

The Dimensions of Customer Derived Value in the Holiday Ownership Sector

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Abstract

The holiday ownership (timeshare) sector has grown significantly over the past decade in both size and product configuration. This paper applies a qualitative approach to the understanding of customer value for the resort ownership industry. Focussing on the concept of customer derived value (CDV), group interviews were conducted with owners of timeshare holiday products. Consistent with Holbrook's (2005) work, respondents used a relativistic interactive preference approach when identifying and discussing value dimensions. Twelve dimensions of value emerged from the interviews overall. Generic value dimensions relevant to all holiday products as well as specific characteristics relevant only to timeshare ownership were evident. Implications for managers include a better understanding of the key drivers of value for owners of the product. This knowledge can be used to recruit new owners and enhance the levels of satisfaction and loyalty among existing owners.

Key words: tourism marketing; holiday ownership; customer value; timeshare

Introduction

Today, there are more than 5,000 timeshare resorts worldwide and over 6 million owners of the timeshare product (ARDA web site <http://www.arda.org/consumer/stats/stats.htm>). Timeshare resort ownership offers consumers an opportunity to pre-purchase holiday time while maintaining a vested interest and loyalty to the purchase company. There are several forms of timeshare ownership including title or point based. Importantly, the purchase of timeshare represents a reasonably large financial outlay, is complex and largely intangible. Unlike a normal vacation purchase, the vested interest in timeshare continues on long after each holiday experience. Customer value is the customer's perspective of value attached to an object as distinct from the value of a customer to an organisation. Customer value is widely viewed as a multi-dimensional concept but there is little agreement about the dimensions. In addition, value is often context-dependent and the salience of dimensions will vary according to situation. This is particularly so in hospitality services where the intangible nature of the product further challenges marketers. While most hospitality services have experience rather than have ownership properties, timeshare is an exception with both experiential and ownership qualities. In this study, we sought to find out which dimensions of customer value relate to the holiday experience in general and which value dimensions relate more expressly to the context with ownership properties. This separation of value attributes should allow managers of properties a better understanding of their products and markets.

Theoretical framework

In this discussion of the theoretical framework for the study, three key issues of (1) form and structure of value dimensions, (2) hospitality context, and (3) ownership properties are raised. Zeithaml (1988, p. 14) proposed a uni-dimensional concept that assessed "the utility of a product based on perceptions of what is received and what is given". In contrast, Holbrook (1999, p. 5) treats customer value as multi-dimensional and defines the concept as "an

interactive relativistic preference experience". Hence the idea of a context based comparative evaluation that is experienced by consumers is acknowledged. Authors such as Woodruff (1997) support this definition and this approach will be followed here. Several authors have identified not one 'form' of value but several forms (e.g., Mattsson, 1992; Holbrook, 1999; Woodall, 2003). These forms of value provide a good starting point to explore customer value but lack specificity for hospitality managers. First, Mattsson (1992) proposed a value theory with three dimensions: practical, emotional and rational. In yet a more comprehensive approach Holbrook (1999) presents an eight-celled framework of values based on three dimensions. The three dimensions are (1) extrinsic versus intrinsic, (2) self-oriented versus other-oriented, and (3) active versus reactive value. Holbrook's intrinsic versus extrinsic dimension equates to Mattsson's practical and emotional dimensions. In contrast, Woodall (2003) argues that customer value (VC) is composed of five primary forms: (1) Net VC; (2) Marketing VC; (3) Sale VC; (4) Rational VC; and (5) Derived VC. The fifth form listed above, Derived Value for the Customer (Woodall 2003, p. 8), is drawn from the notion of customer use or customer experience outcomes. The nature of derived VC is shown in the following list drawn largely from Holbrook and colleagues (1999): aesthetic; conditional; efficiency; emotional; epistemic; esteem; ethical; excellence; functional; image; logical; material; play; possession; practical; social; spiritual; and status. A fourth, multi-dimensional conceptualisation of customer value is presented by Sheth, Newman and Gross (1991). These latter authors proposed that any or all of the five separate value dimensions could influence the consumer's decision. These five dimensions were functional, social, emotional, epistemic and conditional. Finally, Richins (1994) explored the notion of value through meanings attributed to possessions and categorised four value dimensions: (1) utilitarian; (2) enjoyment; (3) representations of personal ties; and (4) identity and self-expression. In summary, while many authors agree on the essence of what customer value is, the dimensions that might contribute to its measurement vary considerably. Furthermore, these dimensions do not easily relate to hospitality products nor the variants that exist with hospitality products.

