Martin Löfgren

Packaging and Customer Value

A Service Perspective
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Martin Löfgren. *Packaging and Customer Value – A Service Perspective.*

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Abstract

Already in the mid-seventies it was concluded that there are very few, if any, ‘pure’ goods or services. Nevertheless, over 20 years later, most publications about services focus on how service characteristics differ from goods. More recent research emphasizes not only that the present economy is, and will continue to be, service-dominated, but also that the offered good is an important part of the offer. It has also been suggested that the most important work in service research today applies both to the service sector and the goods sector. In this licentiate thesis, an attempt is made to conduct research that applies to both of these sectors by investigating packaging from a service perspective.

The traditional role of packaging in consumer products has been to store and protect the content. Current consumer and industry trends, however, suggest an increasingly important role for packaging as a strategic tool as well as a marketing vehicle.

To study packaging from a service perspective is relevant for several reasons. One reason is that packaging can have several functions, which include more than the physical package. Another reason is that packages are carriers of information that is interpreted by customers. The combination of functions, information, the physical package, and its content, creates the total customer experience.

The overall research question in this thesis is concerned with packaging and customer value. The two appended papers and the framework collectively answer this question. The main topic in Paper I is the service perspective and packaging. This is investigated on the basis of four interviews with packaging professionals in relation to service management theories. In Paper II an investigation is made into how Swedish consumers experience packaging in everyday commodities. The quality attributes of packaging are then categorized into different quality dimensions.
Acknowledgements

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Karlstad, March 2004

Martin Löfgren
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APPENDED PAPERS

PAPER I – WINNING AT THE FIRST AND SECOND MOMENT OF TRUTH
PAPER II – KANO’S THEORY OF ATTRACTIVE QUALITY AND PACKAGING

APPENDED RESEARCH MATERIAL

INTERVIEW GUIDE, USED FOR PAPER I
QUESTIONNAIRE, USED FOR PAPER II
1 Introduction

Research scholars suggest that firms compete with services rather than goods (Rust, 1998, Grönroos, 2000a, Vargo and Lusch, 2004). Service provision rather than goods is therefore fundamental to economic exchange in the new dominant logic for marketing (Vargo and Lusch, 2004). An indication of this, and of the maturity of the service economy, is that IBM and other manufacturing companies are making greater profits from the services than from the goods they provide (Pine and Gilmore, 1998). It is, however, important to remember that any given offering is often a combination of both goods and services (Gustafsson and Johnson, 2003). New product and service development is extensively encompassing more than the products’ core attributes, resulting in ‘offer development’ (Johne and Storey, 1998). For example, computer manufacturers and food retailers create customer value through a combination of goods and services (Berry, et al., 2002b), e.g., the combination of a hard disk and the service ‘storing information’, or ready-cooked food and the service ‘saving time’. This type of competition and economy has been described as service-dominated, with the offered good being an important part of the service, rather than the other way around (Rust, 1998).

It seems like we are experiencing a service infusion of manufacturing companies who have started to market themselves as service businesses (Echeverri and Edvardsson, 2002). For example, Scania does not manufacture trucks; they offer a ‘transportation function’. McDonalds delivers ‘a service and an experience’, not fast food (Ibid.). In this respect, goods can be viewed as distribution mechanisms for services (Vargo and Lusch, 2004), i.e., the trucks and hamburgers Scania and McDonalds provide are physical manifestations of the offered services.

These examples show that companies choose to have a service offer rather than the physical product as point of departure for their business. Companies describe themselves as service providers who develop, produce, and market services. These companies seek to build competitive advantage and extended customer value by providing a total offer that contains both tangible and intangible assets. When the companies’ offerings are broadened, the customers’ expectations of the offerings also change. It seems that the distinctive line between physical products and services is being increasingly blurred. Berry et al., (2002a) even suggest that offering products or services alone is no longer
sufficient. Companies must provide their customers with satisfactory experiences. Customer needs and customer value are keywords in this development of change. In this context, it is important to recognize that customer value is something perceived by customers rather than objectively determined by companies (Woodruff, 1997).

Packaging\(^1\) has traditionally been seen as an important part of the physical product (Brown, 1950) and a review of the marketing literature reveals relatively little theoretical work in this area (Underwood, et al., 2001). Meanwhile, consumer and industry trends suggest an increasingly important role for packaging as a strategic tool (Olsmats, 2002) as well as a marketing vehicle (Underwood and Klein, 2002). The change in customer expectations, as customers become more demanding, means that the role of packaging gains importance as it can be used to mediate different services, such as information and functions. This change may imply that certain functions of the package are modified or intensified, compared to the package’s prior main task of protecting the merchandise and facilitating storing and transportation. Companies consequently need to develop, design, and provide packages with high customer-experienced quality.

One way to investigate the development mentioned above is to study packaging from a service perspective, which has its starting point with customer requirements rather than product requirements. This means to start with the customers’ wants and needs and end with e.g., a bottle, jar, or box. The service perspective has been described as, “…understanding the internal value-generating processes of customers – for example, ultimate consumers, end users, suppliers and distributors – and how to develop a total integrated offering which serves these value-generating processes” (Grönroos, 2000a, preface). By this is meant that customers do not buy goods or services; they buy the benefits goods and services provide them with (Grönroos, 2000a). To study packaging from a service perspective is relevant for several reasons. First, packaging is something that can have several functions, which include more than the physical package. Second, packages are carriers of information that are interpreted by customers. Third, to study packaging from a service perspective allows for a theoretical investigation that applies both to the service sector and the goods sector, by seeing something (in this case packaging) as service rather than developing theories about what

\(^1\) The terms packaging and packages refers exclusively to packaging for consumer products throughout this thesis.
services are. From this point of view it also becomes relevant to view products as offerings consisting of goods and services (Normann and Ramírez, 1994b).

In this licentiate thesis I will argue that the total offer should be in focus also when it comes to packaging. My point of departure for this argumentation is that the service aspect to a great extent has been neglected in packaging research. The physical package and its content alone can not create customer value. The combination of functions, information, the physical package, and its content creates the total customer experience. To establish a service perspective on packaging conveys that customer value is in focus with help from, and in interaction with, packaging.

1.1 Research Questions and Aim

The overall research question in this thesis is concerned with the creation of customer value and values demanded by customers. One question of immediate interest is how packaging can contribute to create customer value and consequently what are the improvements and modifications that can contribute to enhanced customer value. The difference from the approach in this licentiate thesis, compared to the traditional approach in the area of packaging, is that it starts with the customers in order to understand how they view a package. This in contrast to going the other direction setting a specification based on production requirements.

Important questions to study are what are the consequences of seeing something as a service, and how should the total offer be designed to meet, and sometimes preferably exceed, customer expectations? This demands usability so that successful service encounters can be developed.

The deliverables from this project are as follows:

1. knowledge transfusion from other areas; I will apply theories from the service area in a new context--packaging
2. contribute to a better understanding of the service perspective
3. a deeper understanding of what the customers’ view as important on a package
By investigating packaging from a service perspective, the thesis aims to show that packages are more than physical boxes, bottles, jars, cans, etc. that protect the goods inside. It also aims to contribute to a better understanding of the service perspective by suggesting that the consumption of physical goods and services should not be separated but integrated into a process with two major steps; *The First and Second Moment of Truth* (Paper I). With this extended knowledge of the service perspective it is then possible, on a more detailed level, to better understand what customers view as important in packaging (Paper II).

**1.2 Summary of Appended Papers**

This section contains summaries of the two appended papers. I choose to summarize the papers here in the introduction because I believe it facilitates the understanding of the methodological and theoretical chapters. The intention with this disposition is also to provide the reader with an overview of the conducted research early on in the thesis.

The main topic in Paper I is the service perspective and packaging. This is investigated on the basis of four interviews with packaging professionals and in relation to service management theories. In Paper II an investigation is made into how Swedish consumers experience packaging in everyday commodities. A categorization of quality attributes of packaging into different quality dimensions is made. These papers are to be viewed as in-depth investigations into the area of inquiry in the framework of the thesis.

**1.2.1 Paper I: Winning at the First and Second Moment of Truth**

Already in 1977, Lynn Shostack concluded in her pioneering article *Breaking Free from Product Marketing* in Journal of Marketing, that there are very few, if any, ‘pure’ goods or services. Nevertheless, over 20 years later, most publications on services focus on how service characteristics differ from goods (Grönroos, 2000b). It seems like product marketing emphasizes the creation of abstract associations, while service marketers focus on providing tangible clues, as suggested by Shostack (1977). An integration of these two perspectives is necessary since most of today’s offers are combinations of goods and services. In this paper, an elaboration is made on the implications of seeing packaging as service, based on four interviews with packaging professionals, and in relation
to theories adapted from the service management area. I suggest that the consumption of physical goods and services should not be separated, but integrated, into a process with two major steps: the first and second moment of truth.

The first moment of truth deals with the package’s ability to grab the attention of customers, for example, as they are pushing their shopping carts in a store. Underwood and Klein (2002) have found that for decisions made at the point of purchase, packaging takes on a heightened importance relative to other communication tools, because of its easy availability. Research also shows that customers make choices between products within seconds when they are shopping (Judd, et al., 1989). The package often projects the customer’s first impression of a brand, its quality, or its value (Harckham, 1989).

