

Hugo Skaalsvik

A cruise line carrier in transition: An exploration of changes in corporate values in an explorer cruise line context

Abstract

This paper explores corporate values and their changes during stages of development for the prestigious, well-known historic Norwegian Coastal Voyage (Hurtigruten). Adopting a qualitative design, eight service managers were interviewed using in-depth interviews. The findings are organized into three parts: 1. Corporate values from 1950 to 2001, 2. Corporate values from 2001 to 2016 and 3. Corporate values from 2016 (with the introduction of new explorer cruise ships)

The changes in corporate values were observed in seven distinct areas one being service quality issues, another management principles. Based on the findings, this paper offers a typology of corporate values which consists of five categories: economic values, quality values, social values, environmental values and management values. Theoretically, the paper offers a comprehensive service brand model which shows a set of components which may impact corporate values in a service firm during transition, namely Hurtigruten. The originality and value of the research are its contribution to a deep understanding of corporate values and their changes in a firm undergoing a shift in strategic direction. Furthermore, a typology of corporate values emerges from the research, and a model is suggested which enhances our understanding of components which may affect changes in corporate values.

Key words: corporate brand; corporate values; case study research; typology of corporate values; Norwegian Coastal Voyage (Hurtigruten); Norway

Introduction

This paper explores corporate values for the prestigious high-contact service Norwegian Coastal Voyage or Hurtigruten. Hurtigruten, as an historic attraction brand, provides a rather unique research context for historical-, cultural-, and tourism reasons. The research context raises a set of research possibilities. The research idea is to observe and examine corporate values and their changes in Hurtigruten as the corporate brand has moved from more or less an infrastructure-means to a world-competing explorer cruise line carrier. In fact, how to effectively brand services is an arena of priority in future service research (Ostrom, Bitner, Brown, Burkard, Goul, Smith-Daniels, Demirkan & Rabinovich, 2010).

Given the increase in cruise tourism, an examination of a cruise operation as both transportation and a destination (Johnston, Lind, Fang & Hui, 2002), as well as an experience good (Moorthi, 2002) represents an interesting research area. In fact, Hurtigruten has become a world-leader in explorer cruises, and the company Hurtigruten ASA has expanded its operations to international 'cold' waters with large investments in modern explorer cruise ships. Today (2016), the company has ordered four ships which represent innovation in ship-building technology and construction associated with sustainability and green tourism. Hence, Hurtigruten, over time, represents a cruise line carrier in transition

Hugo Skaalsvik, PhD, School of Business and Economics, UIT – The Arctic University of Norway, Harstad, Norway;
Email: hugo.skalsvik@uit.no

as a change-oriented and a value-driven cruise company. Thus, the choice of a cruise line context is highly relevant and interesting as the cruise line industry is in '*an early stage of development*' (Biederman, 2008, p. 197), with a huge market potential world-wide (op. cit). Furthermore, according to Tsiotsou and Ratten (2006), the cruise sector as part of the tourism industry will continue to be a cornerstone of the global economy (Brida & Zapata, 2009).

According to brand knowledge (Aaker, 1996), brands can take on different forms, i.e., business to business brands (B2B) versus business to consumer brands (B2C). Obviously, the main difference lies in the focus on different markets. Nevertheless, the phenomenon of services branding normally operates at the corporate level. Specifically, Hurtigruten is a corporate brand that aims to connect and tie explorer cruise tourists to the brand by appealing values, associations and promises because brands, essentially, exist to serve a firm's customers (Rust, Zeithaml & Lemon, 2004).

According to brand knowledge, brands are part of a company's information system (Davis, 2007). Thus, the delivery of the Hurtigruten brand may, positively or negatively, impact the travellers' perception or image of the whole company. Thus, if the service attendants' performances on-board the Hurtigruten do not stand up to international quality standards on cruise ships, this may imply a reduction in the company's reputation or image in the minds of the travellers. Hence, brand equity may be reduced which is a threat to the whole company. According to Skaalsvik and Olsen (2013, p. 429), brand equity in a cruise context is perceived as '*the favourable and unfavourable perceptions and attitudes that are formed and influence a cruise passenger to buy a cruise product*'.

The study addresses two research questions:

What corporate values are observed for the Hurtigruten corporate brand during phases of company development?

What changes in corporate values are observed for the Hurtigruten corporate brand during phases of company development?

The questions posed are answered utilising information from a service personnel perspective, and the paper is organised as follows: the next part encompasses a literature review on corporate service brands with a focus on corporate values. Then the methodology is described followed by the findings and a discussion. The implications are discussed followed by a brief conclusion.

Literature

Over time, an extensive number of articles have been published on corporate brands in academic journals, but relatively few articles have explored the branding of services (Davis, 2007; de Chernatony & Segal-Horn, 2001; Sok & O'Cass, 2001), and as observed by Moorthi (2002, p. 259) '*there is not much literature on how to brand a service*'. This is quite surprising as brands are considered to be '*even more important for services than for goods*' (McDonald, De Chernatony & Harris, 2001, p. 335). Hence, more research is called for in this field of service marketing and management inquiry (Ostrom et al., 2010).

Corporate brands and corporate values

What is a corporate service brand?

