relationship because you can phone her as many times as you like and she will help”
- “Every time you book through your travel agent they get to know you better, so each trip you plan gets better because they understand you better”
- If in a situation where there are problems e.g. flight or accommodation she tries to deal with it herself, she feels too bad to phone the travel agent. Also the travel agent is not available after hours and she understand this so doesn't feel like it is a necessary benefit.
- She does not mind emailing or talking face-to-face, both are easy.
- Finding accommodation on the Internet is really easy for her.
- She prefers to talk to people that have been to the destination rather than the travel agent if the travel agent has not been there, about where to stay and how much money to take. Travel agent should have that sort of knowledge, it is a bonus. Also, her travel agent takes other customer feedback and uses this first-hand knowledge in her advice, which she feels is a big bonus and it make the travel agent more trustworthy.
- Having a travel agent do the bookings provides extra confirmation that the bookings have been made.
- “In aspects that you don't book with the travel agent, they can remind you to organise certain things and give you helpful hints and tips which you may have not been aware of or forgotten about.”
- The travel agent will book flights according to her need for extra wait times so that she does not stress about missing the flight
- “When I participate in the planning of the trip I feel a sense of accomplishment which is part of the whole travelling experience for me. It's also very important that I don't feel stressed or unhappy during the planning because it is part of the holiday and it helps me to look forward to it instead of hindering that positive anticipation”
- The role of the travel agent in the build-up is important because” she says things that get you really excited”, and it contributes to her overall experience of the trip. Little personal comments like “remember to take you costume” and “have you got an extra memory card for your camera” really build her up for the trip and it feels like the travel agent is excited on her

behalf. It feels like they really are interested, whether they are or they not.

- The travel agent saves her time.
- She believes that the travel agent can find her a better deal, but if she does she will take it to the travel agent and ask if they can match this and they usually do. The travel agent has many contacts and therefore knows what the best options are and they can give her these options.

#### Interviewee 12

- She only uses a travel agent to book flights and for travel advice.
- When she travels she stays with friends and family. Often they travel around her husband's academic conferences, and then the travel agent books the accommodation for her and her kids in the same hotel as the conference members.
- She uses a travel agent because she does not have the time to search for options online herself.
- It is quicker to hand over the planning to the travel agent so that she has time to do other things.
- The entire trip is less stressful because the travel agent planned it.
- It is important that the travel agent gives options that meet what she asked for but are still within her budget.
- She does not enjoy making bookings and but she does enjoy looking for options on the Internet in the evening with her children.
- For her, the biggest advantage of planning a trip with a travel agent is the speed at which the trip is planned, reduced stress and responsibility and economic benefits because the travel agent plans her trip according to her needs but within her budget.
- The travel agent generally has experience in the destinations her family visit and so she trusts her advice.

#### Interviewee 13

- "Professionals know about more options therefore they reduce the chance that you will find something better too late if you search on your own."
- "I can have a conversation with my travel agent about my needs to obtain a logical and practical end product."
- Often she makes suggestions about what she thinks is the best and then later the travel agent will come and suggest something more appropriate which has always been the better option. For example she identifies a flight that she wants but the travel agent will inform her about lay over times and recommend something better.
- "My travel agent has a contingency plan that I would never even have thought about."
- She thinks that people who do not go to a travel agent think they can get better deals on their own because there are so many websites to find them on.
- "I rely on my travel agent to have an established network so that if things go wrong she can tap into her network and find a solution" (e.g. getting a visa in time, or changing accommodation) – "so that you are not just an individual in a system but that you have an agent that talks for you. Because often things go wrong such as you miss flights or flights are cancelled – and then you feel overwhelmed because the airline will just tell you well sorry, whereas if you do have an agent you can just run to them. So the benefit is that you have someone that knows the system and can negotiate with the system on your behalf." In these situations she goes straight to the travel agent, she does not try to solve it herself.
- Although many of her colleagues and friends tend to book trips themselves, she does not like to do it because she feels like it is an information overload. She says she does not have the patience, the time or the know-how to really to spend time being "bogged down" by this. She feels that the travel agent has enough knowledge and experience to immediately spot

something that is a good deal.

- “I feel that there is too much information available [on the internet] and I rely on the travel agent to sort through it”
- She does not like the planning so she prefers to hand the entire trip over to the travel agent. She will spend time at the initial stages going in or having phone conversations to identify what she wants. She does not expect them to know her exact needs without having anything to work from, but she does not book anything herself. She also likes to spend time having initial conversations to avoid going back and forth at a later stage. After that she will leave it in their hands.
- “I do like to have a bit of flexibility in the itinerary so that during the trip I can change my mind a bit.”
- She does not like travel agents that quickly put together an itinerary and expect her to confirm it without giving it sufficient thought.
- “The fact that you can choose how much you want to be involved is a benefit.”
- She likes the fact that she gives her advice on her suggestions. There are a few occasions where this has happened to her. For example, if she asks to stay in a certain hotel and the travel agent advises her not to stay there because it is in an unsafe area and recommends a better option. In the end she is always glad that she took the travel agents advice.
- It is not important to her if the travel agent has been to that destination/hotel previously, but that the travel agent speaks to other customers that has been there and gets first-hand experience from them to share with other customers.
- “It is extremely important that the travel agent chats to the customer after the trip to see what they loved about it or what went wrong, and then they can pass this information onto other customers.” She feels that travel agents do not fully capitalise on this opportunity. She says this is one thing that distinguishes a good from a “not so good” travel agent a travel agent – their ability to establish a network of feedback and stories from past customers,<sup>23456</sup> because through their stories the travel agent gets to know places. If the travel agent is truly good at working with people then they accumulate those stories.
- Trust is the basis of her exchange with the travel agent. If she ever works with a travel agent that abuses that trust she will not go back and she will tell everyone else about it so that they can avoid that situation
- She trusts that the advice and stories the travel agent gives her are real, and that everything they tell her is based on their experience or their best knowledge – so basically that they are honest with her
- If her trip did not work out, she expects the travel agent not to be defensive about it, but rather say “well ok, that is the first, let’s see what happens” and then brainstorm with her at the end and identify what went wrong and how it can be prevented in the future, so that she and the travel agent can learn from the experience
- She says it is very important that the travel agent maintains conversation with you about the trip even after the trip. She feels that travel agents underestimate people willingness to engage in conversation with them even after they have returned – this builds trust so even if the trip did go wrong she would go back because she knows that she can talk about it the travel agent acknowledges that they learnt from this and that next time they will know better. So it’s not just the initial trust but the trust afterwards to deal with it in a professional manner
- Negative experience: if she planned something but later needs to change it, such as going on the trip a day earlier and the travel agent can’t provide any flexibility and then they get impatient. She says she probably won’t work with a travel agent that gets impatient with her as it is unpleasant.

- Setting up a trip is a lengthy process but if you haven't had the proper conversation beforehand and the travel agent sends you an itinerary without consulting you, and you sort of think but what we haven't had that conversation yet, and you are still gathering information. If she had only spoken to them so that they can prepare ideas for her, not plan an itinerary without know what her specific needs and wants are, and then they get impatient because she keeps changing her mind, and then she feels rushed and feels like she is inconveniencing them – this is a negative experience. Also super-efficient travel agents that want confirmation quickly, not in a time frame that is comfortable to her makes the relationship between her and the travel agent complicated – and she doesn't; want to fells so many emotions like this while booking her trip
- She likes travel agents that have a list of questions to ask her so that she knows that they really understand her needs and wants, and they can identify if her tripped is planned already or if they can make suggestions, and then the travel agent can ease into that confirmation
- Her first source of information is to consults friends that have been to that destination for information. She doesn't use the internet too much because she feels the mass of information bogs her down. Looking at places on the information is just too overwhelming. She doesn't know how to "separate the tacky things from the cool things on the internet".
- Prefers customized over standardized trip with the travel agent
- "Having options is a benefit of a travel agent." For example she may have planned her trip very early in advance but then the weather is bad so she needs plan B options to save the trip. In winter the flights often get delayed. So to have a contingency plan or two
- She says that a possible functional benefit is the identification of possible risks. The travel "The travel agent, with experience and maturity, will already have gathered some risks from previous experience with clients, and especially if they gather feedback from clients – and they communicate it to you so that you go into the trip knowing what can go wrong."
- Closer to the time of departure she starts to get excited and make her own plans. She says she thinks there is a hierarchy of planning things, first you book the flights, then you look at options for accommodation, then you look if you need a car or not, and see if you can do this or that- she says "this is the fun part where I really like to get involved" – she likes organizing where exactly to go, and then booking accommodation options. This is where she starts to get involved (by looking for information). This part is fun.
- She uses the same travel agent who is responsible for her lab at work. She is convenient. This person exclusively deals with her lab so she knows all about everything, she knows her customers extremely well and the products they look for so has good advice and can spot a good deal very quickly
- She has not felt compelled to change at all because she appreciates that her travel agent knows her customers so well. Also, because she always deals with the same person, she feels that they know what is going on and what her specific needs and desires are, so trust has been built. She prefers this hugely than dealing with multiple different people.
- "The ultimate thing is that the travel agent can recommend just the thing for you" – the travel agent's recommendation perfectly satisfies her desires and needs
- She feels that the travel agent should encourage customers to share their stories. People love telling their stories and it's a relationship building tool.