The second moment of truth is when the consumer uses and consumes the product. This is the moment of truth for the design of the prerequisites for services (i.e., information and functions etc.). The package must be easy to use, the information on it must be relevant so that consumers do not misuse the product, it has to fit in storage spaces, and if the product should be dosed the package has to facilitate this etc. It is crucial for companies to design packages with user-friendly prerequisites for services since there are no employees present in the service consumption process. One could say that the package bridges the gap between production and consumption.

Consumers may evaluate a product’s, or offering’s, quality when they purchase it (buying a beverage) or when they consume it (drinking a beverage) (Zeithaml, 1988). With my terminology, this means that the perception of quality is created both at the first and second moment of truth. I conclude that the combination of these two moments of truth makes up the total customer experience, since customer expectations created in the first moment of truth affect the experiences in the second moment of truth. In this paper I also show that when seeing packaging from a service perspective, three interacting parts create customer value: the physical package, content, and prerequisites for services.
1.2.2 Paper II: Kano’s Theory of Attractive Quality and Packaging

Inspired by Herzberg’s Motivator-Hygiene Theory (M-H Theory), Professor Kano and his co-workers developed The Theory of Attractive Quality (Kano et al., 1984). It is a theory intended to better understand different aspects of how customers evaluate and perceive quality attributes. The Theory of Attractive Quality explains how the relationship between the degree of sufficiency, and customer satisfaction with a quality attribute, can be classified into five categories of perceived quality: ‘attractive quality’, ‘must-be quality’, ‘reverse quality’, ‘one-dimensional quality’, and ‘indifferent quality’. The Theory of Attractive Quality predicts that quality attributes are dynamic, i.e., over time an attribute will change from being a satisfier to a dissatisfier.

According to Kano (2001), The Theory of Attractive Quality originated because of a lack of explanatory power of a one-dimensional recognition of quality. For instance, people are satisfied if a package extends the expiry date of milk and dissatisfied if the package shortens the expiry date. For a quality attribute such as leakage, people are not satisfied if the package does not leak, but are very dissatisfied if it does. The one-dimensional view of quality can explain the role of expiry dates but not leakage.

To understand the role of quality attributes, Kano et al., (1984) present a model that evaluates patterns of quality, based on customers’ satisfaction with specific quality attributes and their degree of sufficiency. The Theory of Attractive Quality is useful to better understand different aspects of how customers evaluate a product or offering (Gustafsson, 1998). I believe that an operalization of The Theory of Attractive Quality in the area of packaging can contribute to developing more knowledge of the role of packaging in attractive quality creation.

In this paper, an empirical investigation of how customers experience packaging in everyday commodities is conducted, in order to increase our knowledge of the role of packages in the perception of quality. The research study is based on the theory of Attractive Quality (Kano et al., 1984) and investigates how 24 quality attributes of packages are perceived by customers. Data collection was conducted through a questionnaire that was mailed to randomly chosen Swedes aged 16-79 asking them about their experiences of packaging in everyday commodities. There were a total of 1500 questionnaires sent, with 708 returned, representing an overall return of 47 percent. The
results provide evidence that show quality attributes of the package that are attractive to customers during the decision to buy and use the product, such as recyclable material and resealability. There are also, however, must-be quality attributes such as no leakage and declaration of contents.

The analysis shows that quality can not be seen simply as a one-dimensional construct. Having insight into which quality attributes fall into which quality dimensions, provides a better understanding of requirements and can improve focus on the right requirements.

This paper is co-authored with Dr. Lars Nilsson. We share the main authorship of the paper and both of us have contributed in every phase of the study, with exception of the early phase of data collection and administration of the questionnaires which I conducted. Statistical testing was mainly conducted by Dr. Nilsson. In this summary I have written ‘I’ instead of ‘we’ when referring to the authors of the paper. The reason is that it is my work that has to pass the scrutiny of the research community here. Any flaws in the thesis are mine to answer for alone. Dr. Nilsson is, however, to be acknowledged for the findings and contributions in Paper II to the same extent as myself.
1.3 Structure of the Thesis – A Reader’s Guide

Chapter 1 contains an introduction to the area under investigation. The service perspective is briefly described and the aim and research questions of the thesis are presented. The chapter ends with a short summary of the appended papers.

Chapter 2 is the research methodology block of the thesis. Quantitative and qualitative methods are discussed, separately and in combination, both as views of how the social reality should be inquired and as different ways of conducting social investigations. The research methodology used in the thesis is presented and discussed.

Chapter 3 contains the theoretical framework of the thesis. The basis for this theoretical investigation is theories from the service management area and how they can be applied in the context of packaging.

Finally, in Chapter 4, conclusions are presented and suggestions for future research are made.

The Appendices contain the appended papers forming the basis for the research presented in the thesis plus the interview guide and the questionnaire used in Paper I and in Paper II respectively.
2 Research Methodology

“The social sciences are particularly self-conscious about their methodologies, and the
distinction between quantitative and qualitative methods is more distinctly drawn than it
should be” (Sechrest and Sidani, 1995, p. 77). In other sciences, such as
astronomy, particle physics, and molecular biology, methodological pluralism
seems to be taken for granted (Ibid.). Comparisons of four important
paradigms used in the social and behavioral sciences are made in table 2.1. The
paradigms and the differences between them in this table are to be viewed as
examples. Other researchers may describe them differently.

<table>
<thead>
<tr>
<th>Paradigm</th>
<th>Positivism</th>
<th>Postpositivism</th>
<th>Pragmatism</th>
<th>Constructivism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Methods</td>
<td>Quantitative</td>
<td>Primarily Quantitative</td>
<td>Quantitative + Qualitative</td>
<td>Qualitative</td>
</tr>
<tr>
<td>Logic</td>
<td>Deductive</td>
<td>Primarily Deductive</td>
<td>Deductive + Inductive</td>
<td>Inductive</td>
</tr>
<tr>
<td>Epistemology</td>
<td>Objective point of view. Knower and known are dualism.</td>
<td>Modified dualism. Findings probably objectively &quot;true&quot;.</td>
<td>Both objective and subjective points of view.</td>
<td>Subjective point of view. Knower and know are inseparable.</td>
</tr>
<tr>
<td>Axiology</td>
<td>Inquiry is value-free.</td>
<td>Inquiry involves values, but they may be controlled.</td>
<td>Values play a large role in interpreting results.</td>
<td>Inquiry is value-bond.</td>
</tr>
<tr>
<td>Ontology</td>
<td>Naive realism</td>
<td>Critical or transcendental realism.</td>
<td>Accept external reality. Choose explanations that best produce desired outcomes.</td>
<td>Relativism</td>
</tr>
<tr>
<td>Causal linkages</td>
<td>Real causes temporally precedent to or simultaneous with effects.</td>
<td>There are some lawful, reasonably stable relationships among social phenomena. These may be known imperfectly. Causes are identifiable in a probabilistic sense that changes over time.</td>
<td>There may be causal relationships, but we will never be able to pin them down.</td>
<td>All entities simultaneously shaping each other. It is impossible to distinguish causes from effects.</td>
</tr>
</tbody>
</table>

Table 2.1: Comparisons of four important paradigms used in the social and behavioral sciences. Adapted from Tashakkori and Teddlie, 1998, p. 23.
Within the social and behavioral sciences, some researchers are of the opinion that quantitative and qualitative research are competing and even contradicting views of how the social reality should be inquired (Bryman, 1997). Others suggest that they simply are designations of different ways of conducting social investigations and that one should fit the best technique available with any given research question (Ibid.).

Tashakkori and Teddlie (1998) describe ‘paradigm’ wars between positivists and constructivists. The pragmatists, who reject choosing between positivism (including postpositivism) and constructivism with regard to methods, logic, and epistemology, are referred to as pacifists in these wars (Ibid.). The intention in Table 2.1 is to show that some researchers view quantitative and qualitative research as two totally different perspectives when it comes to how research should be conducted. Bryman (1988) refers to these differences as an ‘epistemological issue’, which has to do with what is to be viewed as warrantable, and hence acceptable, knowledge.

An alternative standpoint is to suggest that qualitative and quantitative research are appropriate for different kinds of research problems (Bryman, 1997). This implies that the research issue determines the method/methods to be used. Sechrest and Sidani (1995) are of the opinion that the line between quantitative and qualitative methods is more distinctly drawn than it should be. This argument is supported by other researchers who suggest that the basic differences are nothing more than different research strategies and methods of collecting information (Bryman, 1997). Tashakkori and Teddlie (1998) propose that qualitative and quantitative research are two compatible research strategies that can be used separately or in combination.

In this thesis the latter of the two standpoints described above is employed, implying that quantitative and qualitative research strategies are viewed, and used, as two facets of a systematic way of conducting research. This standpoint also comprises the use of both qualitative and quantitative research for testing or verifying existing theories, as well as for extending or generating theories (Meredith, 1998). In the following sections, these two facets are discussed both as separate research strategies and in combination. In the section My Methodological Research Design, the specific research strategy of the thesis is described and discussed.
2.1 Quantitative and Qualitative Research

Quantitative research is usually exemplified with surveys and experiments and qualitative research with participant observations and unstructured interviews (Bryman, 1997). In table 2.2 some differences between quantitative and qualitative research are listed in eight dimensions.

