Tore Strandvik and Anne Rindell

Value of Image in Service

2010
Value of Image in Service

Key words: service logic, service dominant logic, corporate brand image, image heritage, image-in-use, value-in-use

© Hanken School of Economics & Tore Strandvik and Anne Rindell

Tore Strandvik and Anne Rindell
Hanken School of Economics
Department of Marketing, Centre for Relationship Marketing and Service Management

Distributor:
Library
Hanken School of Economics
P.O.Box 479
00101 Helsinki
Finland

Phone: +358 (0)40 3521 376, +358 (0)40 3521 265
Fax: +358 (0)9 431 33 425
E-mail: publ@hanken.fi
http://www.hanken.fi/public

Helsinki 2010

ISSN 0357-4598
VALUE OF IMAGE IN SERVICE

Tore Strandvik, Professor
Department of Marketing, Centre for Relationship Marketing and Service Management
HANKEN School of Economics P.O. Box 479
FIN-00101 Helsinki
Finland
tel. Tore Strandvik +358 40 3521 290, fax +358 9 431 33 287
e-mail tore.strandvik@hanken.fi

Anne Rindell, PhD
Department of Marketing, Centre for Relationship Marketing and Service Management
HANKEN School of Economics P.O. Box 479
FIN-00101 Helsinki
Finland
tel. Anne Rindell +358 40 3521 285, fax +358 9 431 33 287
e-mail anne.rindell@hanken.fi
VALUE OF IMAGE IN SERVICE
Conceptual paper

Purpose
This paper takes a customer view on corporate image and value, and discusses the value of image in service. We propose a model depicting how the customer’s corporate brand image affects the customer’s value-in-use.

Methodology/approach
The paper represents conceptual development on customers’ value and image construction processes. By integrating ideas and elements from the current service and branding literature a model is proposed that extends current views on how value-in-use emerges.

Findings
From a current service perspective it is the customer who makes value assessments when experiencing service. Similarly, if branding is a concept used to denote the service provider’s intentions and attempts to create a corporate brand, image construction is the corresponding process where the customer constructs the corporate image. This image construction process is always present both in service interactions and in communication and has an effect on the customer’s value-in-use. We argue that two interrelated concepts are needed to capture corporate image construction and dynamics and value-in-use – the image-in-use and image heritage.

Research implications
The model integrates two different streams of research pointing to the need to consider traditional marketing communication and service interactions as inherently related to each other from the customer’s point of view. Additionally the model gives a platform for understanding how value-in-use emerges over time. New methodological approaches and techniques to capture image-in-use and image heritage and their interplay with value-in-use are needed.

Practical implications
The company may not be able to control the emergence of value-in-use but may influence it, not only in interactions with the customer but also with pure communication. Branding activities should therefore be considered related to service operations and service development. Additionally, practitioners would need to apply qualitative methods to understand the customer’s view on image and value-in-use.

Originality/value
The paper presents a novel approach for understanding and studying that the customer’s image of a company influences emergence of value-in-use. The model implies that the customer’s corporate image has a crucial role for experienced value-in-use.

KEYWORDS: service logic, service dominant logic, corporate brand image, image heritage, image-in-use, value-in-use
1. VALUE OF IMAGE IN SERVICE

Introduction

This paper takes up for discussion the value of image in service. We argue that corporate image is related to customer value, which in turn will have an effect on service business outcome. This is not as such new but seems to have been neglected when different subfields of marketing develop their own models and perspectives. While the service literature has focused on the service interactions without paying much attention to customer images created before or after the service interaction, the branding literature has respectively focused on branding activities as a communicative tool, not in service interactions and co-operation between the service provider and the customer. In branding literature, brands are used as a concept to denote the marketer’s intentions and attempts to create a planned impression of the company (Pitt, Watson et al. 2006). The customer, however, makes interpretations of all corporate activity, planned and unplanned, but also from other sources, like competitor activity, WOM and eWOM, and accordingly, constructs images of the company based on all available influences over time. As images may change over time, the process is dynamic (Padgett and Allen 1997). These customer constructed corporate image processes over time are in focus in this paper, as well as the emergence of customers’ value-in-use. In conclusion, the paper focuses on the customer view on both image and value construction processes and how these interrelate.