#### Interviewee 14

- She and her husband travel for six weeks at a time once a year therefore they only plan the necessities with a travel agent, namely flights, some accommodation and some connecting transport.

- She does not use the Internet at all to find destinations to visit, but they watch the travel channel, and read travel books and magazines to collect information and identify where they want to go.
- She speaks to friends and family for information and they often stay with friends and family when travelling.
- They remain in contact with their travel agent when abroad for advice.
- She does not think it is fair to the phone travel agent after hours. She has never needed to either, when they have required travel agent assistance after hours they have managed to sort it out themselves.
- Because they have travelled a lot they find that it is easy to “book as you go” when in Europe, so they only book flights and some accommodation and plan the rest as they go.
- When they have travelled in Africa and South America they prefer to book everything through their travel agent because they are uncertain about infrastructure and culture. They take their options they have read about or heard about and would like to visit to the travel agent to get advice.
- They are particularly reliant on travel agent for visa support.

#### Interviewee 15

- She uses a travel agent to book flights and accommodation, provide visa support and advice and to organise her travel insurance.
- She prefers to plan her own itinerary based on advice from friends and family, and her own research online and in books and magazines.
- She repeatedly uses the same travel agent because she trusts the travel agent and that trust has never been abused. When things have gone wrong it has been things out of the travel agents control, such as flight delays or accommodation that she organised herself.
- She uses the travel agent purely because the travel agent can act as an advocate for her. If she encounters any problems she phones her travel agent immediately and the travel agent sorts it out promptly.
- She does not feel that she has any personal connection or relationship with the travel agent besides trust.

#### Interviewee 16 and Interviewee 17

- They value convenience as their travel agent has the information and ability to book everything from visas to buses and transfers. Therefore all of their information requirements are at one stop instead of having to research everything individually on the Internet. “The internet won’t inform you about aspects you are not aware of in the first place.”
- There are three travel agents at the travel agency they use, and they deal with one in particular. However, usually at least one out of the three of them have been to the destination, therefore they almost always have access to first-hand information other than what their friends and family can offer.
- “Personal connection and personal service is important to us because when we encounter a problem we phone our travel agent rather than having to figure it out on our own”
- Their travel agent has an afterhours cell phone number for emergencies although they have never used the service. They like to know that it is available to them.
- They are only interested in tailor made holidays and will not use a packaged tour as they have specific interests and are not interested in other tourists.
- They believe that their travel agent can find better deals because they are in touch with key tourism suppliers, and she always provides options within their budget that still meets their requests.
- A travel agent can come up with better ideas that they would not have thought of. E.g. flying

Emirates instead of SAA for half the price.

- They generally plan their day to day activities themselves because they like to be flexible for reasons outside of their control. E.g. they might discover a small town while they are there that they want to visit.
- They enjoy planning their trip, the travel agent listens to all of their requirements and gives them multiple of options within their budget, and then they choose the options they want.
- "I feel that because we use the same travel agent she knows our personalities and provides options that suit us better" ...than using different travel agents the whole time who are not familiar with them and cannot give them what they want because they do not know them.
- They keep going back to the same travel agent because of excellent service and good prices.
- Their travel agent provides advice on documentation, and they double check this documentation, visa, and baggage requirements etc. reducing their insecurity that things will go wrong.

#### Interviewee 18

- She value the convenience benefits the travel agent provides.
- She requires advice because she is not always sure about what she needs when she visits different destinations in terms of visa, flights, accommodation and destination transport.
- "It saves time as you would have to research these things yourself and the money value of your time doing this is not always worth it."
- Her travel agent is a safety net as she can email or phone her to sort it out "otherwise it's just you against the airline, or you against the hotel or tour operator."
- "The travel agent has more clout."
- Sometimes her travel agent also knows about cheaper deals resulting cost advantages, but she acknowledges that her travel agent also gets commission.
- Her travel agent's knowledge of how things work is of benefit to her.
- She does not like normal tourist destinations or advice on what to see. She only wants advice on what the best way to get around is. She would be put off if her travel agent was too involved.
- If she did not like the way a travel agent did things or did not get on with his or her type of personality she would change to another travel agent as "dealing with a travel agent is a personal thing."
- She likes the personal attention from a travel agent.
- She does not really enjoy the technical aspects of planning a trip.
- She likes to explore options herself.
- She likes to have accommodation and a car organised, and take the rest as it comes.
- She likes to work "50/50" with a travel agent, she tells them what she wants and then she compares the final trip to her wants to see if the travel agent got it right.
- "I like to use a travel agent because the travel agent is a professional and is aware of many more options, it saves time and money."

#### Interviewee 19

- He values travel agents because of their knowledge of stand-over and connecting times, and the convenience they provides.
- However, he also acknowledging that "they do make money out of you."
- He believes that there are no economic benefits with using a travel agent because it is ultimately cheaper to 'shop around' online.
- Besides flights, his travel agent books his accommodation "because it is foolproof – it is definitely booked."

- He has a good relationship and personal connection with his travel agent. He sends her joke emails all the time so they also have a personal bond.
- As she has been in the industry for a long time and has experience she makes special effort to get him on a flight (“which is supposed to be the cheapest but will also suits her pocket”)
- If the travel agent plans the trip and something goes wrong he will blame the travel agent, if everything goes ‘right’ his travel agent gets the credit.
- “My travel agent knows my personal tastes and needs, and she matches options to my needs. She knows what not to recommend.”
- In many cases his travel agent has been to the hotels she recommends therefore offers trustworthy first hand advice and has more confidence in making the recommendation, therefore he has more confidence in accepting the recommendation. His travel agent can explain the hotel in exact terms.
- His travel agent must do everything except put together a day to day itinerary.
- He does not want standardised package options, only customised trips.
- He repeatedly uses the same travel agent because she has not disappointed him yet and he trusts her.

#### Interviewee 20 and Interviewee 21

- By using a travel agent they saves time shopping around.
- A travel agent is a comeback, so that they are not mislead by what is advertised by tourism suppliers. The travel agent knows what she is organising for them and they trust that they will get what they pay for.
- The travel agent is accountable for the booking, so if it does not go according to what they want the travel agent can change it.
- They only use a travel agent to book flights and to provide support with visa advice, but the rest of the arrangements they do themselves as it is the fun part of planning the trip.
- They understand that it is cheaper to book everything yourself but they do not have time to look for good deals and organise connecting flights, it is more convenient for them if the travel agent does it.
- In the past, the problems they experienced on their trips they sorted out themselves. They did try to call the travel agent again but she was not available to help them. The travel agent should not have booked them into a hotel of that standard so they just never contacted that travel agent again.
- They have not found a travel agent that they use repeatedly as they have had problems on most occasions, such as multiple vs. single entry visa, flight routing, poor accommodation, etc.
- However, the convenience provided by the travel agent is extremely important to them. It makes decision-making easier.

#### Interviewee 22

- His travel agent provides him with the best routing at the best price, and he has “recourse” if he runs into trouble on his travels.
- His travel agent is able to prebook seating for him on some airlines.
- His travel agent books accommodation and hires a car for him. She also organises his visa and travel insurance, so he gets a complete and customised package.
- He does not like to plan any of it himself, but he likes to double check the times between flights because he does not want to stress about it. However, the travel agent is aware of this and accommodates it.
- The two things his travel agent knows that he is specific about is that he likes to sit at the back (if he cannot have an exit seat) and the time between flights.

- He values loyalty in business and therefore trust is very important to him.
- Because he has done a lot of business with his travel agent, he trusts her and she knows his requirements, so there is familiarity involved.
- He can be absolutely honest about his requirements and she will meet them.
- He is confident in her.
- He enjoys looking for options, for example his fishing trip in Mauritius, even though he did not book that specific trip through her, he enjoyed the process of finding the option and organising it.
- He wants to state his objectives and requirements (find out where he wants to go), and then the travel agent must organise it, so he outsources the “nitty gritty.”
- It is really important to him to have somebody to fall back on that he can contact at very short notice if there is a problem, which was proven by his travel agent when she got him home the fastest and most efficient way when the ash cloud hit two years ago.
- The biggest benefit for him is that he gets extremely good personal service.
- He knows she is his priority.
- “I feel a sense of affiliation to her [travel agent] and that’s where my loyalty stems from.”