In order to survive, businesses need to be successful in their business operations, particularly in challenging and turbulent environments which D'Aveni (1994) termed 'hyper-competition'. In light of this, a corporate brand is one way for companies to perform better in competitive environments (Grönroos,

2007). A successful corporate brand is important for any service organisation in order to distinguish and to position its service offerings from those of competitors by communicating its core values to customers (Berry, 2000). Hence, a strong, successful competitive corporate service brand will bring value to the firm and provide value to customers by solving their decision-making problems (Edvardsson, Enquist & Hay, 2006). As argued by Trott (2005), a successful brand combines an effective product, a distinctive identity and added-values as perceived by a company's customers.

A classic view of a product brand is that it consists of a set of perceptions that serves a differential purpose (Aaker, 1996; de Chernatony, 2001; McDonald et al., 2001), in contrast to service brands which are viewed as clusters of functional- and emotional values (de Chernatony & Segal-Horn, 2003). In relation to the individual customer, the essence of value in a service context is the extent to which the service is perceived as valuable in comparison to other alternatives (Grönroos, 2007). Nevertheless, a specific corporate service brand is maintained during development and changes when the stakeholders relate to the flow of brand messages from the service provider (Simmons, 2007).

According to Grönroos (2007), the brand as a concept is always an image, and the image of a service is formed in the individual customer's mind. Hence, what a brand actually represents is observed in reality (Edvardsson et al., 2006). Nevertheless, what constitutes a brand has been subject to debate in the service literature. Grönroos (2007), as an example, has discussed the brand concept from the viewpoint of services. He calls attention to the role of the key characteristics of services (Andreassen, 2008; Kandampully, 2007; Lovelock & Wright, 1999), and the role of customers in brand processes and development observing that '*if anybody builds the brand, it is the customer*' (Grönroos, 2007, p. 331). Hence, he offers a brand definition which encompasses both physical and service products saying: '*a brand is created in continuously developing brand relationships, where the customer forms a differentiating image of a physical good, a service or a solution including goods, services, information and other elements based on all kinds of brand contacts that the customer is exposed to*'. This definition seems to suit the Hurtigruten's corporate brand quite well. Hurtigruten is a well-known corporate brand name in national and international cruise markets, and is a cruise carrier which clearly and consistently differentiates its service offerings from competitors as none of them offer a similar cruise product. Nevertheless, in order to be more precise, Skaalsvik and Olsen (2013, p. 428) have conceptualised a service brand in the context of a cruise service as '*a combination of tangible and intangible elements that uniquely identifies a service produced by one particular service provider and thereby distinguishes it from the competitors' services*'.

The focus on customers implies an external perspective to brand understanding and knowledge (de Chernatony & Cottam, 2006). Nevertheless, according to brand knowledge, a firm's service culture and its employees are important sources of brand equity (Grönroos, 2007). Hence, an internal perspective also needs to be taken into consideration in relation with brand development (de Chernatony & Cottam, 2006; Kimpakorn & Toquer, 2009). In this regard, the employees as brand 'ambassadors' deliver corporate values in their ongoing relationships with the customers (Edvardsson et al., 2006; Jacobs, 2003). According to this view, corporate service branding becomes a change oriented dual management process which needs to be planned, organised and managed adequately (Skaalsvik & Olsen, 2014; 2015; Urde, 2003). In relation to this, the corporate values need to be embedded in an organisation's corporate service culture (Edvardsson et al., 2006). Hence, a strong service culture based on attractive corporate values makes sense inside a company and creating meaning outside it.

Corporate values – change in the course of time

Obviously, a company seeks to be associated with attractive values (Edvardsson et al., 2006; Gale, 1994). If a company is associated with negative values by stakeholders, it is a serious threat to business

success and survival. For example, if a firm is associated with unethical business conduct, it will be hard to restore such a bad reputation. In contrast, a company with a good reputation creates feelings of trust, closeness and affection inside as well as outside the company. In fact, excellent companies are to a great extent distinguished from average companies by stakeholders' positive perceptions of the businesses' core values (Edvardsson et al., 2006).

Value from a customer's perspective is perceived as an advantage for a brand because it is one way to solve a customer's decision making problem in buying processes (Edvardsson et al., 2006). Thus, one question is what values does Hurtigruten management intend to deliver to the tourists? Obviously, one value is tourists' expectations of a unique and exotic sea-travel along the most weather-beaten coastline in the world. Nevertheless, values as perceived by customers are highly individualistic; i.e., what is an attractive value for one person may not be assessed in the same way by another person. Moreover, for a local who travels on Hurtigruten, one important value is punctuality; does the ship arrive at its destination on time? On the other hand, for the individual tourist, keeping the time-table is most likely of less importance, because staying longer than scheduled in one harbour may even enhance the attractiveness of the travel. In fact, from a customer's perspective, value is defined and co-created with the customers (Vargo & Lusch, 2004), and values impact customers' experiences (Cronin, 2003). Thus, values function as a steering device for the customers and help them to make buying-decisions and reduce their perceived risks (Sok & O'Cass, 2011).

According to brand knowledge and theory, corporate values are a key component of a firm's corporate identity (Edvardsson et al., 2006, Grönroos, 2007), and contain an economic and a moral dimension. The economic dimension is connected to utility, i.e., price may be a parameter as is the case of, for example, IKEA – a world-leader furniture dealer who develops, produces and sells quality goods at low prices. The moral dimension is linked to ethical standards; i.e., for Hurtigruten, the employees' salaries are in accordance with Norwegian's labour law, rules and regulations. According to Ind (2004), the core values of a firm define it and give direction to its business operations. In relation to this, how the values are defined and communicated to stakeholders are a prime concern for management (Edvardsson et al., 2006). Hence, businesses in their market communication activities and actions must communicate the corporate values in their stakeholder relationships.