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Quantitative</th>
<th>Qualitative</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Role of qualitative research</td>
<td>preparatory</td>
<td>means to exploration of actors' interpretation</td>
</tr>
<tr>
<td>2. Relationship between researcher and subject</td>
<td>distant</td>
<td>close</td>
</tr>
<tr>
<td>3. Researcher's stance in relation to subject</td>
<td>outsider</td>
<td>insider</td>
</tr>
<tr>
<td>4. Relationship between theory/concepts and research</td>
<td>confirmation</td>
<td>emergent</td>
</tr>
<tr>
<td>5. Research strategy</td>
<td>structured</td>
<td>unstructured</td>
</tr>
<tr>
<td>6. Scope of findings</td>
<td>nomothetic</td>
<td>ideographic</td>
</tr>
<tr>
<td>7. Image of social reality</td>
<td>static and external to actor</td>
<td>processual and socially construed by actor</td>
</tr>
<tr>
<td>8. Nature of data</td>
<td>hard, reliable</td>
<td>rich, deep</td>
</tr>
</tbody>
</table>

Table 2.2: Some differences between quantitative and qualitative research. Adapted from Bryman, 1988, p. 36.

Quantitative research tends to view the social reality as something static that lies beyond the actor, while qualitative research describes the same social reality as something processual that is construed socially (Bryman, 1997). The qualitative researcher’s explorative and unstructured approach is often described as suitable for generating ideas, suggestions, and hypotheses that are then tested with quantitative methods (Ibid.). In quantitative research, the relationship between researcher and subject is fairly fleeting or even non-existent (Bryman, 1988). By contrast, qualitative researchers’ contact with people being studied is much more sustained, especially when conducting participant observations (Ibid.). The quantitative researcher adopts the role of an outsider looking in on the social reality. Qualitative researchers believe that it is only by getting close to the subjects being investigated (i.e., being an insider) that the researcher can see the reality from the perspective of the actors who live in it (Ibid.).
It is common to conceive of the quantitative/qualitative dichotomy in terms of respective commitments to *nomothetic* and *ideographic* modes of reasoning (Halfpenny, 1979). The distinction shows the applicability of certain results. A nomothetic approach seeks to establish general findings that are independent of time and space. An ideographic approach seeks place findings in specific spaces and in certain time periods (Bryman, 1997).

In the two sections that follow, the characteristics of quantitative and qualitative research respectively, are described in greater detail.

### 2.1.1 Quantitative Research

Quantitative research tends to adopt a structured research strategy. For example, survey research is structured in the sense that sampling and questionnaire construction are conducted before data collection (Bryman, 1988). These types of investigations are suitable for large-scale research questions and for identifying relationships between concepts (Bryman, 1997).

Survey investigations and experiments constitute the most important variants of quantitative research but the following three variants are also worth mentioning (Bryman, 1997, p. 21):

- analysis of previously collected information (e.g., statistics regarding unemployment)
- structured observation (the researcher uses a predetermined scheme for registration and quantifies the information)
- analysis of content (e.g., quantitative analysis of messages or the communicative contents in newspapers)

One of the main concerns of quantitative researchers is for data collection to be conducted in a valid and reliable manner (Tashakkori and Teddlie, 1998). By taking random and representative samples, survey researchers seek to enhance the generalizability of their research. This means that the findings of a certain study can be inferred to other areas and subjects than those investigated (Bryman, 1997), i.e., to make generalizations across the whole population. Data that emanates from quantitative studies are often described as hard, rigorous, and reliable (Ibid.). This description suggests that data has been collected in a systematic way and can be checked by other researchers (Bryman, 1988).
Criticism has been expressed regarding the quantitative method’s tendency to neglect the social and cultural construction of the ‘variables’ which quantitative research seeks to correlate (Silverman, 2000). Quantitative research has also been criticized for being explicitly guided by theory, and qualitative researchers often reject these type of investigations since they may not reflect the subject’s views of the area under investigation (Bryman, 1988). Other researchers are of the opinion that quantitative research can be much more explorative and unpredictable as theoretical reasoning often occurs towards the end of the research process (Bryman, 1997). It has also been pointed out that most quantitative researchers do not share the image of the social reality as static, but rather they agree on the understanding of the reality as socially constructed (Tashakkori and Teddlie, 1998).

### 2.1.2 Qualitative Research

In many quantitatively-oriented, social science methodology textbooks, qualitative research is treated as an appropriate approach only at the early or ‘exploratory’ stages of a study. Qualitative research can then be viewed as something to be used in a preparatory phase before the serious sampling and counting begins (Silverman, 2000). Qualitative researchers, on the other hand, suggest that quantitative research is not the only way of establishing the validity of findings from qualitative field research. Experiments, official statistics, and survey data may sometimes be inappropriate as they, for instance, exclude the observation of behaviour in everyday situations (Ibid.).

The most fundamental feature of qualitative research is the explicit intention to study and express episodes, actions, norms, and values from the perspective of the subjects being investigated (Alvesson and Sköldberg, 1994, Bryman, 1997). This indicates a desire to discover theories, rather than verify them. To specify theories prior to investigations is often rejected, since it may lead to precipitated conclusions (Bryman, 1997). In relation to quantitative research, qualitative research tends to be more open (Ibid.).
According to Bryman (1997), the primary methods in qualitative research are participant observations and unstructured interviews. The data deriving from qualitative research is often described as ‘rich’ and ‘deep’. By this is generally meant providing many intricate details by really penetrating the area under investigation through sustained contact with the subjects being investigated (Bryman, 1988). For example, a participant observer has a better starting point than a survey researcher in terms of understanding social processes (Ibid.). When using unstructured interviews, the aim is to allow free scope for the respondents’ answers and comments, with few interruptions (Ibid.).

A frequently mentioned problem in qualitative research is the researchers’ ability to interpret what is going on from the perspective of others (Bryman, 1997). The ambiguity regarding interpretation possibilities in qualitative research is also, however, considered to be a strength (Alvesson and Sköldberg, 1994). Another possible problem with qualitative research is generalizability. Many qualitative researchers are quite uncertain whether their results are generalizable beyond the single case they have studied (Bryman, 1997). Possible solutions to this problem are to study more than one case, to let more than one researcher study a case or several cases, and to choose cases that are “typical” for a certain cluster of characteristics (Ibid.).

2.1.3 Combining Qualitative and Quantitative Approaches

When choosing a research strategy, trade-offs will undoubtedly be involved. For instance, the benefit of greater precision is likely to generate the cost of less breadth, and vice versa (Hammersley, 1992). The costs and benefits of various trade-off positions will vary according to the particular goals and circumstances of the research being pursued (Ibid.). According to Bryman (1997), quantitative and qualitative research can have different levels of relevance at different stages in the research process. Hammersley (1992) emphasizes that selection among these positions should depend on the purposes and circumstances of the research and should not be derived from methodological or philosophical commitments.
The usage of more than one method, and thereby more than one type of information, has been referred to as triangulation\(^2\) (Bryman, 1997). From this aspect, quantitative and qualitative research can be seen as different ways of studying the same topic (Ibid.). The use of a variety of methods might result in more robust and generalizable results (higher external validity) (Scandura and Williams, 2000) and the researcher can make greater claims about his or her conclusions, as they have been verified in two different ways (Bryman, 1997).

There are different scenarios for combining qualitative and quantitative methods. Qualitative measures could, for example, be used to develop quantitative tools, or to explain quantitative results (Tashakkori and Teddlie, 1998). Another approach is to use quantitative and qualitative methods equal and parallel to understand the phenomenon under study (Ibid.). The latter approach is used in this thesis. By this is basically meant that the two appended papers investigate the same phenomenon (packaging from a service perspective) but on different levels. This is discussed in greater detail in the next section. The discussion also includes research strategy issues, as well as a description of the research process.

### 2.2 My Methodological Research Design

I believe that choice of methodology should be discussed with consideration taken to the research problem and the phenomenon investigated. This leads to a standpoint which accepts the usage of both quantitative and qualitative methods, separately or in combination, since the research problem, rather than methodological preferences, is the point of departure. The acceptance of both quantitative and qualitative methods does not neglect the importance of being aware of the characteristics of different methodologies. On the contrary, such awareness is directly necessary to be able to fit the best technique available with a given research question. It is also crucial for the researcher to describe the choice of methodology in such a way that it is understood by the reader on which basis the choice was made. Table 2.3 provides an overview of research issues in the two studies appended in the thesis.

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\(^2\) The original term *triangulation* refers to a surveying/nautical process in which two points (and their angles) are used to determine the unknown distance to a third point (Tashakkori and Teddlie, 1998, p. 41).
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Table 2.3: An overview of research issues in the appended papers.