#### Interviewee 23

- She uses a travel agent for flight bookings when connecting flights are involved.
- She uses a travel agent to make changes to her travel plans – she likes to have a person to “go back to.”
- Booking the flights through a travel agent reduces stress so that she can plan and book accommodation and the fun parts herself.
- She wants reasonable pricing. She usually double checks flight prices online to ensure that her travel agent finds her a decent price.
- She will figure out the routing herself and make sure the travel agent’s routing is similar.
- She also requires her travel agent to be capable in terms of calculating time zone and details about the destination.
- Her travel agent needs to be fast enough and “clued up enough” to check every airline for every possible routing so that she can pick the option she likes the best.
- “I enjoy figuring out where to go but rely on suggestions by my travel agent for details about the destination”
- She also likes to visit destinations where she has family.
- She requires visa support from her travel agent.
- She requires efficiency and fast communication from her travel agent. Her travel agent must get back to her quickly and not phone her back three days later.
- Trust is extremely important to her. Her travel agent has proved to be reliable, which is one of the reasons she keeps going back.

#### Interviewee 24

- Her travel agent has the contacts to find her the best prices and has first-hand experience with her destination choices.
- Her travel agent manages to prebook good seats on flights.
- As she has travelled extensively, she has very specific requirements.
- The efficiency and communication efforts of her travel agent are important qualities.
- Her travel agent offers alternatives when the trip is complex.
- She prefers to plan her trip when she is familiar with the destination, but when she is unfamiliar with it she relies more on her travel agent.
- “I love planning a trip”

- She prefers to find her own hotels, as she feels uncomfortable with travel agents doing it because of bad experiences in the past where the hotel did not meet her expectations. She is very fussy about accommodation.
- She will not go back to a travel agent if she has a bad experience with him or her. The travel agent only gets one chance.
- A personal connection with the travel agent is very important to her. She has never met her travel agent and deals with trip arrangements over the phone or email, but the personality that she experiences is “incredible” and they connect well. Therefore personality and efficiency are her primary benefits.
- “Honest pricing is important to me, I want to see what I pay for and I want good prices... I don’t want to feel overcharged”
- “I know I can find better deals online but I prefer the convenience, time saving, and first-hand experience of my travel agent.”
- Recently she received an invoice from her travel agent separating the booking fees from the service fees and she was horrified – she felt overcharged. However, she does understand that the travel agent must be compensated for his or her service – but she just wants value for her money.

#### Interviewee 25

- The most important part of the trip-planning phase is his control over the plans.
- He uses a travel agent to make the actual bookings and provide advice, but he looks for all the options first himself.
- He does not trust travel agents because of past experience (especially for accommodation), however because of the advocate benefits of a travel agent he still uses one for flight bookings.
- If an option is substantially cheaper to book himself he will do that. If it is only a little cheaper he will still leave it up to the travel agent
- He acknowledges that travel agents can also sometimes find him better deals because of the connections they have in the tourism industry,
- Negative past experiences with a travel agent have been because the travel agent tries to sell options that are in their best interests and not always in his, therefore he did not feel like a priority, and also because of poor accommodation, e.g. booking a 3 star hotel in Mauritius.
- He enjoys planning a trip especially searching for options on the Internet and asking other people – it is part of the excitement of the trip, he likes to feel in control of the outcome of the trip and feel the comfort that he is planning the trip that best suits him and his family.
- He would rather trust the first-hand experience of people he knows, therefore prefers to visit destinations that have been recommended to him by his friends.
- He prefers to figure out visa requirements himself with a little travel agent input, as he prefers the security of knowing if he has done it properly, especially in situations when it is unclear if you need single or multiple entry specifications.

#### Interviewee 26

- He uses a travel agent because he does not have time to plan a trip himself, and prefers to visit unfamiliar destinations that are not always tourist friendly. Sometimes his travel agent will recommend a destination and sometimes he will hear about a place from somewhere else (e.g. TV, online, news).
- His travel agent books his flight, finds out about the visa requirements and organises his travel insurance.
- He likes to keep his accommodation flexible, sometimes he books it, sometimes he stays with friends, sometimes he makes no bookings and organises it when he gets there – depending on the destination.

- He likes to keep his itinerary flexible so that he can explore when he gets to his destination, as he does not have much time to do it before hand.
- A major benefit of planning his trip with his travel agent is that she does all the time consuming work and he can just figure out the personal bits e.g. choose basic accommodation from the options she provides.
- Him and his wife generally 'shop around' on the Internet to get an idea of what to do at the destination. This builds up their excitement, and the trip starts to become a personal experience.
- He likes his travel agent to go the extra mile in finding accommodation because of the nature of the destinations they like to visit, e.g. contact accommodation. places if minimal information is available, or contact destination tourism offices to find out more accurate details about the accomodation.
- His personal connection with his travel agent is important because he knows he can trust her bookings, which is important because she is responsible for the risky parts of the trip.
- He uses the same travel agent because she is honest, reliable, and he has not had any bad experiences with her yet. The only negative experience was out of her control (trip cancellation) which she handled as best as she could.

## ADDENDUM 4

### INITIAL POOL OF 323 ITEMS

CONVENIENCE	ITEMS
<p style="text-align: center;"><b>Core:</b> <b>Comfort/Useful/Easy/Effortless/ saving time</b></p> <p><b>OPERATIONAL DEFINITION OF CONVENIENCE BENEFITS</b></p> <p><i>Convenience benefits include the variety of channels available for communication, the ease of concluding a transaction, the simplification of complicated itineraries and easy decision-making to save time and effort.</i></p>	<p><u>Information provided by my travel agent made it easy for me to make decisions</u></p> <p><u>I can communicate with my travel agent through various ways</u></p> <p><u>My travel agent makes it easy to complete my purchase</u></p> <p><u>My travel agent makes complicated itineraries simple</u></p> <p><u>My travel agent quickly resolve any problem I encounter</u></p> <p><u>Interacting with my travel agent saves me time</u></p> <p><b>EASE OF TRAVELLING</b></p> <p>A#9) Planning a trip with a travel agent makes travelling easier</p> <p>A#103) It is easy to plan my trip when I use a travel agent</p> <p>W#50) Travelling is easy when I plan it in conjunction with a travel agent</p> <p><b>EASE</b></p> <p>SVGG#B1) The option I want from the travel agent can be located quickly</p> <p>SVGG#B2) It is easy to find the products I am looking for at the travel agent</p> <p>W#8) It is easier to get insurance straight through the trip if I use a travel agent</p> <p>R#5) When I use a travel agent I am able to plan my trip without disruption or delay</p> <p>MMK#EF2) Planning my trip with a travel agent makes my life easier</p> <p><b>CONVENIENCE</b></p> <p>T#17) I find it convenient to use with a travel agent</p> <p>R#6) When I use a travel agent I am able to make my purchases conveniently</p> <p>362#1) I value the convenience benefits my travel agent provides me with very highly</p> <p>OL#1) I experience shopping convenience when I plan my trip with a travel agent</p> <p>A#1) I find it convenient when the travel agent streamlines processes</p> <p>W#33) I experience convenient one stop shopping when I plan my trip with a travel agent</p> <p>R#4) When I use a travel agent I am able to get everything I need at one stop</p> <p>W#41) Complicated itineraries are made simple when I use a travel agent</p> <p><b>CONVENIENT OPERATING HOURS</b></p> <p>EAPBZ#E2) The travel agent has operating hours convenient to all its customers</p> <p>SVGG#A1) The travel agent offers convenient business hours</p> <p>CAKH#A3) The hours of operation of the travel agent were convenient</p> <p>A#30) When I use a travel agent I have access to after-hours service (?)</p>

	<p><b>LESS EFFORT</b>  CAKH#B1) I was able to get the benefits of the travel agent with little effort  OL#4) I save effort when I co-produce with a travel agent</p> <p><b>FILTER INFO</b>  W#25) I benefit from the interaction because the travel agent filters product information  T#26) The travel agent prevents me experiencing too much information  A#89) The travel agent helps me deal with information  W#28) I benefit from the interaction because the travel agent analyses current promotions for the best options</p> <p><b>PAYMENT</b>  CAKH#A5) I find it easy to complete the planning of my trip with the travel agent  SVGG#T3) It takes little time to pay for my trip at the travel agent  CAKH#A6) I am able to complete the payment of the trip quickly at the travel agent  W#18) When I use travel agent I don't have to make multiple payments – everything is done in one go</p> <p><b>EASIER DECISION MAKING</b>  A#14) The travel agent makes decision making easier  T#34) In a co-production arrangement with a travel agent, decision-making is easier for me  CAKH#D2) Making my mind up about what travel product to buy is easy  CAKH#D1) The information I received from the travel agent makes it easy for me to choose what to buy  SVGG#B4) It is easy to evaluate the options at the travel agent  OL#3) I have reduced choice when I plan my trip with a travel agent</p> <p><b>FLEXIBILITY</b>  KKW#1) I benefit from booking flexibility when I use a travel agent  KKW#3) I benefit from the travel agent's ability to make multiple bookings  T#13) Co-production ensures that my travel arrangements are both flexible and executive  A#25) The travel agent enables me to build flexibility into my travel plan</p> <p><b>TIME</b>  MMK#EF1) Using a travel agent is an efficient way to manage my time  W#1) Preparations are made faster when I interact with a travel agent  W#46) When I use a travel agent I can still get my own work done at the office and get my trip planned  MMK#EF3) Interacting with the travel agent fits with my schedule  W#11) When I use a travel agent he or she takes the trouble and time out of having to set everything up  T#1) Co-production saves me time  T#21) The travel agent attends to the time consuming paperwork part of arrangements  A#45) I save time by working with a travel agent  SVGG#T2) I am able to plan my trip quickly with the travel agent  362#2) I value the time saving benefits my travel agent provides me very highly</p>
<p><b>CONFIDENCE</b>  Core: Reliable/Reduced risk/Trust/Confidence</p>	<p><b>ITEMS</b>  <b>TRUST</b></p>