Authors have taken different approaches to dealing with context issues. For instance, Holbrook (1999) includes situational context in his discussion on relativistic properties of consumer value. He sees value as being dependent upon both personal variances as well as varying contexts. A similar approach to dealing with context issues was taken by Sheth *et al.* (1991). One of their five dimensions for customer value was named conditional value. Conditional value was conceptualised as a situational influence focusing especially on task definition. In the areas of hospitality, leisure and tourism limited work has been undertaken to develop an understanding of the value construct or a suitable measurement scale. In one study, Oh (1999) defined value as uni-dimensional and measured the construct with a single item scale in a study with 550 hotel guests. While Petrick (2002) developed a perceived value scale from two studies of Caribbean cruise liner guests, his initial conceptualisation was not based on the use or consumption experience notion of value. His initial conceptualisation was based on Zeithaml's (1988) 'trade-off' conceptualisation with the added dimensions of emotional response and reputation. Thus, no a priori dimensions were grounded in the services context. A specific contextual issue flows from the work of de Ruyter, Wetzels, Lemmink and Mattsson (1997, p. 232) who argued that perceived customer value is "related to the experience of the service delivery process rather than the acquisition of a certain object or outcome". On the other hand, Richins (1994) suggests that even small non-monetary possessions, such as a photograph of a tourist experience, may evoke strong feelings of customer perceived value. Hence, holiday situations where the holiday-maker actually owns a portion of the 'title' to the resort property provide an interesting opportunity to explore how customers view value.

Research Method

We chose to investigate how consumers' derive their value from timeshare use by employing a qualitative group interviewing process (also known as 'focus groups'). This group approach to data collection was selected as it allowed for the collection of a broad range of information from two different types of owners (title and points). Three groups of current timeshare owners were brought together and interviewed in three separate sessions (average 12 participants each session). Each group comprised both couples and individuals who owned some form of timeshare. A common interview schedule was used for each group and this format allowed for both structured and unstructured interviewing approaches. Care was taken to minimise the dominance of any one individual and to ensure participation from the full group of participants. Owners of timeshare were invited to participate on a voluntary basis. The national peak body for timeshare properties in Australia and three major timeshare firms provided a sample of current owners living locally from their databases. Each group interview session took between 60-75 minutes and to ensure accuracy of data collection, and minimise recall biases, all three group interviews were audiotaped. Purposive sampling was employed for this study. Thus, after conducting three group interviews no new insights were being added by participants and the team concluded that sufficient data had been collected to offer insights into the key issues. All group interview data were transcribed and loaded into a software program (NVivo) for data management purposes. A constant comparative approach to coding data was undertaken. The initial review of categories was completed by the project leader and one research assistant and resulted in a codebook being developed. A second judge then coded all interviews using the codebook. 90% inter-rater reliability was achieved.

Results

Twelve dimensions of customer value were identified from the group interviews. While the 12 dimensions appear to be distinct, it is acknowledged that several dimensions may be part of higher order factors. The 12 dimensions have been grouped into specific and non-specific dimensions. Specific dimensions are those that relate almost exclusively to the timeshare resort ownership context. The non-specific dimensions relate to both the timeshare and holiday resort context more generally. Hence, this latter group of five dimensions demonstrates how holidaymakers may derive value at both a standard resort and a timeshare-owned resort. The five generic holiday dimensions of value are: convenience, location, relaxation, social and fun and brief descriptors are shown at Table 1. The convenience theme was typified by comments about the ready availability of facilities, either onsite or adjacent to the timeshare property. For instance one respondent described how she enjoyed having the restaurant either on-site or very handy to the resort. Hence, respondents felt they accrued value from their ownership when this convenience factor was met. A dimension related to convenience was the actual location. However, this theme referred more to the place at which the resort was built. For instance, it could be a beach setting or a mountain wilderness. A social theme was classified under the non-specific dimensions. One aspect of this social theme was the hosting of a welcome evening where owners come along and socialise. This sort of event was highlighted as something that resulted in significant value to the owners. Furthermore, many respondents returning to the same place every year for a holiday gave a social dimension to their vacation experience. However, it was felt that many non-timeshare resorts also offer this social aspect to their operations. The fun and enjoyment theme accords to Holbrook's (2005) 'play value' whereby consumers seem to get intrinsic motivation and pleasure from engaging with the product.