In the beginning of this research project, my knowledge of packaging was quite limited. One aim of the interview study conducted for Paper I was therefore to learn about the packaging professionals’ experiences from, and knowledge of, packaging and packaging development. Using interviews initially gave me the opportunity to be more open to the area under investigation. This would not have been possible using quantitative techniques. In this sense the qualitative interview study can be viewed as preparatory for the quantitative questionnaire study. I also believe it was necessary for the interview study to precede the questionnaire study considering my rudimentary knowledge of packaging. In relation to the results of this thesis the methods used are, however, to be viewed as equal and parallel. The research designs of the two conducted studies are discussed in greater detail in the following two sections.

2.2.1 The Interview Study, Paper I

The interview study was conducted with people who work with packaging-related issues at Procter & Gamble, Schwarzkopf & Henkel, Procordia Food, and Coop. The person interviewed at Procter & Gamble (Brussels, Belgium) is a Packaging Manager who is responsible for the packaging development of detergent in Western Europe. The respondent at Schwarzkopf & Henkel

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3 Schwarzkopf & Henkel, Procter & Gamble, Procordia Food, and Coop are Swedish companies in the everyday commodity business with the Nordic countries as their primary market. Procter & Gamble and Schwarzkopf & Henkel, I believe, need no further introduction.
(Düsseldorf, Germany) is also a Packaging Manager. He is responsible for packaging development in the oral care business. At Procordia Food (Eslöv, Sweden) the Head of R & D was interviewed and at Coop (Stockholm, Sweden) the interview was conducted with a Brand Manager.

According to Kvale (1997), a significant part of an interview study takes part before the first interview is conducted. This includes developing a theoretical understanding for the phenomenon under investigation. In this case, a theoretical investigation of the service perspective was made before the interviews were conducted. Then it was decided that the participant companies should be in the everyday commodity business, as I initially wanted to investigate packages with which people could relate. An alternative approach could have been to choose a more advanced package, e.g., for a medical devise with many functions. Such a package may have been easier to describe from a service perspective, but conversely it could have been seen as an extreme case. The final choice of the four participant companies in the study was made based on availability and interest to take part in the study, using my employer's (Packforsk’s) contacts in the packaging business.

The interviews lasted for approximately one-and-a-half hour each. A semi-structured interview guide4 was used as I wanted the respondents to speak freely and tell ‘their story’ as unbiased as possible. The purpose of the interviews was to learn about the respondents’ experiences and knowledge of packaging and packaging development. Of special interest was how they viewed their packages (as a separate area or as part of a total offer etc.) and how they believed that packages could contribute to experienced customer value. The respondents were informed of this purpose in a letter of introduction that was sent to them before the interviews took place. The interviews were transcribed word for word. The interviews with Coop and Procordia Food were transcribed by a transcription firm and I transcribed the others. The respondents have been given the opportunity to comment on the analysis presented in the paper.

The analysis used can be described as interpretation of meaning (Kvale, 1997). In this method, the researcher takes a specific perspective concerning the investigated topic and then interprets the interviews from this perspective (Ibid.). In this interview study the service perspective was used to interpret the interviews. The relationship between theory/concepts and research in the paper

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4 See the appended research material for the interview guide in its entirety.
can be described in terms of extension and emergent. The analysis resulted in the introduction of two new concepts for the description of the consumption of products that contain both physical and intangible assets, namely, the first and second moment of truth.

Silverman (2000) argues that the status a researcher attaches to his or her data is a difficult issue, when conducting an interview study. The problem is whether a respondent's answer should be treated as something that gives direct access to his or her experience or if it should be treated as constructed narrative. I believe that one (without being too suspicious) should be careful treating a respondent's answers as something that gives direct access to his or her experience. The respondents in this study knew, from the letter of introduction, that one aim of the interview was to discuss their views on how packaging can contribute to experienced customer value. It may, therefore, be argued that they highlighted this issue during the interviews. They did not, however, have any knowledge of the service perspective and the intention to describe packaging from a service perspective was not discussed during the interviews. For that reason I believe that the respondents were not lead to focus on the service infusion of manufacturing companies during the interviews.

Another issue that needs consideration is whether or not the analytical position is appropriate for practical concerns. Silverman (2000) states that some ambitious analytic positions, for example hermeneutics, may cloud the issue if the aim is to respond to a simple problem. The aim of the interviews in my research project is descriptive but this does not exclude interpretation and reflection. It also does not mean that this analytical position is unproblematic just because it is descriptive.

A fundamental question that needs to be answered when conducting an interview study, according to Silverman (2000), is whether or not interview data will help in addressing a research topic. I believe that the interviews proved to be fruitful in the discussion of the service perspective. The introduction of the first and second moment of truth, which I consider to be the main contribution in Paper I, can be seen as new concepts emerging from an extension of existing theories. It is also, however, a direct result of the interview study. It may be argued that four interviews are too few for such a description, but by conducting fewer interviews the researcher is afforded more time for preparation, analysis, and interpretation (Kvale, 1997). I believe, therefore, it is
a trade-off between breadth and depth, of which I choose the latter. This choice resulted in emphasizing the analysis of the interviews and the theoretical investigation of the service perspective.

### 2.2.2 The Questionnaire Study, Paper II

In the empirical investigation that forms the basis for Paper II, a structured questionnaire study was conducted. The purpose of the study was to investigate how Swedish consumers experience packaging in everyday commodities and then to describe the role of packaging in the perception of quality. Kano’s Theory of Attractive Quality\(^5\) (Kano, et al., 1984) was used to classify quality attributes in this description. Basically, the Theory of Attractive Quality shows that quality is a multidimensional concept. The theory explains how the relationship between the degree of sufficiency, and customer satisfaction with a quality attribute, can be classified into five categories of perceived quality: ‘attractive quality’, ‘one-dimensional quality’, ‘must-be quality’, ‘indifferent quality’ and ‘reverse quality’.

Data collection was conducted through a questionnaire\(^6\) that was mailed to randomly chosen Swedes aged 16-79 asking them about their experiences of packaging in everyday commodities. There were a total of 1500 questionnaires sent, with 708 returned, representing an overall return of 47 percent. Of these 708 persons, 250 answered after receiving a reminder letter that was sent out two weeks after the questionnaire. Those answers were at the first stage kept apart from the others, since people who respond later are assumed to be similar to nonrespondents (Armstrong and Overton, 1977). No significant differences were, however, found between the answers of the two groups.

The response rate indicates that even if packages are considered low commitment goods, it is something that interests people. The respondents received a lottery ticket worth 10 SEK, which could have affected the response rate. A notable observation is that as many as 10 percent of the respondents indicated that they have some kind of disability in their hands that affect their ability to handle and use packages. An in-depth investigation into the differences in customer needs, and the perception of quality between this group

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\(^5\) See Paper II in the appended papers for a more detailed description of Kano’s Theory of Attractive Quality.

\(^6\) See the appended research material for the questionnaire in its entirety.
and the rest of the population, was conducted concerning the role of packaging ergonomics.

To get “out of the box” and not get caught in traditional views of packages, theories from the area of product semantics were used when constructing the questionnaire. According to these theories, a product (or an offer) can be divided into three entities: ergonomic, technical, and communicative (Wikström, 2002). The first of these include everything that has to do with adaptations to the human physique and behaviour when using the product (e.g., if a package is user-friendly). Technical entity means the product’s technical function, construction, and production (e.g., if a package is manufactured in a recyclable material). The product’s ability to communicate with humans (i.e., to transmit a message and the product’s adaptation to the human perception and intellect) belongs to the communicative entity (Ibid.). Examples of quality attributes in this entity involve the package’s ability to communicate with humans through text and symbols.

I believe that this division into three entities provided a more nuanced view of customer experienced quality with packages. This can be seen as an extension of the relationship between theory/concepts and research since no previous study, to my knowledge, has combined the Kano methodology with another classification. In total, 24 customer requirements (7 technical, 9 ergonomic, and 8 communicative) were identified, used, and operationalized in the empirical investigation.

The questionnaire was divided into three parts: background questions (gender, age, education etc.), Kano pair questions, and a section where the importance of different quality attributes were rated. In addition to the questionnaire, a letter of introduction that explained the purpose of the survey was included.

The Kano questionnaire contains pairs of customer requirement questions (Berger, et al., 1993, Kano, et al., 1984). Each question has two parts: how do you feel if that feature is present in the product (functional form of the question) and how do you feel if that feature is not present in the product (dysfunctional form of the question) (Berger, et al., 1993)? To each part of the question, the respondent can answer choosing one of five alternatives. The reason for standardizing the questions and answers is to assure that all respondents are replying to the same question (Churchill, 1995).
According to Berger et al., (1993) the wording of the alternatives is the most critical choice made in the Kano methodology. The chosen wording of the alternatives adapted from Berger et al., (1993) (I like it that way, It must be that way, I am neutral, I can live with it that way, I dislike it that way) is similar to the Japanese version suggested by Kano et al., (1984). The choice of wording was made after discussions with colleagues who have experience working with questionnaires and after a pretest with students. I found that the wording used by Berger et al., (1993) was the most suitable for the investigation of Swedish consumers. I believe, however, that the wording could be changed depending on the respondents you are working with. I also believe that there are different language nuances in Japanese, English, and Swedish that need to be taken into consideration both when choosing the wording of the questionnaire, and when reading translations of questionnaires.