**OPERATIONAL DEFINITION OF CONFIDENCE BENEFIT**

*Confidence benefits refer to reduced risk that something will go wrong and feeling confident about travel arrangements resulting from the trust in the travel agent.*

I trust my travel agent when I plan my trip

I trust the judgment of my travel agent when I plan my trip

**REDUCE RISKS**

T#6 ~~Co-production with my travel agent reduces risk for me~~

Planning a trip with my travel agent reduces risk for me

GGB#1 When I plan my trip with a travel agent I believe there is less risk something will go wrong

A#60 When I plan my trip with a travel agent the travel agent takes risks on my behalf

A#73 When I plan my trip with a travel agent , the travel agent identifies possible risks

OL#10 When I plan my trip with a travel agent I reduce the risk of receiving inconsistent quality

A#95 When I plan my trip with a travel agent I reduce the risk of receiving the wrong bookings

437#9 Generally, the travel agency I interact with provides an environment that is free from risk or doubt

**LESS STRESS**

T#8 When I use my travel agent I experience less stress compared with when I would do it alone

W#21 When I interact with a travel agent I am less stressed about my travel plans

OL#11 When I use a travel agent I experience less stress in the trip planning process

GGB#4 I have less anxiety about the trip when I have planned it with a travel agent

MSRC#E4 I feel relaxed with the travel agent when I interact to plan my trip

**SECURITY**

OL#26 I benefit from the security I feel when I use a travel agent (trust, confidence, reduced anxiety)

A#16 Planning a trip with a travel agent reduces the insecurity of travelling

T#18 Planning a trip with a travel agent ensures certainty / finalisation of travel arrangements

PBZ#A2 I feel safe when I plan a trip with the travel agent

**PEACE OF MIND**

A#52 I experience peace-of-mind regarding my trip when I plan my trip it with a travel agent

A#104 When I plan my trip with a travel agent my mind is at ease

A#105 Nagging concerns are eliminated when I use a travel agent

**CONTROL**

A#20 I have more control when I interact with a travel agent to plan my trip

T#19 In co-production I exercise a certain degree of control over the outcome /

When I plan a trip with my travel agent I exercise a certain degree of control over the outcome

OL#7 I interact with the travel agent so that I can control "timing of delivery" of my trip

OL#29 I have more control over the outcomes of the trip when I interact with the travel agent

W#47 When I interact with a travel agent I get to tell someone what to do for a change

**SHARE RESPONSIBILITY**

A#71 I share responsibility of the outcome with the travel agent when we plan the trip together

T#41 When I interact with a travel agent I feel responsible for the outcome of the process

OL#19 I share responsibility of the trip outcomes when I a involved in planning it with a travel agent

A#84 When I plan my trip with a travel agent I double check the plans

	<p><b>CONFIDENCE</b>  DB#4 I am confident of the outcome when I plan a trip with my travel agent  T#37 When I plan my trip with a travel agent I feel useful / worth /CONFIDENT  GGB#3 When I plan my trip with a travel agent I have more confidence the service will be performed correctly  PBZ#A1 My travel agent's behaviour instills confidence in me  R#11 When I plan my trip with a travel agent I feel like a smart shopper</p> <p><b>REALISTIC EXPECTATIONS</b>  OL#8 I form more realistic expectations about my trip when I plan it with a travel agent  GGB#5 I know what to expect when I co-produce a trip with my travel agent / I know what to expect when I plan a trip with my travel agent  MSRC#Q4 The result was as expected when I interacted with the travel agent to plan the trip</p> <p><b>KEEP PROMISES</b>  89#3 My travel agent keeps his/her promises  89#1 The travel agent I interact with has a good reputation  A#17 When I interact with the travel agent I can ensure that promises are kept  A#54 When I plan the trip with the travel agent he or she delivers promises  PBZ#R1 When the travel agent I interact with promises to do something by a certain time, he or she does so</p> <p><b>HONESTY</b>  A#87 When I interact with the travel agent I obtain accurate details  W#29 The travel agent clarifies the fine print  A#81 When I interact with a travel agent I am not misled by advertising  250#1 My travel agent is honest in his/her interactions with me  250#3 When I plan my trip with a travel agent I believe what the travel agent tells me</p>
<p><b>CUSTOMISATION</b></p> <p><b>Core:</b>  <b>Modification/Tailoring/Adjustment/Made to specifications/Tweak</b></p> <p><b>OPERATIONAL DEFINITION OF CUSTOMISATION BENEFITS</b></p> <p><i>Customization benefits refer to a product/service that is tailor made to a customer's demands.</i></p>	<p><b>ITEMS</b></p> <p><b>INVOLVEMENT</b>  <del>T#27 When I plan my trip with travel agent, I decide how involved I want to be</del>  <del>A#70 I can choose how much I am involved when I interact with the travel agent to plan my trip</del></p> <p><b>CUSTOMISE</b>  <del>T#29 My travel agent is able to customise my service based on my input</del>  <del>OL#12 I receive a customized end product/service when I interact with my travel agent/</del>  My travel agent is able to provide me with a customised end product/service  I accomplish what I want to when I customise a trip with my travel agent</p> <p><b>PERSONAL ATTENTION</b>  <del>PBZ#E1 The travel agent gives me individual attention</del>  <del>PBZ#E3 The travel agent gives me personal attention</del>  <del>PBZ#E4 The travel agent has my best interests at heart</del>  <del>A#78 I receive personal service when I interact with a travel agent</del>  <del>W#15 I receive personalized service when I interact with a travel agent</del></p> <p><b>SPECIAL RESERVATIONS</b></p>

T#16 The travel agent can make special reservations such as “preferential seat booking” for me  
**PREFERENTIAL TREATMENT**  
 GGB#12 When I interact with the travel agent I get discounts or special deals that most customer’s don’t get  
**REQUIREMENTS/NEEDS**  
 T#3 My input ensures that the travel agent takes my requirements into consideration  
 A#31 When I plan my trip with a travel agent, the travel agent knows my exact requirements  
 A#76 My information requirements are satisfied when I use a travel agent  
 PBZ#E5 The travel agent understands my specific needs  
 KKW#4 The travel agent provides me with detailed information based on my specific needs  
 OL#6 My needs are met when I plan my trip with a travel agent  
 A#61 When I plan my trip with my travel agent arrangements are made that match my needs  
 132#2 The travel agent listens carefully to my requests  
 A#44 The travel agent meets my requests when we plan my trip  
 A#34 When I interact with a travel agent the trip is planned according to my specifications  
 W#7 When I interact with a travel agent plans are made according to my likes and dislikes  
 133#3 My travel agent tries to arrange my trip as close as possible to my specification  
**PRIORITY**  
 A#7 When I interact with a travel agent I feel like his/her top priority  
 GGB#14 My travel agent does things for me that he/she doesn’t do for other customers  
 GGB#15 When I interact with the travel agent I am placed higher on the priority list when it is busy  
 GGB#16 When I interact with the travel agent I get faster service than most other customers  
 MCV#9 When I interact with a travel agent he/she takes better care of me  
 MCV#10 When I interact with the travel agent I’m treated better than other customers  
 MCV#11 When I interact with a travel agent I’m treated with more respect  
 123#3 I prefer to interact with my travel agent because his/her service makes me feel important  
 MCV#12 When I interact with a travel agent I feel more distinguished than other customers

**ENJOYMENT ITEMS**

Core: Enjoyment/Pleasure/Having fun/Participation

**OPERATIONAL DEFINITION OF ENJOYMENT BENEFITS**

*Enjoyment benefits are the enjoyment, entertainment and fun experienced while planning and anticipating a trip.*

