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Value creation in egg products consumed in food services in the professional kitchens

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Abstract

Purpose – This article aims to explore what kind of value is created in egg products when consumed both in the food production processes in professional kitchens and served to their end-customers. The viewpoints of an egg marketing company and a professional kitchen are applied.

Design/methodology/approach – Theoretical framework comprises of value creation from the two perspectives. First, the focus of an egg marketing company is on use value and value-in-exchange. Second, professional kitchens are linked with the viewpoint of value-in-use. Recent research on chicken eggs is introduced. Empirical data were collected from the representatives of professional kitchens and the representative of a case company.

Findings – The results indicated that dimensions of use value focused mainly on the value for the professional kitchens. Eleven dimensions of value-in-use for the professional kitchens and six dimensions for end-customers emerged.

Practical implications – Created use value, value-in-exchange and the dimensions of value-in-use can be utilized in developing food services, brand communication, and defining the value proposition for the professional kitchens.

Originality/value – The article adds new information to the existing research on eggs concerning the dimensions of value-in-use. The results may offer ideas how to add value for egg products by providing use value for both the professional kitchens and their end-customers in the form of food services.

Keywords Brand, Creation, Customer, Egg, Finland, Service, Value

Paper type Case study

Introduction

Chicken eggs are one of the oldest food items eaten all over the world. They belong to our daily diet offering us energy, vitamins, trace elements, protein, and fat. Moreover, egg products are suitable for special diets.

Fresh eggs belong to commodity products from the competitive strategy's point of view. Due to their bulk nature, price and profit for the producers remain low. Egg marketing companies have started to differentiate their egg products by segmenting markets into business and consumer segments; by building a brand for target segments' egg products; and by increasing value-added.

The purpose of an egg marketing company is to create value for the customer. However, we do not know “the contents of the value” that the egg products supply and create for the professional kitchens and their end-customers in the form of food services. The research problems read as follows:

- How can a manufacturer create use value and value-in-exchange?
- What is value-in-use as a concept?

- What kind of recent research exists on eggs?
- How has the case egg marketing company created use value and value-in-exchange in egg products consumed in the professional kitchens and their end-customers?
- What are the emerging dimensions of value-in-use for the professional kitchens and their end-customers as perceived by the representatives of the professional kitchens?

The research design is explorative. The viewpoints of an egg marketing company (Business-to-Business marketing; goods-dominant logic) and a professional kitchen (food services; service-dominant logic) (cf. Vargo *et al.*, 2008) are applied. Because the number of respondents remained low (16 persons), the paper is regarded as a pilot study, and the results are preliminary.

Value creation

The key sources on the theory of value were proposed in 1946 by Holbrook (1999, p. 3). Since then the discussion has spread focusing on the types of both consumer and buyer value, and value creation from both the supplier's and customer's viewpoints. Vargo *et al.* (2008) concluded that the creation of value is the main purpose and a central process in economic exchange. In the prior research, there are two research streams in value analysis, creation, and delivery. The first one deals with the value of products and services while the second stream focuses on the value of buyer-seller relationships, networks, and interactions. The findings by Hammervoll and Toften (2010) indicated that there are two types of value-creation initiatives: those emphasizing efficiency in transaction-based arrangements; and those emphasizing effectiveness in interaction-based relationships. However, literature remains scarce on studies examining how selling companies analyse, create, and deliver value for buying companies (Lindgreen and Hingley, 2008).

Christopher (1996) suggested that the practice of marketing must change its focus and emphasize the creation of customer value as the objective of marketing activity. Moreover, “with regard to customer value some people argue that the concept is poorly understood and that it is the customers and not the firms who are driving the value creation process” (Lindgreen and Wynstra, 2005). Grönroos and Voima (2012) found that “the customer’s creation of value-in-use has not been analysed in further detail”.

In business-to-business (BtoB) marketing, costs and benefits of a certain market offering form the basis in customer value models (Anderson and Narus, 1998). Miles (1961; Lindgreen and Wynstra, 2005) distinguished between four kinds of values: 1. use value; 2. esteem value; 3. cost value; and exchange value. Ngo and O’Cass (2010) developed a conceptual framework for a value creation business model, where three perspectives of value were integrated as follows: creating value for customers; value-in-offering; and value-in-use.

From the viewpoint of service dominant logic, Grönroos and Voima (2012) described value creation as a process where it was divided into two spheres, namely the provider sphere and the customer sphere. The provider sphere included four processes as follows: design, development, manufacturing, and delivery. The provider sphere with the four processes results in the creation of value-in-exchange. The customer sphere indicates the consumption side in the value creation process and results in the creation of value-in-use. The provider sphere and the customer sphere are successive processes, and they appear linked in the exchange of a transaction (cf. Grönroos and Voima, 2012).

Manufacturer’s role in value creation: use value and value-in-exchange

The two types of buyer value created through two mechanisms, i.e. lowering buyer costs and raising buyer performance was proposed by Porter (1985, pp. 131-137). Through differentiation,

a firm creates a competitive advantage for its buyer instead of selling at a lower price. When raising buyer performance, it is important to understand what the buyer's viewpoint to its performance is. Also, the needs of the buyer's buyer have to be both understood and analysed. From the viewpoint of goods-dominant logic (cf. Vargo *et al.*, 2008), value is created by the provider and distributed in the marketplace, usually through the exchange of goods and money (Edvardsson *et al.*, 2011). Thus, customer value is embedded in the delivered products in the exchange process.