2.3 Reflections on the Research Process

For the purpose of clarity I would like to start off these reflections with some thoughts regarding the connection between Paper I and Paper II. A theoretical reasoning of the service perspective on a comprehensive level forms the basis for Paper I. In Paper II an investigation on a more detailed level is made about the role of packaging in the perception of quality. In this regard, Paper I and Paper II are different in character. The reasoning in Paper I is implicitly, however, the point of departure for the investigation made in Paper II. By this is meant that the reasoning in Paper I forms the basis from which the questionnaire in Paper II was derived. The two papers investigate the same phenomenon (packaging from a service perspective) but on different levels.

The following are some reflections concerning the quality of the research conducted in this thesis. In this discussion the concept’s validity and reliability are used. These concepts have their origins in the quantitative research tradition. It has therefore been argued that they should not be used in the evaluation of qualitative research (Bryman, 1997). I believe, however, that they in their widest definitions can be used for both qualitative and quantitative research.
2.3.1 Validity

External validity refers to how generalizable findings are across times, settings, and individuals (Scandura and Williams, 2000). The use of a variety of methods might result in higher external validity (Ibid.). From this point of view, the use of both interviews and questionnaires may have contributed to a more robust and generalizable set of findings. From another perspective, the external validity may be questioned regarding the respondents in the interview study and the classification of quality attributes in the questionnaire study. It may be argued that the interviewees do not form a representative sample and the classification of quality attributes in Paper II is hypothesized to follow a lifecycle that changes over time (Kano, 2001). Still, with consideration given to the purposes of the two studies, I believe the chosen samples and methods are applicable.

Internal validity can be described as the degree to which the researcher studies and measures what is intended (Merriam, 1994). To improve the internal validity of the interview study, additional interviews could have been conducted. Participant observations at R & D departments, in combination with interviews, is another possible improvement alternative. Due to time and cost aspects, these alternatives were not realizable in this research project. Regarding the internal validity of the questionnaire study, I believe that the measures used are adequate for the aim of the study. This assumes, however, that the accuracy of the Kano methodology is acknowledged. I have not found any reason to discount its accuracy, based on research over the past two decades using the Kano methodology, and my own investigation.

2.3.2 Reliability

According to Yin (1994), the role of reliability is to minimize errors and biases in a study. I believe that possible errors in the study are to be detected by others, since I have tried to correct any errors I have found. Regarding biases, there is always a problem with ‘reactivity’ – the reaction on the part of those being investigated to the investigator and his or her research instrument (Bryman, 1988). The consequences of reactivity are that people’s behaviour or responses may not correspond to their normal behaviour or views (Ibid.).

It is possible that the interviewees highlighted their, and their companies’, commitment in the areas I asked them about, but I do not believe this was the case. It is also possible that the respondents in the questionnaire study got the
impression that packaging must be an important issue since someone was conducting research about it. Others expressed their opinion that the study was a waste of time and money and a few of those respondents altered the questions and answering alternatives in the questionnaire. These respondents were treated as nonrespondents in the analysis.

2.3.3 Some Final Comments on the Research Process

The core of the discussion presented previously in this chapter, is that choice of methodology should be discussed in relation to the research problem. A conclusion of the discussion is that both quantitative and qualitative methods can be used as systematic ways of conducting research. To use a variety of methods is one way of obtaining corroborating evidence (Scandura and Williams, 2000). This approach has been used, as described above, in this thesis.

It may not, however, be possible to do a unflawed study (Scandura and Williams, 2000). Any research method chosen will have inherent flaws, and the choice of that method will limit the conclusions that can be drawn (Ibid.). The present thesis has, like any other study, pros, cons, and limitations. One fundamental reason for these limitations is that we usually are unable to study the totality of a population of individuals (‘target population’) in either quantitatively or qualitatively oriented research (Tashakkori and Teddlie, 1998). The methodological issues discussed in this section are important since neglecting them may limit the ability to base conclusions conducted (Scandura and Williams, 2000). The methods should also, in my opinion, be presented in such a way that the reader is able to judge their applicability.
3 Theoretical Framework

The fundamental purpose of theory is to define, establish, and explain relationships between concepts or constructs (Amundson, 1998). In this section the concepts and constructs used in the thesis are presented and discussed. The basis for this theoretical investigation is theories from the service management area. "Service management is understanding the value customers receive by consuming or using the offerings of an organisation and knowing how services alone or together with information, physical goods or other kinds of tangibles contribute to this value; understanding how total quality is perceived in customer relationships to facilitate such value and how it changes over time” (Grönroos, 2000a). In figure 3.1 an overview of the theoretical framework is presented.

![Diagram of theoretical framework]

**Figure 3.1: An overview of the theoretical framework.**

It has been suggested by Grönroos (2000a) that firms compete with services, not physical products. Consequently it is important to be aware of the specific characteristics of services (what services are). This is one track of the investigation in this chapter. To study packaging from a service perspective, however, is not solely about what services are but deals also with the topic of seeing something as service and that is the very essence of the investigation in this chapter.
The chapter starts with an investigation of services and the service perspective. Then the service perspective is discussed in the context of packaging. This discussion leads to a suggestion regarding how the consumption of offers that contain both physical and intangible assets could be described, by introducing the first and second moment of truth. In the second last section of the chapter, an elaboration is made on packaging and customer value. Product quality and quality dimensions, as well as product semantics, are key concepts in this elaboration. The recognition of the first and second moment of truth are also central when discussing packaging and customer value. These concepts are used in Paper I to describe packaging and customer value on an overall level. In Paper II the concepts of product quality, quality dimensions, and product semantics are used to discuss packaging and customer value on a more detailed level. The theoretical investigation in this chapter ends with some final comments on the concepts and constructs used in the thesis.

3.1 The Service Perspective

Scholars in the service management literature use different definitions when the concept of service is discussed. Grönroos (1987) for example, uses activities or processes to describe the service concept. “The service is not – it originates in a production process” (Grönroos, 1987, p. 33). Edvardsson (1996) suggests that the service is a customer experience and to define this experience is to define the service. The service can also be seen as an outcome of a customer-generated process and it, consequently, does not exist until it is experienced by the customer (Ibid.). Since services are not, but originate when the customer is experiencing them, both these definitions imply that the most important task for companies is to provide good prerequisites for services, i.e., to provide the tools needed by employees, customers, and other actors in the service process to enable service encounters with high customer-experienced quality. These definitions, or views of what a service is, have a clear customer focus and correspondent well with Grönroos’ (2000a) view that the focus on experienced customer value is crucial.

Services differ from goods in many ways. Services are intangible and they are often delivered, consumed, and marketed at the same time. The customer is acting as a co-producer and services are heterogenic in how they are employee, customer, and capital intensive (see e.g., Edvardsson, 1998, Grönroos, 1987).
For most services, three basic characteristics can be identified (Grönroos, 2000a, p. 47):

1. Services are processes consisting of activities, or a series of activities, rather than things.
2. Services are, at least to some extent, produced and consumed simultaneously.
3. The customer participates in the service production process at least to some extent.

Research points out three important aspects to be taken into consideration when designing competitive services associated with high quality: the service concept, the service system, and the service process (Echeverri and Edvardsson, 2002). The service concept is a description of values for the user and constitutes the foundation of the development of the service. When the service concept is formulated, it is crucial to consider in what way, for example, the packaging can contribute to the creation of different values for the customer.

The service is produced in a service system which contains several actors and components e.g., customers, the organization, employees, and physical and technical resources. The service process is the chain of activities needed to realize the service performed by different actors. In these activities and processes, the packaging is likely to play an important role e.g., by giving the user information about the product’s characteristics and how it should be handled regarding the current situation and the conditions under which the product has been delivered.

The customer’s active participation accounts for variation when it comes to processes and results, as well as for demands and expectations. These service-specific characteristics have implications for the design of service processes and service offerings. Since the customer is active in the service process by contributing with information or performing certain activities, it may be argued that the most important task of the service firm is to create and offer suitable prerequisites for the service and service encounters (Edvardsson, 1996, Edvardsson, 1998). Quality insurance must with this approach include the customer. In the context of packaging, information and functions that are
realized into services when the customer experiences them can be seen as prerequisites for services.

Thus far, we can conclude that services have certain specific characteristics that need to be taken into consideration. Most companies today seek to build a competitive advantage and extend customer value by providing a total offer that contains both physical and intangible assets. Therefore, there is a need for a theoretical approach that goes beyond what services are. Any given offering is often a combination of goods and services (Gustafsson and Johnson, 2003) and that is the topic of the next section.

3.2 The Total Offer and the Goods-to-Services Continuum

As figure 3.2 below shows, there is no distinctive line between goods and services. This description corresponds well with the development of change described in the introduction of this thesis; that manufacturing companies see themselves as providers of e.g., functions and the service infusion of these firms.

Customers do not buy goods or services; they buy the benefits goods and services provide them with (Grönroos, 2000a). From this perspective, it becomes relevant to view products as offerings consisting of goods and/or services (Normann and Ramírez, 1994b). Companies (in most cases) are providers of total offers. Grönroos (2000a) describes this as: “The core solution, be that of a service or a physical good, is integrated with a number of services into a total offering which best can be described as a service offering” (Grönroos, 2000a, preface).