According to Edvardsson et al. (2006), suggest four different types of corporate values; economic, environmental, social and communication values. In the history of management, businesses have primarily been concerned with economic values. Nevertheless, today attention is to a greater extent paid to environmental and social issues; as a case in point, corporate social responsibility (CSR) has become a research field in its own right (Zadek, 2004). Nevertheless, in the research context employed in this paper, Hurtigruten is, first of all, a commercial company, but as will be reported, there are environmental and social sides of its operations as well. and Hurtigruten has changed given customers' needs, wants and preferences changing over time.

Corporate values – a way to develop a strong corporate brand

A strong corporate service brand is a strategic resource for businesses' survival (de Chernatony, 2001; McDonald et al., 2001). Hence, a well-positioned, values-based and strong corporate service brand differentiates effectively what a company stands for in relation to its competitors (Aaker, 2002; Berry, 2000). According to Kay (2006), 'difference' and 'consistency' are the prime driving forces for developing a strong corporate brand.

Nevertheless, there is no single recipe for developing a strong corporate service brand. Simmons (2007), for example, observes that from a customer's perspective there are three success factors for service

branding; to understand the customers, to carry out effective market communications and to engage in ongoing interactions with the customers. In relation to Hurtigruten, to understand the customers implies a well-functioning market information system that identifies and reports the requested values by the different tourist groups. Specifically, the large 60+ segment for Hurtigruten most likely requests different values than the younger 30-40+ segment. Hence, effective market communication entails communicating the values which management wants to deploy in the brand by means of appropriate market communication tools. For example, younger segments use social media more extensively than older people. Nevertheless, ongoing interactions with the customers imply close relationships with the individual tourist prior to, during and after the travel experience. Thus, it is important to observe any changes in the tourists' value systems. This is consistent with the perceptual view that service brands are clusters of functional and emotional values (de Chernatony & Cottam, 2006; McDonald et al., 2001). Hence, Hurtigruten's corporate values may positively impact the development of a sustainable and strong corporate service brand.

Corporate values – in historic contexts

Hurtigruten, as a famous, historic and corporate brand, has demonstrated longevity as the company was launched decades ago (1893). According to Boyle (2007), to possess a famous and memorable brand name may act as a product advantage. Obviously, Hurtigruten possesses historic status in the minds of travellers, and the company's brand identity is influenced by its brand heritage. According to Urde *et al.* (2007), historic brands represent a distinct conceptual category which requires well-thought out brand considerations by management. In fact, the long history of Hurtigruten is an appealing brand component which old brands may benefit from (Hudson, 2011).

An interesting issue is to what extent Hurtigruten as a company qualifies for heritage status. Some will claim it does, providing longevity as an argument, while others will claim that heritage status is linked to antiquity. Nevertheless, Hurtigruten, as an historic brand, has over time sustained considerable changes, including changes in corporate values, which are reported in this paper. Hence, our position is that Hurtigruten is an historic corporate brand, but the heritage status is questionable. Nevertheless, Hurtigruten may successfully capitalise on the long history of the Hurtigruten brand in its marketing communication activities and actions.

Methodology

In order to obtain a deep understanding of corporate values, a qualitative design was chosen using a case-study method. The case study method is particularly relevant when the aim is to examine a phenomenon about which relatively little is known (Mehmetoglu, 2004). Furthermore, as argued by Gummesson (2000, p. 87), '*case study research has received growing recognition among groups of management researchers*'. There are different types of case studies and the one employed in this study is a single case study (Yin, 2003). This study addresses corporate values and their changes over time, i.e., covering distant past, recent past and contemporary accounts. Thus, Hurtigruten's business story unfolds through an intensive process (Golder, 2000).

To answer the research questions posed, a variety of sources may be used including primary as well as secondary research information (Booth, Colomb & Williams, 2003). This study uses both sources of information. For instance, a strategic report entitled 'Strategic choices after 2001' (Hurtigruten, 1999) gave insight into management's strategic vision, intent and ambition to move into the highly competitive explorer cruise line market. Nevertheless, according to Kinnear and Taylor (1991, p. 182),

'secondary data often has a "target fit" problem'. This contrasts with primary research information which may provide more specific, extensive and reliable information on the phenomenon under investigation (Veal, 2006).

Primary research information encompasses a set of different sources (Merriam, 1998). Nevertheless, the personal interview is the most used data collection method in qualitative research (Easterby-Smith, Thorpe & Lowe, 1999; Fielding, 1997) as this technique may secure the collection of reliable and valid data. However, conducting long, in-depth interviews is a challenging research activity (McCracken, 1988). For example, one important issue is to allow '*the respondent to tell his or her own story in his or her own terms*' (McCracken, 1988, p. 22), which impacts the interviewer's role in the course of the interview. Long interviews with service managers and personnel previously and presently employed by Hurtigruten were carried out during the winter 2015 and spring 2016. Each interview lasted up to one hour and they were tape-recorded and transcribed for the purpose of analysis.

