

Customer value as a key concept for enhancing the customer insight in academic libraries

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Abstract: In this paper I will explore how the concept of customer value and its dimensions can be utilized in customer-oriented service design and management in an academic library. Knowing the customers and their needs is one of the most important success factors in good service design. Understanding better the different customers' objectives, wishes, habits and the problems of the everyday life will give tools to the library to develop its services into a correct direction.

I propose, that by identifying customer value propositions a library can enhance the customer understanding and provide new angles to evaluate and develop services. A precondition for the successful service and operational development is to understand what generates the value to the customers and what does not. Finally, one can acknowledge that the mere understanding is not always enough if for example the resources or know-how are not sufficient for meeting the needs. The critical examination is therefore necessary also for those matters which can cause harm instead of value to the customers.

Keywords: Customer value, Value creation process, Customer understanding, Academic libraries, Service design.

1. Introduction

The concept of customer value is commonly used especially in the literature on marketing and retailing to explain the competitive advantage of a successful product or service. Definitions of customer value vary a lot but common to all definitions is that the value is strongly linked with customer's experience. Customer value is subjective, always defined from the customer's perspective and therefore it differs from one customer to another. Customer value is also situational and varies across time (Rintamäki and Kirves, 2017, 161). However, several dimensions of customer value can be identified and by analysing those an organization or a company can learn more about customers. Furthermore, it can use that knowledge for analysing the organization's own capabilities and resources to fulfill the customer needs. This understanding is vital when developing customer-oriented products and services.

In this paper, I will use Tampere University Library as an example and argue that even a public organization like university library needs to improve its ability to understand the changing needs of the customers. Tampere University Library supports the whole university community and it provides information resources and services for researchers, teachers, students, university management and other personnel. The library is open also for public expanding the potential customer base even further.

Tampere University Library has recently gone through a merger with two other university libraries and while preparing the joint operations, a considerable effort was made to understand what kind of services will best serve the customers of the newly created library. This paper discusses initiatives that have already been carried out to enhance customer understanding in the library as well as depicts how customer value concept can help to articulate customers' needs.

2. Customer value and its dimensions

Rintamäki, Kuusela and Mitronen (2007) develop a framework for identifying key dimensions of customer value and link between customer value and competitive advantage in their article. In the framework, customer value is classified into four main dimensions: to economical, functional, emotional and symbolic customer value. In an economic customer value, the main focus is on the price of the service or the product. The economic value can be specified as the lowest cost or the best tradeoff between quality and price. The economic customer value is not necessarily directly a value which can be measured in money. However, in services or products which save customer's time and effort the economic value is evident and has monetary worth in that sense (see also Åslund & Bäckström 2015, 149). It is also important to understand that economic customer value will not be created if the customer feels that the costs

incurred to her/him are more significant than the advantage obtained from a product or service. According to Rintamäki, Kuusela and Mitronen (2007, 627), price indeed is still one of the most important factors that create customer value.

In functional customer value the focus is on the solution which responds to the customer's needs. The functional value can be perceived from the service which helps the customer to perform a specific task, to make the right decision or to solve a given problem. Osterwalder et al. (2014, 16-17) talk about functional utility when they refer to functional customer value. Instead of customer value they use term customer gains to describe the outcomes and benefits that customers want. They define functional utility as the most basic expectations without which a solution would not work. In addition to these essential gains there can be 'nice to have' gains that go beyond customers' expectations and desires.

In the model developed by Rintamäki, Kuusela and Mitronen (2007, 628) the third value dimension, emotional customer value, is determined based on the customer experience. The customer experience is created from other factors than merely from the functionality of a product or service. For example, the sense of being part of larger community with other people, the possibility to relax or to enjoy the pleasant atmosphere can be linked to the customer experience. Emotional value is often combined with an economic and functional value, but it is much more dependent on the customer experience. For instance, friendly and professional customer service can add emotional value while at the same time it is important that the related functional value is created.

The fourth value dimension, symbolic value is the most ambiguous since the focus in it is on the significance and positive meanings that service or product creates to the customer. The symbolic value represents something else than the self-evident function of the product or the service (Rintamäki, Kuusela and Mitronen 2007, 629). Even if the customer is choosing the product or the service to a certain purpose (a functional value), she/he often makes her/his choice based on a brand or reputation. The symbolic value is linked to the customer's need to express herself/himself by the choices she/he makes. In other words, symbolic value can be also considered as a social value by nature. Symbolic value can consist of all the other value dimensions.

The customer value is often a sum of many factors. For instance, the customer may value the service if it saves her/his time and is affordable. In this case, the customer value consists of functional and economic value. For organization the better understanding of customer value can result in improved services and products, but it also requires the change of mindset. Customer value is not anything tangible, but it can be found by thinking 'from outside inside'.