**ENJOYMENT**  
 T#14 I enjoy contributing when I interact with the travel agent  
 OL#25 ~~I interact with my travel agent because I enjoy being involved / I enjoy being involved in planning a trip with my travel agent~~  
 A#4 I enjoy interacting with my travel agent because I can plan the fun aspects  
 MCV#7 Interacting with my travel agent is enjoyable  
 SVGG#E2 I enjoy planning a trip with my travel agent  
 543#2 Planning a trip with my travel agent is enjoyable  
 OL#13 I enjoy the experience of planning a trip with my travel agent  
 A#3 I enjoy planning a trip with a travel agent because I can hand over the tedious work  
 BDG#H1 Co-producing with a travel agent is truly a joy  
 MMK#12 I plan my trip with a travel agent for the pure enjoyment of it  
 364#2 I enjoy spending time the travel agent  
 A#62 I enjoy figuring out my options when I plan my trip with a travel agent  
**INTRINSIC**

	<p>R#13 I enjoy the co-production experience itself, not just because I was able to get my trip planned  BDG#H6 I enjoy interacting with my travel agent for its own sake, not just for the services I purchase  BDG#H2 I co-produce not because I have to, but because I want to</p> <p><b>FUN</b></p> <p>T#40 <del>It is fun to co-produce with my travel agent/ It is fun to plan a trip with my travel agent</del>  SVGG#E3 Co-producing with a travel agent is fun  A#83 When I co-produce I do the fun things and the travel agent does the tedious things  R#14 I have fun when I co-produce with the travel agent  A#43 <del>I have fun looking for and considering options when I co-produce</del> / I have fun looking for and considering options when I plan a trip with my travel agent</p> <p><b>PLEASING</b></p> <p>543#3 Coproducing with a travel agent is pleasing  SVGG#E1 Co-producing with a travel agent makes me happy  T#28 When I co-produce with a travel agent I experience pleasant emotions during the planning phase  R#12 This co-production experience gave me something that is personally important for me  SVGG#S2 Co-producing with the travel agent is a delightful experience  R#15 In my opinion, co-producing with a travel agent is a pleasant way to spend time</p> <p><b>ENTERTAINING</b></p> <p>543#1 <del>Coproducing with a travel agent is entertaining</del> /It is entertaining to plan a trip with my travel agent  MMK#EV3 Co-producing with a travel agent doesn't just sell products, it entertains me</p> <p><b>EXCITEMENT</b></p> <p>BDG#H8 Planning a trip with my travel agent is exciting as I am able to act on the "spur-of-the-moment"  BDG#H8 During the co-production experience, I felt the excitement of the hunt  OL#14 Co-producing a trip is exciting</p> <p><b>BUILD-UP</b></p> <p>A#19 The travel agent gets me excited about the trip when I co-produce <del>A#53 My travel agent contributes to my anticipation/excitement/build-up for the trip/ My travel agent contributes to my anticipation for the trip</del>  A#18 When I co-produce with the travel agent they contribute to my excitement for the trip  MMK#EV2 The enthusiasm of the travel agent I co-produce with is catching, it picks me up</p>
<p><b>EXPERTISE</b></p> <p>Core: Skills/Knowledge/Know-how – Learned/Experienced/Opinion/Problem solving</p> <p><b>OPERATIONAL DEFINITION OF EXPERTISE BENEFITS</b></p> <p><i>Expertise benefits include the opinions, advice, recommendations and answers to customers' questions and the provision of relevant and correct information</i></p>	<p><b>ITEMS</b></p> <p><b>EXPERIENCE</b></p> <p>T#15) I benefit from the wealth of experience of my travel agent  A#24) I have access to first-hand experience when I interact with the travel agent  T#30) When I interact with a travel agent, I have access to the first-hand information of the travel agent  T#22) I benefit from the feedback my travel agent gets from other customers</p> <p><b>RELEVANT INFO</b></p> <p>T#10) My travel agent provides me with relevant information</p> <p><b>CORRECT INFO</b></p> <p>A#8) When I interact with a travel agent I have access to reliable information  A#101) My travel agent provides me with correct information</p> <p><b>TIPS</b></p>

A#64) The travel agent reminds me of things I would not have thought of  
**ADVICE**  
A#10) The travel agent provides me with suggestions when we co-produce the trip  
362#3) I benefit from the advice my travel agent gives me  
MSRC#P3) When I interact with my travel agent I get valuable advice / My travel agent provides me with valuable advice  
A#74) The travel agent provides relevant recommendations  
SVGG#B3) I can easily get product/service advice from the travel agent  
**ANSWER QUESTIONS**  
PBZ#A4 ) My travel agent has the knowledge to answer my questions  
**KNOW-HOW**  
A#49) I have access to my travel agent's know-how  
T#15) I have access to the travel agent's wealth of knowledge  
W#22\*) I benefit from the guidance of the travel agent  
**NETWORK**  
T#25) I benefit from the advantages offered by the travel agent's network  
W#13) I have access to developments and activities in the travel industry when I interact with my travel agent>>>  
Double Barrelled? We could remove "developments and activities in"  
A#27) I have access to the tourism network when I interact with a travel agent

**EXPLORATION ITEMS**

Core: Examine something new/Trying something new/Escaping/Unique experiences/Alternative

**OPERATIONAL DEFINITION OF EXPLORATION BENEFITS**

*Exploration benefits are exploring alternatives that provide unique experiences, a sense of adventure and an opportunity for escapism.*

**NOVELTY**  
MCV#5 When I plan my trip with a travel agent I try new travel options  
A#37 The travel agent provides me with creative ideas  
BDG#H5 I enjoy being immersed in exciting new travel options  
A#38 My travel agent provides me with new travel ideas  
R#17 When I interact with a travel agent I find new insights  
A#5 I enjoy looking for new options when I co-plan my trip with a travel agent  
**VARIETY**  
502#1 I like to try different things when I plan my trip  
502#2 I like a great deal of variety when I plan my trip  
502#3 I like new and different styles when I plan my trip  
BEW#2 My curiosity was satisfied when I plan my trip with a travel agent  
MCV#4 When I interact with a travel agent I discover products I wouldn't have known about otherwise  
**ADVENTURE/EXPLORATION**  
BDG#H10 While planning my trip, I felt a sense of adventure / I experience a sense of adventure when I plan a trip with my travel agent  
BEW#1 When I plan my trip I feel adventurous  
R#16 When I interact with a travel agent I feel adventurous and want to explore other options in order to find interesting products  
OL#15 I enjoy exploring options