Eight service managers and service personnel, six men and two women, participated in the research. They were identified using a purposeful sampling procedure (Berg, 2007; Finn, Elliott-White & Walton, 2000; Saunders et al., 2003), a procedure which '*makes no attempt at representativeness at all*' (McQueen & Knussen, 2002, p. 75). The participants, by means of their functions, activities and roles in market positions, were assessed to be the most knowledgeable and competent informants on changes in corporate service branding for Hurtigruten over time.

Qualitative data can be analysed in a variety of ways (Ghauri & Grønhaug, 2002; Johannessen, Kristoffersen & Tufte, 2004; Merriam, 1998). Hence, a challenge is to identify and use an analytical procedure that gives a reliable and comprehensive account of the findings obtained in the study (Gummesson, 2000). In this study, a choice was made to employ Merriam's (1998) analytical procedure which has proven to be useful in case studies. The procedure consists of three phases: intensive analysis, the development of categories, and theory development.

The intensive analysis phase entailed content analysis of the interview transcripts which provided extensive insights and understanding of changes in corporate service values over time as perceived by the interviewees. The second phase, that of categories, entailed identifying categories of corporate service brand values over time. The theory development phase was addressed by developing a model which depicts factors impacting the development of corporate service brand values (see Model 1 for details).

The format of Merriam's (1998) analytical procedure is inductive (Easterby-Smith et al., 1999). According to Ghauri and Grønhaug (2002, p. 14), induction is '*the process of observing facts to generate a theory*'. Nevertheless, the intention of a case study is not to obtain generality, but rather to contribute to a deep understanding and knowledge of the research phenomenon under investigation in the chosen context, i.e., on Hurtigruten.

Nevertheless, a case study on Hurtigruten may suffer from limitations, particularly in relation to two issues: the choice of interviewees and the memory of the subjects. A relevant question is: were any interviewees omitted from the sample? However, by following a snowball sampling procedure, the research seems to have included the most skilled, knowledgeable and competent persons on service brand issues for Hurtigruten. A second relevant question is to what extent the interviewees correctly recalled changes in corporate values over time? In this respect, the research carried out has faced similar challenges of all qualitative retrospective studies (Johannessen et al., 2004). Nevertheless, by allowing the interviewees to review their cases, one hindrance to obtaining quality in research may be eliminated.

Findings

The findings are organised in two parts according to the two research questions posed. Table 1 shows corporate values during three phases of company development. Table 2 shows the key changes in corporate values during phases of company development.

Findings – research question 1

In the Table 1 the corporate values in the course of the phases are shown.

Table 1
Corporate values during phases of company development

| Phase 1: 1950 → 2001 | Phase 2: 2001 → 2016 | Phase 3: 2016 → |
|--|--|---|
| 1. Technical/operational quality – cost focus 2. Product focus – standardisation 3. Safety (at sea) 4. Expertise/competency (at sea) 5. Hierarchy: top-down principles | 1. Service quality – income focus 2. Customer focus 3. Product focus – new product elements 4. Safety (whole voyage) 5. Expertise/competency (new areas). 6. Hierarchy: modifying elements 7. Coastal culture – exoticness – new experience elements 8. Service development – an area of priority | 1. Total quality – cost and income focus 2. Customer care – individualism 3. Product focus – a total product 4. Safety (total company) 5. Expertise/competency (total company) 6. Hierarchy, but decentralisation 7. Coastal culture – adventure experiences. Principles of sustainability: protection of wild-life. Green tourism 8. Innovation – an area of priority |

Phase 1 of company development

Period from 1950 to 2001

Hurtigruten was established due to transportation needs of locals and goods along the long weather-beaten coast of Norway. Nevertheless, even from the start in 1893, Hurtigruten attracted international tourists to some extent in the summer season (June–August). Nevertheless, it was the strategic decision in 2001 to become a world-leader in explorer cruises that turned Hurtigruten into a world-competing tourist product. Hence, according to the interviewees, phase 1 in a touristic sense is primarily a second post-war phenomenon, a period from the 1950s to 2001.

Core corporate values in phase 1 of company development

In Table 1, the first column shows the identified corporate values as reported by the interviewees. The values will be elaborated in turn.

1. Technical/operational quality

The interviewees addressed the issue of *technical/operational quality* as one dominant value. As one interviewee said: 'Yes, we addressed quality, but technical quality only. Remember we were obliged to offer safe transport, what was needed was safe ships and their technical standards were important'. This perception was supported by another interviewee saying: 'The sea-voyage of 365 days a year was a challenge to ship management and sailors; impossible without a high-technical standard on the ships'.

2. Product focus – standardisation

In the first phase, a standardised product was offered as described by one interviewee: 'we offered a core transport product at sea'. This view was supported by another interviewee saying that 'everybody knew the product, that of a standardised product'.

3. Safety – at sea

The values of technical/operational quality and product standardisation are in accord with the value of *safety*. As one interviewee said: '*The highest priority was safety, the core was to offer safe transport every day under all weather conditions*'. Another interviewee said: '*Safety aspects needed attention every day, how to navigate safely in darkness was a challenging task, everybody knew it*'. This perception was supported by a third interviewee saying: '*The three s's were: safety, safety, safety*'.