In the framework, the different dimensions of customer value form a hierarchy, and all value dimensions can be realized in one customer experience (Rintamäki, Kuusela and Mitronen 2007). Although the customers do not perhaps observe the hierarchical character of the value formation consciously themselves, for an organization that provides services or products it is useful to identify and analyse different customer value dimensions. It helps organization to understand what motivates the customers and directs them to make decisions accordingly. In particular, understanding the emotional and symbolic value requires a deep understanding of the customer base, hence, that understanding can be utilized in the development of services.

The customer value can be analysed also in another way. It can be divided into basic value, differentiating value and future value. The basic value must be in place so that the customer in the first place will choose the product or the service. The differentiating value is created on top of the basic value. It means the added value what makes customers to select the particular product or service. This value typically differentiates the service or product offering from alternative choices of other service providers.

The value of the future emphasises the dynamic feature in value creation: the value will change when for example the customer needs or competitor's offering changes. In order to maintain its position and create value to the customers, organization should continuously develop its offering and operations.

3. Understanding customers and value creation process

In connection with the definition of the customer value it is often discussed about the logic of the value creation process and how the digitalization and globalisation have changed the logic of value creation. The customers' possibilities to find and to choose services have increased substantially. This trend can be seen also in the library services which have changed considerably with digital solutions.

The mechanisms of the value creation process can be defined. Åslund & Bäckström (2017, 149) define the value creation as an interaction or co-creation between the customers and the service providers. Customers' more active role in the development of products and services has led to the fact that the value creation cannot be considered merely as the customer's subjective process any more. Different co-creation processes aim at making hidden customer's needs visible and utilize the customers own experience and expertise for developing new products and services. One output of co-creation processes is customer value, yet another important output is better understanding of customers.

According to Åslund and Bäckström (2017, 149-150) value can be created in

different processes, activities, tasks and behaviour, in the organization prior to services being delivered and then outside the organization when services are being chosen and used by the customers. Thus, the value creation is linked also to the product development, management and decision-making processes of the organization. These processes include information and knowledge management processes, innovation processes, strategic management and communication.

The central concept related to customer value is also customer promise which connects to the needs of customer groups on one hand and the ability of an organization or company to meet customer needs on the other. In a customer-oriented organization or company, the customer promise should be a key principle guiding the day-to-day operations of the organization.

In order for an organization to be able to focus on customer-driven operations and analyse its customer value, it needs to know its customers. The size or branch of an organization may determine the customer base so clearly that there is no need for a more detailed analysis of customerships. In areas and in businesses where the customer can be practically any one, it is necessary to analyse more precisely whom the customers are.

Customer information refers to all the information that is collected from customers in the organization. Customer information, in its broad definition, includes not only information about customers and their behaviour in information systems but also feedback from customers through different channels and methods, analysis of different customer profiles and tacit information obtained through customer service. Trend information, weak signals and social media discussions are new forms of customer information to be considered. Customer information can be utilized, for example, in identifying customers, developing the organization and its services and in communication and marketing. It is also increasingly used in strategic decision-making.

Customer understanding, or customer insight, means that organization knows its customers and their needs and is capable of using that knowledge in decision-making and in all the core processes of an organization. In-depth customer understanding, i.e., knowing the needs, choices and motives of customers will help the organization to anticipate the needs of its customers and also respond to future challenges.

4. Customer value in the context of an academic library

I will now briefly discuss how the analysis of customer value was utilized in the merger process of Tampere University Library in 2018. Even though the merger process was extremely complex and intense, it was worthwhile to stop for a moment to think about the purpose of the library and the value that the library creates for the whole university community.

The customer promise of Tampere University Library can be summed up into two sentences: the library aims to be the fastest and most reliable service provider for scientific information resources and information services to support studying, teaching and researching at the university. The library recognizes the information needs of researchers, teachers and students and develop high-quality services in a timely manner.

How the library can ensure that it keeps this promise and succeeds in customer-oriented service design? In my opinion, the main challenge to improve both customer insight and value adding services with it is the common view that the main customer groups of the library (students, teachers, researchers and other people in the need of the scientific information) are already known so well that it is straightforward to provide services that will meet their needs. First, these groups are anything but homogeneous. Secondly, enough attention has perhaps not been paid to the fact that also customers live in the continuously changing environment in which the digitalization essentially changes working methods and the use of the information and thus the customer needs and desires as well.

One may also ask why it is even important to enhance customer understanding in library service design if there are not any real options available for library services. In many cases there probably are not any but perhaps they would emerge if the provided service would be inadequate or flawed, thus, it is therefore crucial to understand customer value dimensions better. And by paying attention to customer's perspective and customer value creation the library can learn more about customer preferences but also difficulties and challenges the customers encounter. This information can help for instance when the library is designing its customer service concept. For instance, it is important to know whether customers value face to face service more than online self-service. One could also consider the university community being one customer that benefits from agility of service and service level agreements that make the service available to users 24/7. That can be an advantage that sets the university better stand-out in national and international scene.