	<p><b>OPTIONS</b></p> <p>T#2 Working with a travel agent ensures that I have more options/choices / My travel agent provides me with numerous options</p> <p>W#34 I receive an array of options when I use a travel agent</p> <p>A#28 I have access to more options when I interact with my travel agent</p> <p>A#29 I have access to more relevant options when I interact with a travel agent</p> <p>OL#16 I benefit from a variety of options when I use a travel agent</p> <p><b>AUTHENTIC</b></p> <p>BEW#3 My trip planning experience is authentic/ When I plan a trip with my travel agent I have an authentic experience</p> <p><b>ESCAPISM</b></p> <p>OL#17 I deviate from my daily routine when I plan my trip with a travel agent</p> <p>BDG#H3 Interacting with my travel agent to plan a trip it truly feels like an escape / Planning a trip with my travel agent truly feels like an escape from my daily life</p> <p>MMK#ES1 Interacting with my travel agent "gets me away from it all" / Planning a trip with my travel agent "gets me away from it all"</p> <p>MMK#ES2 Interacting with a travel agent makes me feel like I am in another world</p> <p>MMK#ES3 I get so involved when I plan my trip with a travel agent that I forget everything else</p> <p>BDG#H9 While planning my trip, I was able to forget my problems</p>
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<b>FINANCIAL BENEFITS</b>	<b>ITEMS</b>
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<p>Core: Financial gain/Trade off/Asset/Aid/Adding value</p> <p><b>OPERATIONAL DEFINITION FOR FINANCIAL BENEFITS</b></p> <p><i>Financial benefits are money savings, the best money deals given budget constraints, value for money and avoiding unexpected expenses by being informed of all costs before any financial commitment is made.</i></p>	<p><b>SAVE MONEY</b></p> <p>MCV#2) When I plan my trip with a travel agent I spend less money</p> <p>MCV#3) When I plan a trip with my travel agent I save money</p> <p>T#4) Co-production saves me money because my travel agent can ensure lowest prices / I save money because my travel agent can ensure me the lowest prices</p> <p>W#39) When I plan a trip with my travel agent I avoid unexpected expenses</p> <p>MCV#1) When I plan my trip with a travel agent I shop at a lower financial cost</p> <p>A#51) I avoid wasting money by planning my trip with a travel agent</p> <p><b>GOOD PRICES</b></p> <p>MMK#EV2 Overall I am happy with the travel agent's prices when</p> <p>MSRC#F2 The trip I planned the travel agent was reasonably priced</p> <p>GGB#13 I get the best possible prices when I plan a trip with my travel agent</p> <p>A#86 I obtain reasonable pricing when I plan my trip with a travel agent</p> <p>A#107 I receive affordable rates when I plan my trip with a travel agent</p> <p>R#3 When I plan my trip with a travel agent I get it trip cheaper than if I did not co-produce</p> <p>CAKH#D4 My travel agent lets me know the exact costs when we plan a trip</p> <p><b>HONEST PRICING</b></p> <p>A#32 When I plan my trip with a travel agent I am provided with honest prices</p> <p>A#100 When I plan a trip with my travel agent I am informed about all costs in advance</p> <p>W#24 I plan my trip with a travel agent I am notified of additional fees</p> <p><b>VALUE FOR MONEY</b></p>
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	<p>A#41 <u>When I plan a trip with my travel agent I receive value for money</u></p> <p>T#36 <u>The co-production arrangement with a travel agent ensures / gives me value for money</u></p> <p>A#69 <u>I obtain value for money when I plan my trip with a travel agent because the travel agent has the knowledge/experience to immediately spot a good deal</u></p> <p>W#10 <u>I get the most out of my money when I plan my trip with a travel agent</u></p> <p>W#36 <u>I receive the best value for the money I spend when I plan my trip with a travel agent</u></p> <p>MSRC#F1 <u>The trip I planned with the travel agent was good for the price I paid</u></p> <p>W#19 <u>When I plan my trip with a travel agent I pay a slightly higher price for convenience</u></p> <p>T#31 <del><u>In a co-production arrangement my travel agent offers me the most beneficial deals/ My travel agent offers me the most beneficial deals</u></del></p> <p>MMK#EV1 <u>Planning my trip with a travel agent provides products that are a good economic value</u></p> <p><b>CUSTOMISE WITHIN BUDGET</b></p> <p>A#79 <u>When I plan my trip with a travel agent the travel agent can find me relevant options within my budget</u></p> <p>A#91 <u>When I plan my trip with a travel agent I receive a customized trip within my budget</u></p> <p>T#33 <del><u>My travel agent reconcile my budget with what I wish to do</u></del> <u>My travel agent finds me the best options within my budget</u></p> <p><b>NETWORK</b></p> <p>A#67 <u>The travel agent can find me better deals because of his/her contacts in the tourism industry</u></p> <p>W#12 <u>When I interact with a travel agent I have access to their deals and upgrades that I would not otherwise have access to</u></p> <p>A#59 <u>When I interact with a travel agent I have access to better deals because of his/her access to the tourism network</u></p>
<p><b>SOCIAL</b></p> <p>Core: Friendly interaction/Human contact/Share/ Companionship</p> <p><b>OPERATIONAL DEFINITION OF SOCIAL BENEFITS</b></p> <p><i>Social benefits are derived from friendly human interactions in which experiences, companionship and interests are shared.</i></p>	<p><b>ITEMS</b></p> <p><b>INTERACTION</b></p> <p>My travel agent has a friendly demeanour when we plan my trip</p> <p>A#56 <u>I like the personal interaction with my travel agent during the planning of my trip</u></p> <p>DB#1 <del><u>The human contact when interacting with a travel agent makes the process enjoyable for me /</u></del> <u>I appreciate the human element involved when planning a trip with my travel agent</u></p> <p>DB#2 <u>I like interacting with the travel agent I plan my trip with</u></p> <p>AKKW#2 <del><u>I coproduce with my travel agent to experience human contact in my planning</u></del></p> <p>364#3 <u>I value the personal relationship I have with my travel agent</u></p> <p>364#4 <u>I enjoy my travel agent's companionship when I plan a trip</u></p> <p><b>SOCIAL CONTACT VALUES</b></p> <p>MCV#13 <u>When I plan my trip with a travel agent I belong to a community of people who share the same values</u></p> <p>OL#28 <u>When I plan a trip with my travel agent I share my experience with someone with similar interests to me</u> <u>I experience a sense of belonging when I plan a trip with my travel agent</u> <u>Emotionally I prefer the exclusivity that my travel agent offers</u></p>
<p><b>SUPPORT</b></p> <p>Core: Give</p>	<p><b>ITEMS</b></p> <p><b>SOLVE PROBLEMS</b></p> <p>W#32) <u>The travel agent resolves problems</u></p>

help/Assist/Provide/Maintain/Endure/Tolerate/Give aid/Sustain/Back-up	<p>T#5) If something goes wrong, the travel agent will fix it</p> <p>A#102) My travel agent goes out of her/his way to fix things that go wrong</p> <p>W#4) I have someone to solve my problems when I interact with a travel agent</p> <p>SVGG#P3) <del>Any after purchase problems I experience are quickly resolved by my travel agent</del></p> <p>CAKH#P1) My travel agent quickly resolved any problems I had with the service</p> <p>CAKH#P3) When I have questions about my service, my travel agent is able to resolve my problem</p> <p>246#1) The travel agent tries hard to solve my problem</p> <p>246#3) The travel agent puts a lot of positive energy into handling my problem</p> <p>A#96) The travel agent handles service failure</p> <p>W#40) When I use a travel agent I have someone to call when I encounter problems</p> <p>PBZ#R2) When I have a problem, the travel agent I interact with shows a sincere interest in solving it</p> <p><b>ADVOCATE</b></p> <p>W#31) The travel agent has clout in seemingly impossible situations</p> <p>A#6) When I plan my trip with with a travel agent they act as an advocate on my behalf</p> <p>T#32) The co-production arrangement ensures that the travel agent is a "safety net" once my trip commences</p> <p>A#93) I receive support from the travel agent</p> <p>W#14) My travel agent provides assistance in the event of unforeseen circumstances</p> <p>W#3) I have someone to complain to when I plan my trip with a travel agent</p> <p><b>DEAL WITH COMPLAINT</b></p> <p>B#F1) The travel agent I had co-produced with informed me about the progress made to solve my problem</p> <p>B#EX1) The travel agent I co-produced with provided me with an explanation of why the problem had occurred</p> <p>B#EX2) My travel agent provides satisfactory explanations of why problems occur</p> <p>CAKH#P2) It was easy for me to obtain follow up service from the provider after my purchase</p> <p><b>CANCELLATION/REFUND/ALTERATION</b></p> <p>T#7) When we plan my trip the travel agent offers to attend to refunds if something goes wrong</p> <p>A#98) <del>My travel agent handles cancellations and refunds</del> <del>Double Barreled?</del></p> <p>My travel agent handles cancellations</p> <p>My travel agent deals with refunds</p> <p>My travel agent successfully deals with changes to my travel plans</p> <p>W#5) I can get a partial refund if I use a travel agent</p> <p>W#38) The travel agent handles trip cancellations</p> <p>SVGG#P2) The travel agent takes care of alterations and cancellations promptly</p> <p>A#23) When I plan my trip with a travel agent he or she is responsible for cancellations</p> <p>SVGG#P1) It is easy to take care of returns and exchanges at the travel agent</p> <p><b>ACCOUNTABILITY</b></p> <p>B#EM2) <del>My travel agent attends to a complaint and does not pass it on to another staff member</del></p> <p>B#EM1) The travel agent I complained to did not have to find someone else to solve my problem</p> <p>A#82) When I co-produce the travel agent is accountable for the trip</p> <p>W#6) When plan my trip with a travel agent I have someone to blame if the trip does not work out</p>
<b>OPERATIONAL DEFINITION OF SUPPORT BENEFITS</b>	
<i>Support benefits include having a particular person to provide assistance, solve problems that arise and who personally attend to complaints, cancellations, refunds and alterations.</i>	
<b>SYMBOLIC</b>	<b>ITEMS</b>
Core: Intangible non-product related attributes for self-expression, self-	<b>SOCIAL RECOGNITION</b> R#7) Planning a trip with my travel agent fits the impressions that I want to convey to others

<p>esteem and social approval /Self concept</p>	<p>MSRC#S1 Planning my trip with the travel agent has improved the way other people see me  MSRC#S3 Planning my trip with the travel agent improved the way I am perceived by others</p>
<p><b>OPERATIONAL DEFINITION OF SYMBOLIC BENEFITS</b></p>	<p><b>ACCOMPLISHMENT</b>  A#65 Being involved in planning a successful trip with my travel agent enhances my self-esteem  A#66 <del>It gives me a sense of accomplishment when I coproduce a successful trip with my travel agent /</del>  Planning a successful trip with my travel agent gives me a sense of accomplishment</p>
<p>Symbolic benefits are intangible non-product related attributes for a customer's self-expression, self-esteem and social approval.</p>	<p>OL#18 When I co-produce my trip I have the opportunity to perform well  <b>IDENTIFICATION</b>  A#50 <del>When I am involved in the planning of my trip I find I identify better with the final outcome</del>  A#92 <del>When I co-produce with a travel agent the final product reflects my personality /</del>  When I plan a trip with my travel agent the outcome reflects the image I wish to portray  R#9 I feel that I belong to the customer segment of this travel agent  R#10 I find products that are consistent with my style when I co-produce with a travel agent  Interacting with my travel agent results in products/service that are consistent with my style  123#1 I prefer to coproduce with my travel agent because his/her image comes close to reflecting me  123#2 <del>When I coproduce with my travel agent it reflects the kind of person I am /</del>  When I plan a trip with my travel agent it reflects the kind of person I am</p>

**ADDENDUM 5**  
**QUESTIONNAIRE FOR THE FIRST PURIFICATION PHASE**

**COVER LETTER**

**PLEASE HELP US AND HELP YOURSELF TO A CHANCE TO WIN R 1000**

We are doing research to establish the benefits you derive from co-producing a trip with your travel agent. Co-production is the process whereby you and a travel agent jointly plan a trip.