4. Expertise/competency – at sea

The three core values in the 1950-2001 phase of development are in accord with the fourth identified core value, that of *expertise/competency* at sea. An interviewee said: '*Norwegians have, from ancient times, remember the Vikings, been skilled sea-men, and the travel route required skilled and competent sea-men*'. Another interviewee said: '*Norwegians are experts at sea, they are famous all over the world for their skills at sea, and to work on the Hurtigruten was a recognition of that competency*'. A third interviewee said: '*A position on a Hurtigruten ship was evidence of ability to master all weather conditions during the eleven days and nights voyage*'.

5. Hierarchy – top-down principles

The four values reviewed are in accordance with an organising principle, that of *hierarchy*. For Hurtigruten, there was a strict ranking system, from the top to the bottom, and every person on-board knew their position in the hierarchy. As one interviewee said: '*On the Hurtigruten, there is only one real king; the captain*'. Another interviewee said: '*No one dared to oppose the captain; if you did, you were probably on your last voyage*'. A third interviewee said: '*The ranking system on-board the Hurtigruten originates back in time, when quick decisions were needed in difficult situations, the power structure on-board must be clear*'.

The information provided from the interviewees clarifies the core values built into the brand during the first phase of tourist development for Hurtigruten. The values were *technical quality, product focus, safety and expertise/competency* (at sea), and clear cut ranking system, that of *hierarchy*. Nevertheless, as will be demonstrated, in the next phase of development, new corporate values were identified.

Phase 2 of company development

Period from 2001-2016

According to the interviewees, the second phase of company development started with the strategic intent in 2001 to become a world-leader in explorer cruises, and lasted till 2016 when a rejuvenation of the Hurtigruten fleet was decided by ordering four ships which represent innovation in ship building construction and design.

Core corporate values in phase 2 of company development

In Table 1, the second column shows the identified corporate values as reported by the interviewees. The values will be reviewed in turn.

1. Service quality

The strategy of transforming Hurtigruten into a world-competing explorer cruise line carrier implied, among other things, new corporate brand values. First, still *technical/operational* quality was important, but in phase 2 an enhanced focus was given to *service quality*. As one interviewee argued: '*Yes, the technical standards of ships and equipment were important, but quality was raised to a new level, including service quality*'. This view was supported by another interviewee saying: '*Historically, in my view, service*

quality issues were more or less absent, but as we now moved into competitive environments, we needed to address service quality issues'.

2. Customer care

By paying attention to service quality issues, e.g., the design, development and implementation of service quality systems, *customer care* became an important corporate value. As one interviewee said: *'Our change of direction towards cruise markets upgraded our focus on the tourists, we had to better understand their needs, wants and preferences in relation to the whole Hurtigruten travel experience'*. Another interviewee said: *'we gradually understood that the tourists on the Hurtigruten were different; the Americans were quite different from the Germans in relation to requirements which had consequences for our customer care procedures'*. A third interviewee argued: *'we had to enhance our competencies in handling the tourists; in fact we needed enhanced skills in customer care'*.

3. Extended product – new product elements

The second phase of company development changed the product view of the company. Still the core product was a transportation product operation, but new product elements were incorporated. One example was the introduction of a wide range of excursions. As one interviewee said: *'we now had a service product to handle which was demanding compared to the transportation product'*. This was supported by another interviewee saying: *'we gradually became a "service factory", to offer a standardised transportation product was not enough'*.

4. Safety – whole voyage

As in phase 1, *safety* was a core value in phase 2 of company development, but compared to phase 1, an expanded understanding of *safety* was observed. In phase 1, *safety* was an issue connected to sea-travel, but in phase 2, *safety* was related to the entire voyage and given a personal element. In other words, *safety* was *individualised*. As one interviewee said: *'Safety at sea is important, but most important is that each individual feel personal safety'*. This is supported by another interviewee saying that *'Safety is perceived differently by travellers; a couple in their 30s perceive safety elements differently from a couple in their 80s which we had to take into account'*.

5. Expertise/competency – new areas

Phase 2 of company development implied new work groups on Hurtigruten who possessed new work qualities and skills. As one interviewee said: *'Now a new staff entered the Hurtigruten – the service workers.. Suddenly new work titles were introduced, for example "hotel managers" – who would think of such a title on a ship?'* Another interviewee said: *'now we needed highly qualified chefs on-board, the meals served on-board had to be of the highest quality'*. A third interviewee said: *'the new time required new work talents. This implies a shift of focus towards an upgrade of the role of the service employees on-board'*.

6. Hierarchy – modifying elements

The issue of hierarchy is unquestionable in the management sea culture. The captain is the sole *'king'* on-board a ship at sea. Nevertheless, in phase 2, hierarchy, according to the interviewees, was given a wider interpretation. As one interviewee said: *'No one dared to oppose the captain, but the role of the captain changed in this phase of development. I observed that the captain to a greater extent paid attention to us as service workers'*. Another interviewee said: *'the captain became more of a total service leader. He used a new management principle which we labelled as "walk and talk"'*.

7. Coastal culture – exoticness – new experience elements

According to interviewees, as a consequence of targeting explorer (sea) tourists, the value of the Norwegian coastal culture's *exoticness* was given priority by management. *Exoticness* can be materialised in different forms; one example is upgrading the role of adventurous excursions, such as the excursion to the Svartisen glacier. Moreover, in phase 2 of company development, other exotic elements were incorporated into the Hurtigruten product such as sea rafting, bird watching etc. One interviewee said: *'New product elements are required in order to lift tourists' experiences. One popular exotic experience is bird watching; seeing several sea-eagles are for many tourists a life-time experience'*. Another interviewee said: *'Exoticness is perceived differently by individual tourists and tourist groups. Some will perceive the sight of a small village as exotic, others the landscape, while other again perceive whale watching as the real exotic experience'*.