In Tampere University Library, customer understanding is gained mostly from customer satisfaction surveys, direct feedback and from the customer behavior data collected from the library information systems. Surveys are conducted yearly, and they give a good overall understanding of customers' views on existing services. The problem might be, though, that the questions are formulated more from the library point of view than from the customer point of view. Thus, we might fail to find out what really creates value to the customers and what does not.

Customer value dimensions framework can help to analyse customer information and formulate the questions of feedback surveys better to match the desired outcome. As Osterwalder et al. suggest (2014, 14) it is useful to get

customers to describe things that they value and do not value as concretely as possible because then one can use the information for improvement actions. These guidelines were utilized when the first customer survey in all the three merging libraries was conducted in the spring 2018. This valuable information was analysed to support the prioritization of development actions and in project portfolio planning during the merger process. As the service portfolio of the library is wide and all the customer groups do not use all the services of the library it was vital to find grounds for fair prioritization of development actions.

Tampere University Library is committed to the continuous development of operations and the improvement of customer experience. The whole organization understands that the most important goal for library services is to create value to the customers. The customer value of the services can be measured by studying the availability of the service, its speed and how well it responds to the customers' needs. The library has also a strong will to develop customer understanding. Customer data and customer understanding play a significant role in creating and measuring customer value. Customer feedback is systematically utilized in developing services and planning new services. The library aims to ensure that customer orientation is systematic and built into all activities.

Analysing the different aspects of customer value can help to identify the main development areas and also areas that already meet or even exceed customer expectations and desires. Understanding different value dimensions and value creation processes should then be connected to library's goals.

Based on a current understanding few simple examples of economic, functional, emotional and symbolic customer value dimensions of Tampere university Library can be easily given. Economic customer value in the library refers often to the services that customer can use free of charge. Free services are taken for granted and that is why the economic customer value of library services is rarely questioned. However, now that libraries are facing challenges in negotiations with the publishers to be able to offer all the needed e-resources and often cover also various Open access expenses, also economic value has become relevant in a new way. The library is not the only provider of access to information resources and sometimes it can save customer's time and effort to use other channels to get access to the needed resources even if the direct costs are incurred to the customer.

Functional customer value is based on services which make fluent studying and high-quality research work possible. The library collections and access to electronic information resources are in the core of the services. Furthermore, the ease of use, possibility to use information resources remotely and multichannel help are relevant factors that create value. Library offers a wide range of professional services that create functional customer value. For instance, the library plays an important role as teaching new information skills.

The more students are becoming the producers of knowledge, the more they need expertise in, for example, copyrights, licensing, patents, standards and various regulations. The core expertise of the library's information professionals is precisely the know-how involved in producing, sharing and validating information. Therefore, the library plays an important role in the processes of producing and sharing new knowledge at the university.

The reputation of the library as a trusted actor is a key element in creating both emotional and symbolic customer value. Even if the library's brand is not enticing and perhaps not the key driver for library customers to use services, the customer experience is often very positive. The library is considered a tranquil and equal working place where everyone can get service regardless of their position, rank or social status. Library services are designed to help customers to perform and succeed in their own job and library is very aware of its supportive role. All the customer value dimensions are important when communicating library's significance and the value we add to the university management. This is essential in convincing management to equip the library with all the necessary resources (Siess 2003, 93).

Information literacy training serves as an example of utilizing customer value dimensions in service design in Tampere University Library. Information literacy training is integrated in the curricula and it has been perceived as a valuable service for students at different stages of studies. When planning the training services for the new library the customer value model was tested in practice. In order to get good picture of library customers' opinions on information literacy training, a specific question was formulated for the customer feedback survey in 2018. The survey was sent to all students and personnel of three merging organizations and it was also available for the public. Customer feedback was collected to find out whether the students prefer face-to-face trainings, e-learning solutions or multiform learning. Multiform learning was the most preferable way and e-learning solutions the second due to flexibility and effectiveness in studying. All the different training methods have functional value but the methods that employ technology to improve the customer experience create more emotional customer value as well. As a result of this observation new e-learning course was designed for first-year students. In this case the content of the service remains the same while the service channel and the method varies.

5. Conclusions

In this paper I have briefly discussed how the concept of customer value can be utilized in the service design and management in the academic library. The framework for identifying customer value propositions is just one tool to enhance customer understanding but it can help to focus attention to actions that create real value to customers.

Understanding the dimensions of customer value and utilizing customer understanding in the library are integral parts not only of management but also of service development and service production processes. Identifying customer value is also important in the segmentation of services in order to avoid services that attempt to meet the needs of all customers with the same solution. Perhaps even further segmentation will be needed in the future: personalized services have now become almost a default value, so it is evident that also libraries need to offer more targeted services. In customer-oriented operations, the first order priority is that the organization strives to better understand the goals, aspirations, habits and everyday life problems of different customers. This should be translated from customers' perspective and used to improve on organization's own business. Depending on organization's resources and capabilities the customer value framework can help to decide how to prioritize improvement effort in order to create services that create most value to the customers.

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