We shall appreciate your willingness to assist us in a survey. All information provided by you will be treated with the utmost standard of privacy and confidentiality. No information will be disclosed to any other party and no information will be reported on an individual basis.

All fully completed questionnaires that are submitted to us qualify for a draw of R 1000. Please ensure that you fill your email address in on the survey so that we can contact you should you be the winner of the R 1000 prize. The survey only takes cc minutes to complete and submit.

Please click on the icon below to open the survey and access the questions.

Thank you,

NicSTerblanche  
Prof Nic S. Terblanche  
Dept of Business Management  
University of Stellenbosch

## BENEFITS OF CO-PRODUCING A TRIP WITH A TRAVEL AGENT

Please tick the relevant option

How often do you need a travel agent to assist you with your travel arrangements in a typical year?			
Never	Once a year	Twice a year	More than twice

For how many years have you been using a travel agent to assist you in your travel arrangements?			
1-2 years	3-5 years	6-10 years	More than 10 years

Please indicate the categories of travel in which you participate		
Leisure	Business	Leisure and business

The following statements relate to your perceptions when planning a trip with your travel agent. Please indicate the extent to which you agree with each statement by awarding a value to each statement. Ticking a value of 7 means that you strongly agree with the statement and a value of 1 means that you strongly disagree with the statement. There are no wrong or right answers. Please respond to all the statements.

		Strongly disagree					Strongly agree				
		1	2	3	4	5	6	7	8	9	10
1	I trust my travel agent when I plan a trip	1	2	3	4	5	6	7	8	9	10
2	Information provided by my travel agent makes it easy for me to make decisions	1	2	3	4	5	6	7	8	9	10
3	My travel agent is able to provide me with a customised end product/service	1	2	3	4	5	6	7	8	9	10
4	I enjoy the experience of planning a trip with my travel agent	1	2	3	4	5	6	7	8	9	10
5	I benefit from the wealth of experience of my travel agent	1	2	3	4	5	6	7	8	9	10
6	My travel agent provides me with new travel ideas	1	2	3	4	5	6	7	8	9	10
7	When I plan a trip with my travel agent I save money	1	2	3	4	5	6	7	8	9	10
8	My travel agent has a friendly demeanour when we plan my trip	1	2	3	4	5	6	7	8	9	10
9	My travel agent goes out of his/her way to fix things that go wrong	1	2	3	4	5	6	7	8	9	10
10	Planning a trip with my travel agent fits the impressions that I want to convey to others	1	2	3	4	5	6	7	8	9	10
11	I trust the judgment of my travel agent when I plan a trip	1	2	3	4	5	6	7	8	9	10
12	I can communicate with my travel agent through various ways (e.g. telephone, email, etc.)	1	2	3	4	5	6	7	8	9	10
13	I accomplish what I want to when I customise a trip with my travel agent	1	2	3	4	5	6	7	8	9	10
14	I enjoy interacting with my travel agent for its own sake, not just for the services I purchase	1	2	3	4	5	6	7	8	9	10
15	When I interact with my travel agent, I have access to the first-hand information of my	1	2	3	4	5	6	7	8	9	10

	travel agent										
16	When I interact with my travel agent I discover products I wouldn't have known about otherwise	1	2	3	4	5	6	7	8	9	10
17	When I plan a trip with my travel agent I avoid unexpected expenses	1	2	3	4	5	6	7	8	9	10
18	I appreciate the human element involved when planning a trip with my travel agent	1	2	3	4	5	6	7	8	9	10
19	My travel agent provides assistance in the event of unforeseen circumstances	1	2	3	4	5	6	7	8	9	10
20	Being involved in planning a successful trip with my travel agent enhances my self-esteem	1	2	3	4	5	6	7	8	9	10
21	Planning a trip with my travel agent reduces risk for me	1	2	3	4	5	6	7	8	9	10
22	My travel agent makes it easy to complete my purchase	1	2	3	4	5	6	7	8	9	10
23	My input ensures that my travel agent takes my requirements into consideration	1	2	3	4	5	6	7	8	9	10
24	I have fun looking for and considering options when I plan a trip with my travel agent	1	2	3	4	5	6	7	8	9	10
25	I benefit from the feedback my travel agent gets from other customers	1	2	3	4	5	6	7	8	9	10
26	I experience a sense of adventure when I plan a trip with my travel agent	1	2	3	4	5	6	7	8	9	10
27	I get the best possible prices when I plan a trip with my travel agent	1	2	3	4	5	6	7	8	9	10
28	I enjoy my travel agent's companionship when I plan a trip	1	2	3	4	5	6	7	8	9	10
29	My travel agent provides satisfactory explanations of why problems occur	1	2	3	4	5	6	7	8	9	10
30	Planning a successful trip with my travel agent gives me a sense of accomplishment	1	2	3	4	5	6	7	8	9	10
31	When I use my travel agent I experience less stress compared with when I would do it alone	1	2	3	4	5	6	7	8	9	10
32	My travel agent offers convenient business hours	1	2	3	4	5	6	7	8	9	10
33	When I plan a trip with my travel agent arrangements are made that match my needs	1	2	3	4	5	6	7	8	9	10
34	It is entertaining to plan a trip with my travel agent	1	2	3	4	5	6	7	8	9	10
35	My travel agent provides me with relevant information	1	2	3	4	5	6	7	8	9	10
36	My travel agent provides me with numerous options	1	2	3	4	5	6	7	8	9	10
37	When I plan a trip with my travel agent I am informed about all costs in advance	1	2	3	4	5	6	7	8	9	10
38	When I plan a trip with my travel agent I share my experience with someone with similar interests to me	1	2	3	4	5	6	7	8	9	10
39	My travel agent handles cancellations	1	2	3	4	5	6	7	8	9	10
40	When I plan a trip with my travel agent the	1	2	3	4	5	6	7	8	9	10

	outcome reflects the image I wish to portray										
41	When I plan a trip with my travel agent my mind is at ease	1	2	3	4	5	6	7	8	9	10
42	My travel agent enables me to build flexibility into my travel plan	1	2	3	4	5	6	7	8	9	10
43	My travel agent tries to arrange my trip as close as possible to my specification	1	2	3	4	5	6	7	8	9	10
44	Planning a trip with my travel agent is exciting as I am able to act on the “spur-of-the-moment”	1	2	3	4	5	6	7	8	9	10
45	My travel agent provides me with correct information	1	2	3	4	5	6	7	8	9	10
46	Planning a trip with my travel agent truly feels like an escape from my daily life	1	2	3	4	5	6	7	8	9	10
47	When I plan a trip with my travel agent I receive value for money	1	2	3	4	5	6	7	8	9	10
48	I experience a sense of belonging when I plan a trip with my travel agent	1	2	3	4	5	6	7	8	9	10
49	My travel agent deals with refunds	1	2	3	4	5	6	7	8	9	10
50	Interacting with my travel agent results in products/service that are consistent with my style	1	2	3	4	5	6	7	8	9	10
51	When I plan a trip with my travel agent I exercise a certain degree of control over the outcome	1	2	3	4	5	6	7	8	9	10
52	I save time by working with my travel agent	1	2	3	4	5	6	7	8	9	10
53	My travel agent does things for me that he/she doesn't do for other customers	1	2	3	4	5	6	7	8	9	10
54	My travel agent contributes to my anticipation for the trip	1	2	3	4	5	6	7	8	9	10
55	My travel agent provides me with valuable advice	1	2	3	4	5	6	7	8	9	10
56	Planning a trip with my travel agent “gets me away from it all”	1	2	3	4	5	6	7	8	9	10
57	My travel agent finds me the best options within my budget	1	2	3	4	5	6	7	8	9	10
58	Emotionally I prefer the exclusivity that my travel agent offers	1	2	3	4	5	6	7	8	9	10
59	My travel agent successfully deals with changes to my travel plans	1	2	3	4	5	6	7	8	9	10
60	When I plan a trip with my travel agent it reflects the kind of person I am	1	2	3	4	5	6	7	8	9	10
61	My travel agent has the knowledge to answer my questions	1	2	3	4	5	6	7	8	9	10
62	I am confident of the outcome when I plan a trip with my travel agent	1	2	3	4	5	6	7	8	9	10
63	I have access to my travel agent's know-how	1	2	3	4	5	6	7	8	9	10
64	My travel agent is honest in his/her interactions with me	1	2	3	4	5	6	7	8	9	10

**Demographic information (for statistical purposes only).**

Please tick the relevant option.