The current development in the service and branding literatures share however, the same underlying change in perspective; from a focus on the provider to a focus on how the customer experiences, not only provider produced or co-produced service and brand images, but on how and what customers experience as provider related issues. Therefore, the two fields seem to develop in parallel, which opens up for integrating ideas from each other.
However, from the customer’s point of view these activities are integrated even if they are not in theoretical models, nor in company practice, where traditions have shaped a division seen in organisational structures, mental models among managers and in marketing practices. Implications of the shift of perspective in both literatures can be seen in the introduction of new concepts capturing the customer’s perspective and in a stronger focus on dynamics and change. For example, the current service literature stresses that value for the customer emerges in use and in context and is based on customer experiences. The branding literature has transferred focus from what the company intends to achieve in terms of brand building to what actually happens when the customer’s forms their image of the company. How has then image been considered in service, and especially, in relation to value creation? This paper furthers the current understanding on value in service with brand image understanding developed within branding research, which emphasizes the value of image in service.

Recently the transition in service researchers’ perspective and conceptualisation of service has moved the focus from characteristics and delivery of services to the customers’ co-creation of service. This shift has gradually been built up culminating in a series of recent articles about the new service logic/service dominant logic (Lovelock and Gummesson 2004; Vargo and Lusch 2004; Edvardsson, Gustafsson et al. 2005; Grönroos 2005; Ballantyne and Aitken 2007; Vargo and Lusch 2008; Payne, Storbacka et al. 2009) in which one of the key propositions is that “value is always uniquely and phenomenologically determined by the beneficiary” (Vargo and Lusch 2007) and is “idiosyncratic, experiential, contextual and meaning laden”. How does this conceptualization of value affect corporate image?

This shift in perspective from the organization to the customer has been discussed concerning branding too (Merz, He et al. 2009). Grönroos (2007) has even proposed that it is not the
marketer who builds the brand but the customer, as it is the customer who makes critical value assessments when experiencing service. Prahalad et al. (2004) proposes that the move to experience-centric views opens up new avenues for understanding the role and meaning of the brand, as it will be the customer experience that becomes the brand, thus highlighting the importance of brand images. Likewise, Grönroos has argued that “the brand as a concept is always an image” (2007, 331) pointing at the original conceptualization of the consumer perspective in branding research. Keller and Lehman state that the real power of a brand lies in the minds of customers and what they have learned about the brand over time (2009, 9). In an interpretative study, Rindell (2007) focuses on how earlier experiences about a company influence on the present image construction processes, and introduces the concept image heritage for past customer experiences about the company over time. Ballantyne and Aitken (2007) take a constructivist view on brands and propose that “the meanings attached to a particular brand are located in the minds of its customers’ and the wider community of opinion makers and stakeholders”, and propose that brand value is confirmed or disconfirmed in use in customer contact points over time. Based on the previously mentioned study, Rindell (2007) also introduced the concept image-in-use for these contact points, when the image is in use for construction. Arnould et al. (2006) supports the time dimension view, as meanings and values of brand images change over time. In conclusion, brand images would thus be inherently dynamic and reside in the minds of the company’s customers’ and the wider community of opinion makers and stakeholders, and constructed based on customer experiences about the company over time. How do these new propositions of brand image dynamics relate to newest developments in service, and what is the value of image in service?

This paper takes the challenge by integrating the developments within the service and branding literature concerning image into a conceptual model, proposing how to consider image within service. The model indicates that value becomes related to all customer
interactions about the brand over time, and accordingly, is not only based on resource integration activities, but also on symbolic integration and sense-making. As image is the customer’s reality (Bernstein 1984) with “direct and clear links with money, value, and profitability” (Olins 2005, 208) for the company, the value of image in service is fundamental to business success. As Kotler and Keller point out: “all companies strive to build brand strength – that is strong, favorable, and unique brand image” (Kotler and Keller 2005, 25).

We employ two recently introduced and interrelated concepts, image-in-use and image heritage (Rindell 2007) in order to capture brand image dynamics. Rindell (2007) proposes that customers’ corporate images evolve in the present as an “image-in-use” in all contact points about the company. “Image heritage” on the other hand, explores customers’ past experiences about the company which customers use as an interpretation framework for image-in-use. (Rindell 2007) These two concepts are used to discuss how service brand image dynamics is related to customer experienced value-in-use, in line with current discussions in the service literature.

The paper will first discuss how image has been discussed earlier within service, and then review developments in the branding literature concerning image. Finally, we will introduce the conceptual model connecting the two streams of knowledge. This paper will have a customer-dominant tendency in the sense that the focus is on the customer, even if the interest lies in implications for managers.