When seeing something as service, emphasis is placed on the way in which companies view themselves (e.g., service providers) and what they offer their
customers (Echeverri and Edvardsson, 2002). The customer’s wants and needs and what they are prepared to pay for an offer is, consequently, a crucial factor (Ibid.). From this perspective the most important task for companies is to provide prerequisites for services (Edvardsson, 1998).

Grönroos (2000b) concludes that many characteristics may not be particularly discriminating between goods and services: “In the mind of a customer, a car can be as intangible as a restaurant service, and it easily may be as difficult to evaluate a pound of tomatoes before eating them as it is to evaluate the service of a bank” (Grönroos, 2000b, p. 13). This argument is supported by Zeithaml (1988) who uses the example of new food products which cannot be tasted before purchase unless free samples are provided. The important thing for companies, is to understand the utility customers receive by using an offering, whether it is a good, a service, or the two in combination (Grönroos, 1994), i.e., to provide offerings that match customer’s spoken and unspoken wants and needs. Another important task is then to communicate the benefits of an offering to the customer, both at point of purchase, and when the customer uses and consumes the offer.

In this section I have shown that the nature of services and physical goods are becoming more and more similar, as suggested by Grönroos (2000b) and Shostack (1977) who stated that there are very few, if any, ‘pure’ goods or services. It is, however, still common in publications to describe the dichotomy between goods and services instead of trying to make integrating descriptions. In the next section an effort is made to do such a description by elaborating on how the service perspective can be applied in the context of packaging.

### 3.3 The Service Perspective and Packaging

To study packaging from a service perspective is not about trying to prove that a package is a service. It is about seeing something as a service. The physical package is tangible, produced, consumed, and marketed at different times etc. In other words, the service specific characteristics do not apply for this description. But what happens if we start to view packaging from a service perspective as part of a total offer?

Packaged consumer products can from a service perspective be seen as a total offer with three major parts: the physical package, prerequisites for services, and the content of the package. It is possible that others would choose different
concepts such as materials and design for this description. I believe, however, that the chosen concepts are suitable for this comprehensive description. The choice was made based on my thoughts regarding customers’ experiences of packages from a service perspective.

![Figure 3.3: The total offer from a packaging perspective.](image)

The content of the package is, obviously, an important part of the total offer. The focus in this thesis, however, is on the combination of the physical package and the prerequisites for services, as the content of a package is product-specific and difficult to discuss in overall terms. Previous research has, to a great extent, had the physical package as point of departure and neglected the service aspects.

If we see information and functions etc. of the package as prerequisites for services, and not services per se, we also notice that the definitions suggested by Grönroos (1987) (the service originates in a production process) and Edvardsson (1996) (the service is a customer experience) can be applied. For example, instructions of how to use a product or a cake recipe that are printed on a package can be seen as prerequisites for services that become services as they are experienced by the customer. With this perspective, the physical package is a carrier of the prerequisites for services, which is intended to mediate the intangible assets of the package in interaction with the customer. The tangible assets can, with this perspective also, however, be seen as prerequisites for services depending on the customers’ experience of them.

Consider for example a scoop device on a package of detergent. At the point of purchase this is a part of the physical package. But when the customer brings the product home and uses it, the service originates in a process where the customer is interacting and experiencing the prerequisites for services of the package. From the customer’s view, this service could be defined in abstract
terms like ‘fun and easy to use’ or in a more concrete way like ‘it facilitates dosing the detergent’. Whether we see the scoop device as a part of the physical product (a material product attribute) or as a prerequisite for a service (something that can create different kinds of customer value), we see different characteristics.

This example shows that product characteristics may be experienced differently at point of purchase and during usage. In the next section, an elaboration is made on the role of packaging at point of purchase and during consumption and usage, by introducing the concepts of the first and second moment of truth.

3.4 The First and Second Moment of Truth

A service encounter has been defined as; “...a period of time during which a consumer directly interacts with a service” (Shostack, 1985, p. 243). This definition includes all the aspects of a service firm with which the customer may interact during a given period of time, including its employees and tangible elements (Bitner, 1990). From the customer’s perspective these encounters often are the service (Bitner, et al., 1990).

Service encounters have been referred to as moments of truth in the service management literature (see e.g., Edvardsson, 1996, Edvardsson, et al., 2000). The metaphor has its origin in Hemingway’s description of the encounter between the bull and the matador and was introduced by Richard Normann in 1984. The service encounter is a moment of truth because the customer’s experience of the encounter contributes to his or her perception of the total service quality. Consequently, it is important to manage and control every individual service encounter to enhance overall perceptions of service quality (Bitner, 1990). Even though it is preferable to avoid flaws, researchers have found (see e.g., Edvardsson, 1996) that when something goes wrong and the service firm is able to fix it (service recovery), the firm is then able to demonstrate their service quality.

The three basic characteristics of services mentioned in the previous section (services are processes, simultaneous production and consumption, and the customer participates in the service production process) are visualised in figure 3.4.
The consumption of a service is process consumption (the lower part of the figure) rather than outcome consumption (the upper part of the figure) which is the case with the consumption of physical goods. As shown in figure 3.4, a service encounter (e.g., in a restaurant or a telephone call) is a process. In this process the service provider is always present (Grönroos, 2000a). This is true for a typical service encounter where customers are interacting with employees of a service firm and production, consumption, and marketing are simultaneous.

When it comes to packaging this is, however, hardly the case. You cannot ask a package questions nor can you tell it if you are satisfied or dissatisfied with the offer. Production, consumption, and marketing are not simultaneous and customers are not participating in the service production process. This stresses the need for an alternative description of moments of truth for offerings that contain both physical and intangible assets. It seems like the nature of consumption of physical goods and services should not be separated but integrated into a process with two major steps: the first and the second moment of truth.
The first moment of truth deals with the package’s ability to grab the attention of customers, for example, as they are pushing their shopping carts in a store. Underwood and Klein (2002) have found that for decisions made at the point of purchase, packaging takes on a heightened importance relative to other communication tools because of its easy availability. The package often projects the customer’s first impression of a brand, its quality, or its value (Harckham, 1989). Obtaining customers’ attention can be difficult because of the large number of stimuli in a store and most of these stimuli are ignored by customers who purchase habitually (Underwood, et al., 2001). Research shows that customers make choices between products within seconds when they are shopping (Judd, et al., 1989). Within those few seconds the package needs to be a “silent salesman” who markets the product, attracts the customer, and holds their attention against the visual clamour of competitive products (Ibid.). That is the first moment of truth.

The second moment of truth is when the consumer uses and consumes the product. This is the moment of truth for the design of the prerequisites for services (i.e., information and functions etc.). The package must be easy to use, the information on it must be relevant so that consumers do not misuse the product, it has to fit in storage spaces, and if the product should be dosed the package has to facilitate this etc. It is crucial for companies to design packages
with user-friendly prerequisites for services since there are no employees present in the service consumption process. Stated another way, one can say that the package bridges the gap between production and consumption.

Based on what has been presented in this section, a conclusion can be drawn that the recognition of the first and second moment of truth is important for understanding how customers experience packaged consumer products. That is on a comprehensive level. In the following section packaging and customer value is discussed in greater detail.

3.5 Packaging and Customer Value

Even in 1963 Boyd and Levy concluded that: “Many companies are sophisticated enough to realize that purchases are made not for the sake of the product but of the product’s functions – that is, what the product will do in satisfying needs and wants” (Boyd and Levy, 1963, p. 130). The discussion has evolved from satisfying wants and needs to value creation. Lai (1995), for example, suggests that ‘customer value’ focuses on the buyer’s evaluation of a product when he or she buys it, while ‘consumer values’ stress people’s valuation on the consumption of possession of products. A more comprehensive definition of customer value that is used in this thesis, is provided by Woodruff (1997): “Customer value is a customer’s perceived preference for and evaluation of those product attributes, attribute performances, and consequences arising from use that facilitate (or block) achieving the customer’s goals and purposes in use situations” (p. 142). The definition shows that customer value is something perceived by customers and not objectively determined or produced by a seller. Grönroos (2000a) supports this view and states: “…value is created in customers’ value generating processes, when individual consumers or industrial users make use of the solution or package they have purchased (Grönroos, 2000a, p. 3). This view of value corresponds with the suggestion made previously in this chapter that the most important thing for companies is to provide appropriate prerequisites for services. This means providing tools that the customers can use to create their own experiences.
Customer value is a complex concept and raises difficult questions for companies, such as the following (Woodruff, 1997, p. 140):

1. What exactly do customers value?
2. Of all the things customers value, on which ones should we focus to achieve advantage?
3. How well do customers think we deliver that value?
4. How will what customers value change in the future?

Even if companies cannot produce or package value (since it is created in a customer process), they still have to signal the possible experiences, and ultimately value, that the customers can achieve by purchasing and using their products. Below this is discussed in terms of the ‘clues’ and ‘cues’ a company sends to its customers. Then in the following sections the discussion continues, but with product quality and quality dimensions respectively product semantics as catchwords.