8. Service development – an area of priority

Compared with phase 1 – a period of standardisation – phase 2 featured a new corporate value, that of service development, given Hurtigruten's intent to enter the highly competitive explorer cruise line market. One interviewee said: *'once we were defined as a service company and in such a new situation we had to develop our services'*. This view was consistent with another interviewee saying: *'New services came on the agenda, we had to deliver new services in order to satisfy our round-trip travellers'*. A third interviewee said: *'our operation changed from being a transport company to a service company. The priority now was to develop and implement new services, for example new attractive excursions'*.

Phase 3 of company development

Period start: 2016

According to the interviewees, the third phase of company development has just started. The background for the 'turning point' – a new developmental stage – is investments in new explorer ships built with the use of innovative ship technology. As one interviewee said: *'Just imagine sailing into the Troll – fiord in silence, no noise from ship engines and propellers – that will be an astonishing experience'*.

Core corporate values in phase 3 of company development

According to the interviewees, as a consequence of strengthening Hurtigruten's competitive and strategic position in international cruise markets, new corporate values have to be developed accordingly.

In Table 2, the third column shows the identified corporate values as reported by the interviewees. The values will be reviewed in turn.

1. Total quality

First, there is a trend of more focus on total quality issues. As one interviewee characteristically said: *'Of course quality is important, but now we are focusing on total quality, the core being to develop a high quality level in every aspect of our service'*. Another interviewee supported this statement by saying: *'In the past we moved from technical quality, i.e., the technical quality of the ships, to service quality, addressing customers' preferences to the whole sea voyage. However, today (2016), we focus on total quality and total quality management'*.

2. Customer care – but individualism

Second, there is a trend of paying even more attention to the travellers, the explorer cruise tourists, and in particular the individual tourist. As one interviewee expressed it: *'We know the importance of*

customer care, but compared to the past we now have to "see" each tourist, the individual tourist'. This perception was supported by another interviewee saying: *'In society there is a trend of individualism. This is a trend which we have to follow on the Hurtigruten. In fact, each tourist wants to be an individual separated from the rest'*. A third interviewee argued that *'It is not easy, but we have to closely observe the individual tourists; are there specific requirements of individuals which must be followed up?'*.

3. Total product focus

Phase 3 is characterised by a total product focus. As one interviewee said: *'We had to expand our product thinking. We had to think of a total product which starts when the tourist starts planning the journey till (s) he is well back home with the memories'*. This perception of a total service product was supported other interviewees; one said: *'we completely changed our way of thinking; we had a composite product on offer which consists of more elements than a sea-voyage'*.

4. Safety – total company

In relation to item 3, the value of safety was given a new dimension in phase 3 of business development. As the product view expanded so did the safety. As one interviewee said: *'we had to think of safety in a new way; i.e., we had to secure that this value was secured from the moment the tourist left the city, say in Berlin, till (s)he is safely back home'*. Another interviewee said: *'we had a reputation for being a safe company at sea in the past; now we had to develop the safety dimension for the tourist's total travel'*.

5. Expertise/competency – total company

In phase 3 of company development, interviewees reported a change in the perceptual view of expertise/competency. As one interviewee said: *'it was acknowledged that expertise was a company-wide issue'*. This perceptual change was supported by other interviewees; one said: *'now the competency of service workers was assessed as being of equal importance to the sea-men'*. A third interviewee said: *'the role of service workers is enhanced; one consequence being that their competencies were more valued than before'*.

6. Hierarchy – but decentralisation

As in phases 1 and 2, *hierarchy* is a key organising principle for. Nevertheless, a modification was observed whereby a principle of *decentralisation* was introduced. As one interviewee said: *'Of course the captain is still the "king" on-board, but the captains on the Hurtigruten acknowledge that they are experts of sea transport, not experts of services. So, to a greater extent they rely on and communicate with service leaders and personnel on-board'*. Another interviewee supported this view by saying that: *'In a strict hierarchy, there is always a boss, also on the Hurtigruten, but we are dependent on satisfied travellers, and to be satisfied they request high-quality service delivery. In relation to this, we need service experts on-board and their roles have become more important'*. An interviewee said quite characteristically: *'An experience product as the Hurtigruten can diminish quite quickly if competitors deliver better services, and to do so we can't have a military like organisation. Modifying decentralisation principles of organisation is a key to success. Service leaders have to be given a say'*.

7. Coastal culture – more cultural elements – exoticness – adventure experiences

In phase 3 of business development, the coastal culture will become even more important than before. As one interviewee said: *'in the past, the Hurtigruten was part of the coastal culture, but today the coastal culture is more important than before. Today the tourists want to learn more about the coastal culture, in the past they just wanted to "see" it'*. This view was supported by other interviewees, one saying: *'today the tourists request adventure experiences in the midst of the coastal culture. The tourists today are knowledge seeking human beings, they request coastal culture experiences'*.