2. Image in service

Traditionally, brands and image has not played a prominent role in the service literature. Rather the interest has been on direct interactions, for example customer perceived service quality. However, image is an element in Grönroos’ (1984) seminal service quality model but it has caught less attention over the decades than the suggested technical and functional service quality dimensions. It can, however, be argued, that this introduces a time dimension
into services through the customer’s image construction process. Furthermore, the time dimension is even more accentuated when relationships are considered (for a discussion, see e.g. Ritter and Gemunden 2003), as the image component covers experiences over a long time-period, influencing the evaluation of a specific service episode. Therefore, we propose, that Grönroos in 1984 implicitly introduced both a relationship perspective and a time dimension in image constructions into services by including the image-component into the service-quality model. Lehtinen and Lehtinen (1991) had at the same time introduced a similar conceptualisation of service quality, where the image was notified, with the elements physical quality, interactive quality and corporate quality. They define corporate quality as “…the dimension of quality developing during the history of the service organisation. It is symbolic in nature and it concerns how customers and potential customers see the corporate entity, company or institution, its image or profile” (Lehtinen and Lehtinen, 1991). Moreover, Liljander and Strandvik (1995) have explicitly used the image concept in their model, linking service episodes with customer relationships, thus including a dynamic perspective on images. In sum, image has been recognized within service but not received focal attention. Conceptually, image has been considered customers’ perceptions of the company’s service delivery, rather than constructed by the customer on the customer’s terms.

As the service literature emphasizes that services are processes co-generated together with the customer, all contact-points between the customer and the service company are moments-of-truth (Normann 2002). Grönroos emphasize, that everything communicates something about a company whether the marketer accepts or acts upon it or not (Grönroos 2007). But it is not only what the company intentionally or unintentionally communicates that constructs the service brand image, also other sources influence on the service brand images, for example, social media, publicity and even indirect associations based on the company’s industry or
home country (see e.g. Dowling 2002; Ballantyne and Aitken 2007). Grönroos also points out that customers’ brand contacts over time form a brand relationship, although he notifies, that the time perspective is missing from his model depicting brand contacts that form a brand relationship for the customer (2007: 332). In conclusion, consumers’ corporate images are thus based on multiple influences over time, and can be conceptualized as customers’ brand relationships.

Within the framework of the S-D logic discussion, Arnould, Price and Malshe (2006), representing Consumer Culture Theory (Arnould and Thompson 2005), contribute to the discussion by proposing a dialectical customer-centric value creation model for capturing the customer’s “rich value-creative competencies” (Arnould, Price et al. 2006). They propose further, that another important conditioning element is the time dimension, as meanings and values of brands change over time. They propose that companies can invoke customers’ repertoires of memories through branding activities for giving a sense of continuity and connection to the past, enhance consumption over generations, and seek input from customers over time for strategic marketing decisions. Within branding research, these company activities have been labelled ‘heritage branding’ (Urde, Greyser et al. 2007), and retro or nostalgic branding (Brown, Kozinets et al. 2003). These approaches, however, represent the company’s view on important eras in the company’s history – not necessary important customers’ image heritage.

In conclusion, within the service literature, image has caught less attention than for example customer perceived service quality. Within the S-D logic discussion, for example, Arnould, Price and Malsche (2006), and Ballantyne and Aitken (2007) have emphasized the
importance of understanding the time dimension within branding as meanings and values change over time.

Studies and approaches within branding literature that consider image dynamics and the time dimension in the consumer’s brand image construction processes will be overviewed next.

3. Dynamics and time within branding literature

In the mainstream branding literature it is assumed that the company, through consistency in all actions, has considerable influence over how they are perceived by the customers and other stakeholders (see e.g. Alessandri 2001; Aaker, Fournier et al. 2004; Keller 2008). Yet, Keller defines brand images as “consumer perceptions of a brand as reflected by the brand associations held in the consumer’s memory” (Keller 1993; 2008, 86), indicating individual differences, yet “a “reality” of that organization for that individual” (Brown, Dacin et al. 2006, 105). These associations refer to any aspect linked to the brand held in the consumer’s memory (Aaker 1996). Therefore, it can be assumed that service brand image is not one image but rather a set of images (Grunig 1993; Brown, Dacin et al. 2006) where each image has its roots in the past influencing its development and determining reactions to management initiatives (Dutton and Dukerich 2004/1991; Brown, Dacin et al. 2006; Braun-La Tour, La Tour et al. 2007; Rindell 2007). What does then reside in the customer’s memory? Traces of all experiences about the company over time or only some? And then, which experiences? We propose that it is, both theoretically and managerially, important to understand what resides in customers’ memory about the company and how this image heritage is related to the customer’s experienced value of the service (value-in-use).

A significant amount of academic work focus on how stakeholders view and respond to focal organizations (Brown, Dacin et al. 2006). However, within branding literature comparably
few approaches focus on understanding the time dimension, that is, how customers’ earlier experiences about the service brand influence the present service brand image construction process.