Researchers provide thoughtful insights into the importance of knowing about, and recognizing, the clues (Berry, et al., 2002a) and cues (Zeithaml, 1988) a company sends to its customers. Berry et al., (2002a) elaborates on “orchestrating the total customer experience” by recognizing the clues a company is sending to its customers. “Anything that can be perceived or sensed – or recognized by its absence – is an experience clue” (Berry, et al., 2002a, p. 86). These clues can be divided into two categories: one that concerns the actual functioning of a good or service (e.g., a package’s resealability) and a second that concerns emotions and includes the sounds, sights, tastes, and textures of the good or service (e.g., how aesthetical appealing a package is), as well as the environment in which it is offered (Ibid.). The latter category of clues includes ‘mechanics’ (clues emitted by things) and ‘humanics’ (clues emitted by people) (Ibid.).

Zeithaml (1988) divides attributes that signal quality into intrinsic and extrinsic cues based on the work of Olson (1977). Intrinsic cues involve the physical composition of the product (Zeithaml, 1988). Flavour, colour, texture, and degree of sweetness in a beverage are examples of intrinsic cues. These attributes are consumed as the product is consumed (Ibid.). Extrinsic cues are product-related but not a part of the physical product itself. Price and brand name are examples of extrinsic cues to quality.
3.5.1 Product Quality and Quality Dimensions

The aim of this section is to present different quality aspects and to discuss them in relation to customer value. To do such an investigation requires discussion about a comprehensive view of the concept of quality. This means a basic outlook on quality whether it refers to goods, services, or the two in combination.

There are numerous definitions of the quality concept. Bergman and Klefåsö (2003) suggest that: “The quality of a product is its ability to satisfy, or preferably exceed, the needs and expectations of the customers” (Bergman and Klefåsö, 2003, p. 24). This definition implies that it is not always enough to fulfil customer expectations; they sometimes need to be exceeded to create customer value and delight customers. One of the best known concepts of quality is Juran’s concept of fitness for use (see e.g., Juran, 1988). Other researchers have a similar approach to the concept of quality and argue that quality lies in the eye of the beholder (Edvardsson, 1996, Garvin, 1988). “Fitness for use” and “lies in the eye of the beholder” do not antithesis each other and they both have a strong customer focus or are user-based as Garvin (1988) would have put it. This view of the concept of quality and these two definitions, constitute the basic outlook on quality in this thesis.

Walter A. Shewhart was one of the pioneers in the industrial society concerning the introduction and development of quality management. He viewed quality from two related perspectives: the objective and subjective side of quality (Shewhart, 1931). The first perspective views quality as an objective reality independent of the existence of man. In contrast, the subjective side of quality considers what we think, feel, and sense as a result of the objective reality.

Juran’s concept of fitness for use, emphasizes that quality is the extent to which a product successfully serves the purpose of the user (Juran and Gryna, 1988). Customers’ view of quality is similarly derived from two distinctly different dimensions: product performance and freedom from deficiencies. Product performance is the degree to which the product’s specifications are customized to meet the needs of any given customer. Freedom from deficiencies is simply how reliably the product meets its specifications. In a similar manner, Ishikawa and Lu (1985) view quality as a two-dimensional concept, i.e., backward-looking quality and forward-looking quality. Defects and flaws in quality are called backward-looking quality, while attributes that can become a product’s sales
point are called forward-looking quality. One criticism concerning quality is that people often consider all quality attributes equally important, but the inability to assign relative importance will result in creating mediocre products.

Often, quality is defined as a multidimensional concept, where a product may be of high quality in one dimension and of lower quality in another, (see e.g., Feigenbaum, 1961, Feigenbaum, 1991, Garvin, 1987). Garvin (1987) identifies eight dimensions for describing the basic attributes of product quality: (1) Performance, (2) Features, (3) Reliability, (4) Conformance, (5) Durability, (6) Serviceability, (7) Aesthetics and (8) Perceived Quality. Feigenbaum (1991) also recognizes that the quality concept can be described using a spectrum of different quality attributes, such as reliability, serviceability, maintainability, and attractability. What is considered to be of high quality, is the composite of quality attributes which provide the intended functions with the greatest overall economy (Feigenbaum, 1991). Service quality is also often viewed as a multi-dimensional concept, e.g., SERVQUAL that describes service quality through five quality dimensions (tangibles, reliability, responsiveness, assurance, and empathy) (Parasuraman, et al., 1985, Parasuraman, et al., 1988).

When discussing quality along the goods-to-services continuum, research has pointed out some fruitful concepts to discuss. Nilsson (2002) argues that even though goods and services can be seen as relatively incomparable and what drives customer satisfaction is very different in different industries, it is possible to view all quality dimensions, at some level, as falling under the categories of customization and reliability.

“When improving customization or things gone right, greater emphasis is placed on customer research as a basis for understanding customer needs. When improving reliability or things gone wrong, greater emphasis is placed on operations and the need to failsafe existing products and processes” (Nilsson, 2002, p. II-2). Johnson and Nilsson (2003) find broad-based support for the argument that reliability is relatively more important as the service component of an offering increases, while customization is relatively more important for goods.

As mentioned previously in this chapter, services have several unique characteristics that differ from goods. Services are more intangible which makes it difficult and sometimes impossible, to count, measure, and test them. This supports the argument that reliability is relatively more important as the service
component of a product increases. Berry and Parasuraman (1993) argue that reliability is the most important quality dimension for services, and state that “A good way to think about a 98 percent reliability rate is a two percent error” (Berry and Parasuraman, 1993, p. 156).

Kano et al., (1984) present one model for the way in which a product attribute affects customer satisfaction. This model displays the relationship between the physical fulfillment of a quality attribute on a product and the perceived satisfaction of that attribute. The relationships are not equal for all quality attributes and they also change over time. This perspective of quality does not contain any general quality dimensions; instead product attributes are classified into five categories (‘attractive quality’, ‘must-be quality’, ‘reverse quality’, ‘one-dimensional quality’, and ‘indifferent quality’) according to The Theory of Attractive Quality.

### 3.5.2 Product Semantics

A product, or an offer, can be divided into three entities according to theories from the product semantics area: an ergonomic, a technical, and a communicative (Wikström, 2002). The first of these includes everything that has to do with adaptations to the human physiques and behaviour when using the product. Technical unit stands for the product’s technical function, construction, and production. The product’s ability to communicate with humans, i.e., to transmit a message and the product’s adaptation to the human perception and intellect, belongs to the communicative unit (Ibid.).

According to Wikström (2002), the product’s four semantic functions are the following:

- To *describe* purposes, use, and way of functioning.
- To *express* properties and quality.
- To *exhort* usage and trigger reactions.
- To *identify* purposes, product family category, the product’s origin, etc.

The product should carry and mediate the message, the meaning that is necessary and significant for the receiver’s comprehension, expectations, and

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7 See Paper II in the appended papers for a more detailed description of Kano’s Theory of Attractive Quality.
experiences of the product (Wikström, 2002). This statement clearly focuses on customer requirements and not on product requirements. From this point of view, the physical package can be seen as a carrier of the prerequisites for services that are experienced by customers.

3.6 Some Final Comments on the Theoretical Framework

The intention of the theoretical investigation in this chapter has been to contribute to the ongoing debate on the service perspective and customer value. This debate is far from new. Boyd and Levy (1963) stated the following regarding the purpose of a business: “A logical starting point, under this approach, is to concentrate on the functions that the product serves in satisfying a customer’s needs instead of becoming preoccupied with the physical aspects of the product itself. Phrased in terms of functions, companies sell such things as transportation, nutrition, energy, comfort, self-expression, escape, intellectual development, and conformity; rather than cars, bread, oil, pillows, pens, novels, textbooks, and uniforms” (p. 129). This statement clearly focuses on the service aspects, except that the authors use the term ‘functions’ instead of ‘services’. In 1977 Lynn Shostack concluded that there are very few, if any, ‘pure’ goods or services. From the mid-eighties and onward, service research has had an almost explosive growth in number of publications (Lindquist and Persson, 1997). More recent research emphasizes that the present and future economy is, and will continue to be, service-dominated but it also acknowledges that the good is an important part of the offer (Rust, 1998, Vargo and Lusch, 2004). Rust (1998) suggests that: “…the deepest and most important work in service research today applies both to the service sector and the goods sector” (p. 107).

The present theoretical framework is an attempt to contribute to a conceptual framework that applies both to the service sector and the goods sector. One main implication of this discussion is to be aware of the fact that most companies are providers of total offers, e.g., health care can not be viewed as only a service since it is experienced by humans who use physical tangibles to evaluate the service, and a car manufacturer does not provide only the physical car but a transport service, a lifestyle, status etc. Whether you are a car manufacturer or in the health care business, I believe that the starting point for the business should be the service perspective for two main reasons:
1. When seeing something as a service, emphasis is placed on understanding the benefits customers experience when using an offer, i.e., to see offers from the customer's point of view. For that reason customer requirements, and not product requirements, are in focus when developing offers.