8. Innovation

In order to sustain competition and to meet travellers' requests, management of Hurtigruten has enhanced the focus on the role and value of *innovation* in relation to the whole service experience and package. Of course, in phases 1 and 2, a set of innovations were observed as well, i.e., technical innovations. Nevertheless, in phase 3, new types of innovations are introduced which aim to advance the standards of Hurtigruten's ships. As one interviewee said: *'To introduce new innovations is important, we have to innovate in order to compete'*. This view was supported by another interviewee saying: *'Now we are really an innovative organisation; we introduce incremental and radical changes; i.e., the new ships to come represent radical changes in ship building and construction'*. A third interviewee supported this view by saying: *'In the past, Hurtigruten was a standardised product not amenable to changes. Today, the Hurtigruten is amenable to changes, we monitor markets and competitors always and we are constantly on the alert to change our product. Innovation has become a key value of the company'*.

As observed, Table 1 shows the core corporate values during the three stages of company development for the Hurtigruten ASA company. The focus of Table 2 below is to show the key *changes* in corporate values during the three stages of company development. Seven distinct areas are identified.

Findings – research question 2

Table 2

Key changes in corporate values during phases of company development

| Phase 1: 1950 → 2001 | Phase 2: 2001 → 2016 | Phase 3: 2016 → |
|---|--|---|
| <ul style="list-style-type: none"> • Technical/operational quality • Product focus • Standardisation (product) • Expertise/competency (at sea) • Hierarchy: top down principles • Cost focus • Stability | <ul style="list-style-type: none"> • Service quality • Customer focus • Extended product (product elements) • Expertise/competency – new management areas • Hierarchy: modifying elements • Cost and income focus • Service development | <ul style="list-style-type: none"> • Total quality • Customer care, but individualism • Total service product • Expertise/ competency in all phases of service business operation • Hierarchy, but build-up principles of operation • Cost and new income sources • Innovation |

Discussion

The corporate values reported in this paper are contextual. Nevertheless, according to brand knowledge and theory (Edvardsson et al., 2006), it is beneficial to work out a typology system of corporate values. The findings reported in this paper imply a typology system which consists of five areas:

1. Economic values: i.e., cost- and income focus as dominant values;
2. Quality values; i.e., technical, service quality and total quality values;
3. Social values: i.e., customer focus, relationship oriented values, such as communication issues;
4. Environmental values; i.e., sustainability, protection of wildlife, green tourism as core values;
5. Management values: i.e., decentralisation, safety, up-grading the role of service employees, and innovation.

Even though the typology is contextual, it may be useful and applicable in high-contact services in which there is close contact between the service provider's front-line employees and the customers.

For example, the same core values may be applicable in, say, the airline industry. In fact, airlines pay attention to economy (i.e., cost reductions, address quality issues), are concerned with relationship issues (i.e., bonus programmes for different passenger groups), are concerned with sustainability (i.e., invest in new modern airplanes which pollute less than older planes), and are concerned with 'modern' management principles (i.e., they value the importance of those working closest to the passengers, apply front-line organising by means of the 'inverted' pyramid). Hence, the arguments here imply that the typology that emerges from the research may be useful and applicable in other high-contact service settings as well.

As reported in the literature, there is no 'right' or 'wrong' typology of corporate service values. For example, using five narratives for IKEA, Edvardsson et al. (2006) developed a typology of four brand values: economic, social, environmental and communication values. This typology is to a large extent comparable to the one that emerges from this research. Nevertheless, a key difference is that this study suggests a category that encompasses management values, i.e., principles of organising and the role of service employees. Hence, in this research context, the typology of management values enhances present new insight and understanding.

Implications

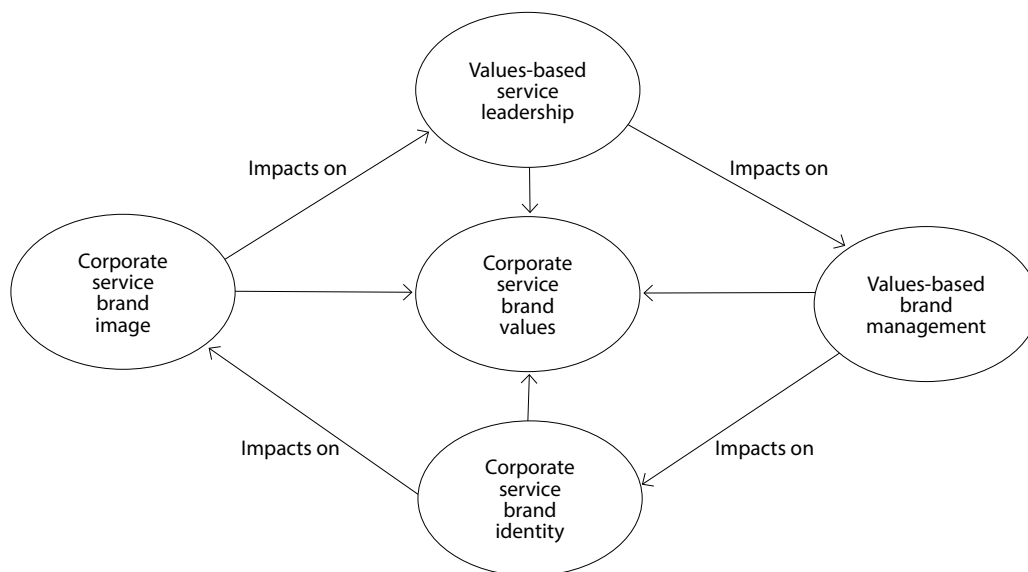
A set of implications emerges from the research. Theoretical implications will be reviewed in turn.