Traditionally, the most often used concept for recognizing a time dimension in corporate identity, brand and image research is reputation. Reputation is defined as being formed over time based on company actions (Balmer & Greyser, 2003) as a collective representation of the company (Fombrun and Van Riel 2003). Image, however, is an individual level concept controlled by the customer (for a discussion, see Stern, Zinkhan et al. 2001). Hence, reputation narrows down corporate images to a socially constructed mass conception based on only company actions, whereas image is a product of multiple-variable impression formation processes located in the interaction among organizational texts, environmental and individual or personal factors (Williams and Moffitt 1997). Hence, there is a difference between the concepts image and reputation, although some authors within branding use reputation and image interchangeably (Balmer and Greyser 2003). However, based on proposals put forth within S-D logic, that “value is always uniquely and phenomenologically determined by the beneficiary” (Vargo and Lusch 2007), the concept that meets the purpose of the present paper is the individual customer level concept image, not reputation.

Within image research, a distinction between “what brands do to people” and “what people do with brands” can be made. The first mentioned research stream dominates the field, with its linear state-oriented approach focusing on attitudes and attributes towards and of an entity, the perceived image. The latter research stream is customer focused and process oriented seeing the customer as an active meaning creator. (Gordon 2006) However, process oriented studies and views on service brand images are few compared with research focusing on images as state. Within Consumer Culture Theory (CCT) as defined by Arnould and
Thompson (2005) brands [image] are seen as active partners in the consumer’s brand relationship (Fournier 1998; Holt 2002; Askegaard and Bengtsson 2005; Belk and Tumbat 2005; Pitt, Watson et al. 2006). Notifying, that service brand images are dynamic relational processes constructed by the customer based on what resides in her/his memory, Rindell (2007) conducted a study with a grounded qualitative approach on how consumers construct corporate images over time. Based on her study she found that “consumers construct corporate images through dynamic relational processes based on a multifaceted network of earlier images from multiple sources over time” (166). These earlier experiences “over time” about the company was conceptualized as image heritage. In short, image heritage stands for past experiences about the company, used as an interpretation framework for present experiences. This view on image construction processes is supported by views in neuroscience on subjective experiences (see e.g. Solms and Turnbull 2002; Zaltman 2003). Image-in-use is analogous to value-in-use. It captures the customer’s present experiences about the company when the image is constructed and reconstructed ‘in consumption” based on image heritage (Rindell 2007).

Image heritage and image-in-use will next be used as cornerstones in the model that we propose captures brand image dynamics and its implications on value-in-use in service.

4. The proposed model

The service literature seems to suggest that customer experiences are related to use of the service while branding literature focuses on experiencing the company.

We suggest that image-in-use and image heritage have central roles for customers’ value-in-use experience. They act as dynamic mental frameworks that shape both service interactions with the company, as well as communication-relation interactions about the company. Figure
1 gives a simplified picture of how we see the relationship between value-in-use and image-in-use. A distinct line between these two categories, represented in the figure as the left-hand loop versus the right-hand loop cannot be made. But in most cases we can observe either a service interaction (co-creation) which results in a service experience (value-in-use). In the model we have separated the service experience as such which covers all kinds of experiences (from mundane routine experiences to extraordinary experiences) from value-in-use in order to separate the experience as such from the value judgment. If no service interaction takes place, but the customer rather communicates with someone about the company or company-related issues, it leads in the model to a communication experience that also contributes to experienced value-in-use. Both the service experience and the communication experience may result affect the customer’s image heritage of the company. The image heritage updates the image-in-use when the customer is involved with the company. Contact points are not only company communication but also other direct and indirect communication in social media and from other sources. The model thus suggests that image-in-use is based on, both direct service interactions and communication with the company, as well as direct and indirect communication with other sources about the company. Image-in-use always has a central role for value-in-use determination because it acts as an interpretation frame for the customer.

Image heritage can be described as customers’ mental relationship with the company over time. Image heritage has content, which begins to take form when a customer for the first time experiences the company and forms her first impression of the company. Image heritage influences the image-in-use which becomes the interpretation framework for the customer to interpret any contact about the company.
In conclusion, the model integrates two streams of research, service research and branding research, and shows how value-in-use for the customer is created both by service interactions but also by communication about a service company. Furthermore, it also stresses the view that brand image formation draws on three sources, input from the company and its competitors, input from the social environment and the customer's own earlier experiences. It thus becomes clear that corporate brand images are customer and context-specific and inherently dynamic.