2. Customers’ experiences of benefits can, however, differ in ways such as level of abstraction; from product and service attributes (cues and clues), to customer benefits like ‘easy to use’, and ultimately to customer satisfaction (Gustafsson and Johnson, 1997). Companies should therefore think in terms of prerequisites for services, i.e., to provide customers with the tools they need in order to experience the desired benefits of an offer.

Research shows that a company’s success depends on making a correct judgement of the customer’s value creation logic (Normann and Ramírez, 1994a). It is not until the company has identified what generates value for the customer that they can start to design a service concept to meet the customer’s expectations. The physical product mediates different service dimensions and can be described as a physical manifestation of services supplied by the actors that have contributed in the product’s development (Normann, 1991, Normann and Ramírez, 1994a). Therefore, product differentiation should not be solely about the physical product but comprise the total offer, which typically contains both physical- and intangible assets.

This reasoning implies that the concept of value has a central part. I have in this theoretical framework suggested that the recognition of the first and second moment of truth is important for the understanding, on a comprehensive level, of how customers experience packaged consumer products. Once this approach has been applied, packaging and customer value can be discussed on a more detailed level. In this chapter this has been done in terms of product quality, quality dimensions, and product semantics.
4 Epilogue

Silverman (2000) suggests that researchers should be careful with grandiose claims about, for example, originality. The intention with studying packaging from a service perspective has been to provide increased knowledge about how customers experience packages and to contribute to the ongoing debate on the service perspective and customer value. Amundson (1998) divides the purpose of scientific knowledge into five categories showed in table 4.1, based on the work of Reynolds (1971).

1. A method of organizing and categorizing "things", a typology
2. Predictions of future events
3. Explanations of past events
4. A sense of understanding about what causes events
5. The potential for control of events

Table 4.1: The purposes of scientific knowledge. Adapted from Reynolds, 1971, p. 4.

As shown in table 4.1, besides theory, scientific knowledge includes non-theoretical knowledge such as descriptions, classification systems, data, and predictive models (Amundson, 1998). I believe that the results of the present licentiate thesis could be categorized according to point one, three, and four in table 4.1. Paper I deals with the topic of explaining and understanding (point three and four) the role of packaging in the first and second moment of truth. In Paper II a categorization (point one) of quality attributes is made to understand (point four) the role of packaging in the perception of quality. On a comprehensive level, the framework and the appended papers collectively contribute to a deeper understanding, i.e., increased knowledge of the service perspective and packaging.

4.1 Conclusions

Already in 1950, Professor Brown at the University of Chicago investigated the role of packaging appearance at point of purchase (Brown, 1950). In his studies of scouring cleanser, a brand that tried to exceed customer expectations in packaging appearance did not get payoff in increased customer satisfaction. According to Kopalle and Lehmann (1995), advertising that a brand has improved its quality raises the expectations of perceived quality. A similar effect
can be assumed to exist when the design of a package is changed to communicate a new message, i.e., to display a high quality product. It is, consequently, important for packaging to be eye-catching on shelf in order to attract customers’ attention. Positive first impressions at point of purchase will not, however, last very long if the package is not user-friendly and functional once the consumer has brought it home and for use. The package must be easy to use, the information on it must be relevant so that consumers do not misuse the product, it has to fit in storage spaces, and if the product should be dosed the package has to facilitate this etc.

In summary, we can say that consumers may evaluate a product’s, or offering’s, quality when they purchase it (buying a beverage) or when they consume it (drinking a beverage) (Zeithaml, 1988). Woodruff (1997) supports this argument and states that customers consider value at different times, e.g., when making a purchase decision or when experiencing products during or after use. “Purchase means choosing, and that requires customers to distinguish between product offer alternatives and evaluate which is preferred. In contrast, during or after use, customers are more concerned with performance of the chosen product in different use situations” (Woodruff, 1997, p. 141). Product attributes seem to play more of a role at point of purchase, while consequences are more salient when consumers evaluate use (Ibid.). This implies that the perception of quality is created both at point of purchase and during usage. With my terminology, this means that the perception of quality is created at both the first and second moment of truth. The consequence is that the traditional perspective on packages needs to be broadened and not limited to physical aspects in order to examine how packaging can contribute to increase the perceived quality and customer value. The quality attributes of packages need to be designed to display quality both on the shelf in a store and during usage in the home of the customer.

The change in customer expectations, as customers become more demanding, means that the role of packaging becomes more important. It can be used to provide different service dimensions, such as information and functions. Finally, the result of this licentiate thesis supports current consumer and industry trends that suggest an increasingly important role for packaging as a strategic tool as well as a marketing vehicle.
4.2 Future Research

On the basis of what has been presented in this licentiate thesis, I have found three main areas that I believe need consideration in future research:

First, the debate on the service perspective has been ongoing for at least 40 years (see e.g., Boyd and Levy, 1963, Shostack, 1977, Parasuraman, et al., 1988, Rust, 1998, Grönroos, 2000a, Vargo and Lusch, 2004). Rust (1998) emphasize that authors should: “…seek to create conceptual and methodological frameworks that will produce a new and transformed view of the service-dominated economy of the future (and present) (p. 107). In addition to this, Rust (1998) suggests that the most important service research applies both to the service sector and goods sector. In this area I believe further research is needed, i.e., research that applies a service perspective and then investigates goods and/or services.

Second, in the area of packaging, deeper knowledge is needed about the implications of applying a service perspective on a product-specific level. In this licentiate thesis, the service perspective and packaging has been investigated but only on a comprehensive and on a trade level. To study packaging from a service perspective on a product-specific level, would increase our knowledge of the implications of seeing something as a service, as well as of how customers experience packages. One possible topic to investigate in this area is product-specific customer experiences at the first and second moment of truth.

Third, I believe a thorough methodological investigation of Kano’s Theory of Attractive Quality is needed. Berger et al., (1993) provide such an investigation, but not all of the possibilities and limitations of the methodology have been investigated. In previous research, investigations into the limitations of the basic assumptions made in the evaluation of quality attributes, have been quite limited. Further aspects of the Kano methodology to be investigated are the hypothesized lifecycle for quality attributes suggested by Kano (2001), the relationship between consumer behaviors and product design, and attractive quality creation.

4.3 Some Final Reflections

I would like to use these last lines in the framework to share some final reflections packaged in a little story:
Back in the mid-seventies, the rock-band Kiss experienced great success as a live band. Their records, however, did not sell very well and they were not played on the radio. The band then decided to make a live album that would capture the energy and atmosphere of their concerts. This effort resulted in the live album *Kiss Alive I* which was a huge success. Kiss has been accused of making overdubs in the studio to correct some mistakes that were made live. At first the band denied that any overdubs had been made. Lately, however, the band has admitted that they did overdubs in the studio, but they do not believe that they did anything wrong. Paul Stanley, lead-singer and guitarist in Kiss, says: “If it feels like a live experience, it is a live experience”. And indeed, it feels like a live experience.

Whether this great live album is a good or a service per se, or which parts were recorded live, is difficult to tell. Nor can the composition of the package be easily described, e.g., is the album-cover a part of the package? Are LPs and CDs goods or are they just two examples of how the service music can be packaged? It seems like the combination of goods, services, and package creates value. How to combine these in order to meet customers’ spoken and unspoken wants and needs seems to be the key matter, rather than making distinctions between the different parts. The important thing is that Kiss had a live experience they wanted to convey, and they managed with *Kiss Alive I*. The album is a great example of how physical (the LP or CD itself, the album-cover with pictures etc.) and intangible assets (the music and the live experience) can be orchestrated, both literally and metaphorically speaking, into a total customer experience. *Kiss Alive I* has not only been bought by millions of people, it is also considered to be a milestone for live rock albums. Conclusion? Kiss wins at both the first and second moment of truth!

I believe this little story is exciting for several reasons. First, the point of departure is the fans experience of Kiss, i.e., the process starts with customer requirements and ends with a customer experience. Second, it raises interesting questions about the definitions of goods, services, and packages; as well it shows that the combination of the three creates customer value. Third, it illustrates that the reasoning about the first and second moment of truth can be applied. Finally, I must admit that I could not resist the temptation of using this example, and by doing so, bringing a little rock-'n'-roll into the thesis…
References


Packaging and Customer Value

Already in the mid-seventies it was concluded that there are very few, if any, ‘pure’ goods or services. Nevertheless, over 20 years later, most publications on services focus on how service characteristics differ from goods. More recent research emphasizes that the present economy is, and will continue to be, service-dominated, but it also acknowledges that the offered good is an important part of the offer. It has also been suggested that the most important work in service research today applies both to the service sector and the goods sector. In this licentiate thesis an attempt is made to conduct research that applies to both these sectors by investigating packaging from a service perspective.

The traditional role of packaging in consumer products has been to store and protect the content. Current consumer and industry trends, however, suggest an increasingly important role for packaging as a strategic tool as well as a marketing vehicle. Companies consequently need to develop, design, and provide packages with high customer-experienced quality. In this context it is important to recognize that customer value is something perceived by customers rather than objectively determined by companies.

To study packaging from a service perspective is relevant for several reasons. One reason is that packaging is something that can have several functions, which include something more than the physical package. Another is that packages are carriers of information that is interpreted by customers. The combination of functions, information, the physical package, and its content creates the total customer experience.

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