You gender	
Male	Female

Your age category				
20-30 years	31-40 years	41-50 years	51-60 years	61+ years

You email address if you want to participate in the lucky draw
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**ADDENDUM 6**  
**QUESTIONNAIRE FOR THE SECOND PURIFICATION PHASE**

**COVER LETTER**

Dear Valued Travel Customer

The University of Stellenbosch with the support of ASATA is doing research to identify the benefits you receive from co-producing a trip with your travel agent. Co-production is the process whereby you and a travel agent jointly plan a trip. Your opinion is needed in order to improve your trip planning experience.

All fully completed questionnaires that are submitted to us qualify for a draw of R 1000. Please ensure that you fill your email address in on the survey so that we can contact you should you be the winner of the R 1000 prize. All information provided by you will be treated with the utmost standard of privacy and confidentiality. No information will be disclosed to any other party and no information will be reported on an individual basis.

The survey only takes 5 minutes to complete and submit. There are no wrong or right answers. Please respond to all the statements. Click on the link below to open the survey and access the questions (or copy and paste it into your browser's address bar). Your willingness to assist in this survey shall be greatly appreciated.

Thank you

NicSTerblanche

Prof Nic S. Terblanche  
Dept of Business Management  
University of Stellenbosch

<https://surveys.sun.ac.za/Survey.aspx?s=e4238bb8f0a64f56a90b31fab983d09>

## BENEFITS OF CO-PRODUCING A TRIP WITH A TRAVEL AGENT

Please tick the relevant option

How often do you need a travel agent to assist you with your travel arrangements in a typical year?					
Never	Once a year	Twice a year	Three times a year	Four times a year	More than four times a year

For how many years have you been using a travel agent to assist you in your travel arrangements?			
1-2 years	3-5 years	6-10 years	More than 10 years

Please indicate the categories of travel in which you participate		
Leisure	Business	Leisure and business

The following statements relate to your perceptions when planning a trip with your travel agent. Please indicate the extent to which you agree with each statement by awarding a value to each statement. Ticking a value of 10 means that you strongly agree with the statement and a value of 1 means that you strongly disagree with the statement. There are no wrong or right answers. Please respond to all the statements.

		Strongly disagree					Strongly agree				
		1	2	3	4	5	6	7	8	9	10
1	Information provided by my travel agent made it easy for me to make decisions										
2	My travel agent is able to provide me with a customised end product/service										
3	My travel agent provides me with relevant information										
4	When I plan a trip with my travel agent it reflects the kind of person I am										
5	My travel agent provides assistance in the event of unforeseen circumstances										
6	I get the best possible prices when I plan a trip with my travel agent										
7	I have developed a good relationship with my travel agent										
8	Planning a trip with my travel agent "gets me away from it all"										
9	My travel agent successfully deals with changes to my travel plans										
10	When I plan a trip with my travel agent I receive value for money										
11	Overall I am satisfied with my travel agent										
12	I can communicate with my travel agent through various ways										
13	I accomplish what I want to when I customise a trip with my travel agent										
14	My travel agent provides me with correct information										
15	I experience a sense of belonging when I plan a										

	trip with my travel agent										
16	My travel agent solves problems that arise when planning a trip	1	2	3	4	5	6	7	8	9	10
17	My travel agent finds me the best options within my budget	1	2	3	4	5	6	7	8	9	10
18	My travel agent has a favourable reputation	1	2	3	4	5	6	7	8	9	10
19	Planning a trip with my travel agent feels like an escape from my daily life	1	2	3	4	5	6	7	8	9	10
20	My travel agent successfully deals with cancellations to my travel plans	1	2	3	4	5	6	7	8	9	10
21	Planning a trip with a travel agent is economical	1	2	3	4	5	6	7	8	9	10
22	I am loyal to my travel agent	1	2	3	4	5	6	7	8	9	10
23	My travel agent makes it easy to complete my purchase	1	2	3	4	5	6	7	8	9	10
24	Emotionally I prefer the exclusivity that my travel agent offers	1	2	3	4	5	6	7	8	9	10
25	My travel agent has the knowledge to answer my questions	1	2	3	4	5	6	7	8	9	10
26	My travel agent quickly handles queries related to my travel plans	1	2	3	4	5	6	7	8	9	10
27	My travel agent is highly reputable	1	2	3	4	5	6	7	8	9	10
28	My input ensures that my travel agent takes my requirements into consideration	1	2	3	4	5	6	7	8	9	10
29	My travel agent contributes to my anticipation for the trip	1	2	3	4	5	6	7	8	9	10
30	I have never heard anything bad about my travel agent	1	2	3	4	5	6	7	8	9	10
31	My travel agent makes travelling uncomplicated	1	2	3	4	5	6	7	8	9	10
32	Being involved in planning a successful trip with my travel agent enhances my self-esteem	1	2	3	4	5	6	7	8	9	10
33	When I plan trip with my travel agent I receive good financial value	1	2	3	4	5	6	7	8	9	10
34	I receive a personalised trip when I plan it with a travel agent	1	2	3	4	5	6	7	8	9	10
35	I benefit from my travel agent's accumulated experiences	1	2	3	4	5	6	7	8	9	10
36	My travel agent does things for me that he/she doesn't do for other customers	1	2	3	4	5	6	7	8	9	10
37	My travel agent attends to the fine print regarding my travel plans	1	2	3	4	5	6	7	8	9	10
38	I get the most out of my money when I plan a trip with my travel agent	1	2	3	4	5	6	7	8	9	10

**Demographic information (for statistical purposes only).**

Please tick the relevant option.

You gender				
Male		Female		
Your age category				
20-30 years	31-40 years	41-50 years	51-60 years	61+ years
You email address if you want to participate in the lucky draw				

## ADDENDUM 7

### EXAMPLE OF FINAL SCALE FOR PRACTICAL USE

#### BENEFITS OF CO-PRODUCING A TRIP WITH A TRAVEL AGENT

The following statements relate to your perceptions when planning a trip with your travel agent. Please indicate the extent to which you agree with each statement by awarding a value to each statement. Ticking a value of 10 means that you strongly agree with the statement and a value of 1 means that you strongly disagree with the statement. There are no wrong or right answers. Please respond to all the statements.

		Strongly disagree					Strongly agree				
		1	2	3	4	5	6	7	8	9	10
1	Information provided by my travel agent made it easy for me to make decisions	1	2	3	4	5	6	7	8	9	10
2	I get the best possible prices when I plan a trip with my travel agent	1	2	3	4	5	6	7	8	9	10
3	When I plan a trip with my travel agent it reflects the kind of person I am	1	2	3	4	5	6	7	8	9	10
4	I can communicate with my travel agent through various ways	1	2	3	4	5	6	7	8	9	10
5	Planning a trip with a travel agent is economical	1	2	3	4	5	6	7	8	9	10
6	My travel agent makes travelling uncomplicated	1	2	3	4	5	6	7	8	9	10
7	Planning a trip with my travel agent "gets me away from it all"	1	2	3	4	5	6	7	8	9	10
8	I accomplish what I want to when I customise a trip with my travel agent	1	2	3	4	5	6	7	8	9	10
9	When I plan trip with my travel agent I receive good financial value	1	2	3	4	5	6	7	8	9	10
10	I receive a personalised trip when I plan it with a travel agent	1	2	3	4	5	6	7	8	9	10
11	I experience a sense of belonging when I plan a trip with my travel agent	1	2	3	4	5	6	7	8	9	10
12	My travel agent has the knowledge to answer my questions	1	2	3	4	5	6	7	8	9	10
13	I get the most out of my money when I plan a trip with my travel agent	1	2	3	4	5	6	7	8	9	10
14	I benefit from my travel agent's accumulated experiences	1	2	3	4	5	6	7	8	9	10
15	Emotionally I prefer the exclusivity that my travel agent offers	1	2	3	4	5	6	7	8	9	10
16	My travel agent provides assistance in the event of unforeseen circumstances	1	2	3	4	5	6	7	8	9	10
17	My travel agent contributes to my anticipation for the trip	1	2	3	4	5	6	7	8	9	10
18	My travel agent solves problems that arise when planning a trip	1	2	3	4	5	6	7	8	9	10
19	My travel agent does things for me that he/she doesn't do for other customers	1	2	3	4	5	6	7	8	9	10