5. Discussion

Proposition ten (10) by Vargo and Lusch (2007) postulate that “value is always uniquely and phenomenologically determined by the beneficiary”, further explained as “value is idiosyncratic, experiential, contextual, and meaning laden” (Vargo and Lusch 2007). In this paper we dig deeper into how value emerges for the customer and propose that we need to
consider not only service interactions between the customer and the service provider but also communication interactions between the customer and other parties about the company. In our model we demonstrate how image-in-use is related to value-in-use. The model suggests that value-in-use is not only a resource-based interaction between the service provider and a specific customer (over time), but is also dependent on the independent process that forms the customer’s image about the service provider. As an example, when we use our car – pack it and drive away to our destiny – the value-in-use is dependent on what images we have constructed over time of cars and about this specific car, as well as about the service provider based on a multiplicity of sources over time. There are a number of interesting implications that follow from this.

1. Value-in-use is influenced by the customer’s image-in-use of the service, product and service provider, as this functions as an interpretation frame for the current service experience. Image-in-use is on the other hand not related only to direct service interactions with the service provider but also to other information about the company, other companies and even the industry. Image-in-use has a history which can be labelled image heritage. Image heritage has an influence on image-in-use but is also continuously updated. For the service provider this means that they have even less control over value-in-use than assumed so far.

2. Image-in-use does not necessarily correspond to the service provider’s communicated image or an ideal image. It does not have to be “true” either. Different customers may have different images-in-use of a service provider. This means that image-in-use is a factor that cannot be controlled by the company but the company may try to influence it. In order to do that the company need to reveal, not only what the portfolio of images-in-use they have among the customers, but also how these images-in-use change. Methods to study this needs to be developed in order to give information
about the gap between the service provider’s intended and ideal image and the real images-in-use.

3. A value proposition should not be developed without considering the portfolio of images-in-use. As the image-in-use acts as an interpretation frame, the value proposition will be evaluated against this frame. This might sometimes lead to the customers avoiding the service provider altogether, which makes service interactions impossible.

We make the assertion that the customer always constructs a brand image/corporate image. A brand does therefore not have one image but rather a collection of images. These images may be more or less alike, and one could strive to, for example, find out the common features in this collection of images. On the other hand, one could also focus on the differences and diversity in the images. If the collection of images can be understood as a distribution of images it is quite clear that managing such a collection is not the same as managing the assumed idealised brand. A managerially essential question is: how close to the intentions and plans are these customer-held images. Even if there is an indefinite number of images in practice, it might be possible to group or segment these images into portfolios of images as these images have contact points to the company’s past history.

A number of questions arise and represent avenues for further research when the existence of image-in-use and image heritage is recognized. To what extent is it possible to deliberately influence corporate images? How quickly does it change or how quickly can it be changed? What happens when management feels a need to change the ideal image for strategic reasons? Will the image-in-use change because of the change in the visual identity, brand names, and creative communication solutions? Practitioner experiences show that changing
corporate images takes time, often five to ten years, and Rindell’s (2007) study shows that image heritage can have a length of fifty years. Therefore, future studies should focus on grounded and holistic views of the customers’ reality, the image heritage and image-in-use, in corporate image change, for example in mergers and acquisitions?

In order to explore image-in-use and image heritage academically it might be fruitful to study older companies that have fairly complex roots because of mergers and acquisitions and changes in their corporate identity. They should have diversity in their image heritage based on the fact that different customers have joined the company at different times and have experienced the changes in different ways. Still, also new customers may be affected by image heritage through their social network and contextual factors. An interest in and further studies of image-in-use and image heritage is clearly aligned with the interactive and relational principles and practices expressed in the new service dominant logic.
REFERENCES


## Meddelanden från Svenska handelshögskolan

**Hanken School of Economics. Working Papers.**

### 2008

| 535. | Tandefelt, Marika: Reklamsvenska i Finland speglad genom varuhuset Stockmanns tidnings-annonser under det 20e seklet. Projektets bakgrund, syfte, material och metoder. Swedish advertising language in Finland mirrored by the newspaper advertisements of the Stockmanns department store during the 20th century. Background, purpose, material and methods. |
| 536. | Strandvik, Tore, Holmlund, Maria & Edvardsson, Bo: Customer Needing – Conceptualising Industrial Service from a Customer Perspective. |
| 537. | Ahlgren, Niklas & Antell, Jan: Cobreaking of Stock Prices and Contagion. |

### 2009

| 543. | Leppänen, Hanna & Grönroos, Christian: The Hybrid Consumer: Exploring the Drivers of a New Consumer Behaviour Type. |

### 2010