Table 1 Dimensions of Customer Derived Value

Generic holiday <i>(exemplars in brackets)</i>	Specific timeshare holiday <i>(exemplars in brackets)</i>
<p>Convenience value is derived through the accessible facilities in the room, or at a property or close by, ie ease of use. <i>(You go down and have a few drinks and not have to drive anywhere)</i></p>	<p>Ownership pride a feeling of ownership pride from being able to treat the ‘unit’ as their own holiday house/apartment. <i>(when we leave we strip all the beds you know stuff like that)</i></p>
<p>Location value relates the resort’s physical position at a destination and type of destination attractions. <i>(there’s usually something to do around)</i></p>	<p>Financial value relates to the accrual of financial benefits and costs across its lifetime, e.g., long-term financial savings, monetary comparisons with other holiday alternatives <i>(we really look at the value in the savings compared with similar resorts which we’d normally stay at)</i></p>
<p>Relaxation value is being able to relax and unwind. <i>(it meant that every year I never had to do anything)</i></p>	<p>Flexibility value is derived from the opportunity to vary use, e.g., visiting relatives, graduations, accommodation styles, purpose-built, non-timeshare, locations. <i>(we’ve used bonus time in the early part of the week so we’ve been able to hop around from one place to another)</i></p>
<p>Social value is the opportunity to spend quality time with family and friends, as well as meeting and socialising with holidaymakers <i>(on the Thursday and stayed with other people, met other people, went out with one lot and I think it is a great way to meet other people)</i></p>	<p>Gift value is derived from the opportunity and ability of being able to give a holiday or part of a holiday as a gift. <i>(we sent them away for four days to the beach which was just lovely for them)</i></p>
<p>Fun and enjoyment value is derived from sport, recreation facilities especially children’s activities. <i>(And as the kids were growing up they flogged those tennis courts to death)</i></p>	<p>Reward value arose from being able to use timeshare purchases as a reward for both others or themselves. <i>(I’ve used it for my employees as a bonus for them)</i></p>
	<p>Luxury valued was derived from owning and using better quality facilities, ie a little more luxurious than they could normally afford. <i>(gave us the benefit of just being able to have a decent holiday occasionally)</i></p>
	<p>New experience value related to being able to experience accommodation and associated activities that was unavailable in a standard holiday product.</p>

A further seven dimensions are more contextually bound. That is they are less likely to occur in standard resort settings. These seven specific dimensions are: ownership 'pride', financial, flexibility, gift, reward, luxury, and new experience and brief descriptors are shown at Table 1. Insights into the context-specific dimensions also highlight some key aspects. For instance ownership pride had two sides. For instance one respondent reported how she behaved like it was her own home when departing the resort. For many, this behaviour appears to reflect a sense of esteem, of being able to have an affordable holiday home by the sea or in some other exotic destination. Similar to Holbrook's (2005) findings, several respondents appeared to obtain a sense of pride from the ownership that made them feel special in their own mind for achieving ownership of a 'holiday house'. Being able to 'gift' the timeshare in some way was attractive and value enhancing. Owners reported feeling a great sense of sentimental value in being able to give a holiday to a son or daughter for a wedding present or some special occasion. Closely related to gift-giving was the notion of using the timeshare resort as a reward. Respondents spoke of how they would give the week of holiday to an employee for a job well done, or they said that taking a timeshare week was a reward to self for a job well done. A theme closely related to luxury experienced is the notion of new experiences. For example, several respondents spoke of being able to have their first experience of going overseas, taking a cruise, or staying at a five star luxury resort. Owners felt that timeshare as product offered them an opportunity to gain new experiences otherwise not available to them

Discussion

The meaning of value for a complex, experiential product (timeshare ownership) has been identified in this exploratory study. We confirm that derived value is a distinct form of value as conceptualised by Holbrook (1999) and Woodall (2003). Both authors view value as derived from its use or consumption. Second we identified twelve dimension of value. Seven of these dimensions appeared to fit almost exclusively in the resort ownership context. Hence, the importance of measuring abstract concepts such as customer value in the most appropriate context is confirmed. Several of these identified themes overlap the dimensions identified by Holbrook (1999). In conclusion, it seems that timeshare ownership represents a unique product form with 'strong ties' for the consumer. Value accrues over time and with greater knowledge of how to optimise the benefits of the various ownership schemes. As a result, education on how to gain value from the product appears to be essential for consumers to optimally benefit from this product. Timeshare managers can, in turn, benefit from knowledge of these various ways in which owners derive value from their product. This knowledge can be used both to recruit new owners and to enhance level of satisfaction and loyalty amongst existing owners. Furthermore the results of this study highlight how managers of holiday products other than timeshare need to consider which value dimensions are more appropriate to their context. In addition, further research can be conducted to develop an instrument to measure consumer value and its dimensionality. It is acknowledged that several dimensions are closely related and may form higher order factors.

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