Theoretical implications

An important theoretical implication of the research is a model, which is shown in Figure 1.

Figure 1

Model 1 Factors affecting corporate service brand values



Values-based service leadership

In the 'new' economy, the service economy (Droege, Hildebrand & Focada, 2009), we observe a shifting trend of management principles and operation; a move from management control to values-based

service leadership by up-grading the role of those working closest to the customers (Lovelock & Wright, 1999). For example, Carlzon (1987) invented the 'inverted pyramid' which emphasised the role of front-line employees. This organising principle is in accordance with a service-centred view of operation (Vargo & Lusch, 2004) which opposed organising principles of strict hierarchy and regulations (Grönroos, 2007). The service-centred view is consistent with Gummesson's (1999) notion of a 'value-driven firm'. According to this view, acknowledging that a brand is a fundamental and important asset of a firm (Martin, Stewart & Matta, 2005), a company's values become the building block of business operation. For instance, for Hurtigruten, an enduring value has been that of *quality* in different forms; transitioning from *technical* to *service* to *total quality*. The key point here is that quality in itself becomes a steering device for how to lead and manage the company. One consequence is that the service employees, as ambassadors of the brand (Jacobs, (2003), have important roles in 'living' the brand (Ind, 2004). Their role taking behaviours then reflect the values that are embedded in the brand (Edvardsson et al., 2006).

Values-based brand management

In an economy of services, termed by Grönroos (2000, p. 11) as the '*new economy*', owing to enhanced competition and globalisation (Skaalsvik & Olsen, 2014, 2015), in order to stay competitive, the strategic direction and choice of core corporate values are imperative for service firms. Hence, firms need to adopt a philosophy of 'service excellence' which needs to be supported by values-based service leadership. Furthermore, a firm's web of strategies, one being the brand strategy, needs to be supported by change-oriented, values-based management (Edvardsson et al., 2006). The essence is that the core values of a service provider are in accord with the brand values which are communicated to the stakeholders (op. cit). For example, a core corporate value of Hurtigruten is 'quality' as the strategic choice is to remain a world-leader in explorer cruises. This dominant core value of the cruise operator needs to be supported by brand promises and messages which are communicated externally and internally to the stakeholder groups. For instance, 'quality' as a dominant value can in market communication be supported by brand values such as exoticness and wilderness illustrated by attractive pictures. Hence, values-based brand management is a means to secure that the strategic direction of the firm is backed by brand management's communication decisions and activities (Edvardsson et al., 2006) which impact a corporate service brand identity.

Corporate service brand identity

Using brand messages, a service provider seeks to communicate the core values of the company. For Hurtigruten, the slogan '*the most beautiful sea voyage on earth*' is extensively used in market campaigns. By doing this, the aim is to develop a strong corporate brand identity. According to Grönroos (2007, p. 343), brand identity '*is the image of the brand that the marketer wants to create*'. Reading this may give the impression that *brand identity* is all about *external* marketing. However, this is not the case. Building a strong brand identity also concerns internal marketing, i.e., to communicate and deploy the core values of the firm in the service employees' minds as a means to impact their role taking behaviour. Hence, the value of creating and sustaining a strong corporate service brand identity is a foundation for the stakeholders' service brand image.

Corporate service brand image

In a world of services (Droege et al., 2009), a negative reputation is damaging to any service provider. In contrast, a positive reputation appears to be a prerequisite for successful business operation (Edvardsson

et al., 2006). Hence, a firm must develop and sustain a positive reputation or image in the minds of stakeholders, in particular the customers, that corresponds to the intended brand, the brand identity.

Brand image *'is the image of the good or service that is formed in the customer's mind'* (Grönroos, 2007, p. 330). According to the research reported in this paper, the *corporate image* of Hurtigruten is that the cruise operator is a world-leader in explorer cruises. According to brand knowledge, image is reality (Grönroos, 2007). Hence, when 'reality' is established in the minds of stakeholders, and when reality is labelled 'bad corporate reputation', it is hard work for management to change stakeholders' attitudes and opinions.

According to brand knowledge and theory, brand image may operate at different levels (Keller, 2008). Nevertheless, in a service setting such as Hurtigruten, image appears to work at the company level. Nevertheless, there are a set of service components that add up to the corporate brand image. For example, if the 'restaurant product' on Hurtigruten is negatively valued by the tourists, this will have a negative effect on the corporate image. Similarly, if the 'excursion product' is positively valued by the tourists, this will have a positive impact on the corporate image. Hence, it is important to constantly monitor how the different components of the total travel product are valued by the different tourist segments that travel with Hurtigruten as company image portrays what exists in reality.

Conclusions

The research reported in this paper has provided deep insight, understanding and knowledge of corporate values for Hurtigruten during three phases of company development. The research findings were extracted from extensive, long interviews with service managers and personnel who possessed knowledge and competencies on the topic under scrutiny. The interviewees provided valuable information which made it possible to identify corporate values and changes over time. Furthermore, the study findings have contributed to the development of a typology system of corporate values which consists of five distinct groups; economic, quality, social, environmental and management values. Finally, the research findings make it possible to suggest and develop a corporate model which shows factors which affect corporate service brand values in service contexts.

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Submitted: 26/05/2017
Accepted: 03/11/2017