Use values were defined by Bowman and Ambrosini (2010) as “properties of products and services that provide utility. Inputs into the productive process take the form of separable use values, e.g. components such as flour or steel and human inputs”. Bowman and Ambrosini (2010) defined value-in-exchange as “a monetary amount exchanged between the firm and its customers or suppliers when use values are traded. Use values are converted into value-in-exchange when they are sold in factor markets or product markets”.

Customer's role in value creation: value-in-use

When business customers are making purchases, they search for buyer value both for their own business and for their customers. Those customers, whose costs are based on what they purchase, emphasize in their purchasing how to increase profits, and following that, how to receive a reduced price from their suppliers (Anderson and Narus, 1998). The buyer's derived value sought was classified by Terpend *et al.* (2008) into four groups as follows: operational performance-based; integration-based; supplier capability-based; and buyer financial outcomes.

Grönroos and Voima (2012) found out that when value is perceived as value-in-use for the customer, the focus is not mainly on customized products or services exchanged for a price. Instead, value creation can be characterized as a continuous process emphasizing the customer's

experiences, logic, and ability to derive value out of products and resources used (create value-in-use). The value-in-use cannot exist before value-in-exchange is created, because the value creation processes appear successive. The notion of value-in-use could be analyzed on multiple dimensions, according to what “better off” means. (Grönroos and Voima, 2012)

Recent research on chicken eggs

Prior research on chicken eggs has focused, for example, on the following topics: nutrition; pasteurisation; dishes; market segmentation; consumption; distribution; and the egg brand. Nutritional properties of eggs were explored by Ruxton *et al.* (2010), and pasteurisation was discussed by Jones *et al.* (1983). Cooked egg dishes were researched by Mottishaw and Stubbs (1989), and segmenting egg market was investigated by Fearne and Lavelle (1996a). Consumption was studied from the following viewpoints: consumer preferences for quality and freshness attributes of eggs (Ness and Gerhardy, 1994); and safe egg use in the catering industry (Taylor, 2004). As a determinant of vertical coordination, perishability was explored by Lo (2010), and retailing policies for eggs were studied by Lewis and Bashin (1988). Fearne and Lavelle (1996b) discussed the egg brand from the viewpoint of food quality and marketing communication.

Methodology

The secondary data concerning egg products were collected from the case brand’s product catalogue (Scanegg, 2012a). The primary qualitative data were collected in an electronic word form. Convenience sampling method was utilized. The form was sent in May - September 2012 by email to 24 adult students, who were studying part-time in the Degree Programme of Hospitality Management at Laurea University of Applied Sciences, Espoo, Finland, and at the same time working full-time in 24 professional kitchens. Also, the form was sent to three professionals working in a professional kitchen and to three persons specialized either in nutrition

or food production. The form included an open question “what kind of value do the different egg products create for a professional kitchen and their end-customers” concerning 18 egg products (six egg liquid products; one crushed eggs product; two scrambled egg products; five boiled egg products; and four end egg products). The question was asked with respect to each product. Six persons stated that the products were not consumed in their kitchens; sixteen persons returned the filled form; and eight persons did not respond. The answers concerned only those egg products and their value that had been consumed in the respondents’ kitchens. Furthermore, the representative of the case egg brand filled in the same form. She has also become acquainted with the empirical section and subsequently commented and approved the results, which increases the reliability of the results. The results were analysed by a thematic analysis (cf. Eriksson and Kovalainen, 2008) by classifying the answers according to the dimensions.

Results: Case egg marketing company, use value, value-in-exchange, and value-in-use

Case egg marketing company

Munakunta is the leading egg marketing company in Finland supplying retailers and consumers high quality eggs and egg products. By Scanegg brand, Munakunta markets the product assortment which is the largest and the widest in Finland including product solutions to food service companies, food industry companies, bakeries and the wholesale companies serving them. (Scanegg, 2012a)

Scanegg’s product assortment is continually developed based on the customers’ needs. The goal is to develop the business customers’ processes. (Scanegg, 2012b) Scanegg is the only organisation in that industry in Finland, who has active product development. As a result of it, every year new products and solutions meeting the customers’ needs are launched. (Itämeri, 2012)

Created value-in-exchange

Value-in-exchange has been created by product differentiation (six egg liquid products; one crushed eggs product; two scrambled egg products; five boiled egg products; and four end egg products) focusing on the needs of the professional kitchens and their end-customers in the form of use value. In addition, depending on the operations of the professional kitchens, they perceive also other kinds of value in addition to value-in-exchange, i.e. value-added and price.

Created use value and value-in-use

Use value is the basis for value-in-exchange. The dimensions of use value according to the types of customers as perceived by the representative of the case egg marketing company and the dimensions of value-in-use according to the types of customers as perceived by the respondents are illustrated in Table 1.

<i>Dimensions</i>	<i>Dimensions of use value as seen by the representative of the egg marketing company</i>		<i>Dimensions of value-in-use as seen by the respondents</i>	
	<i>For the professional kitchens</i>	<i>For the end-customers</i>	<i>For the professional kitchens</i>	<i>For the end-customers</i>
Efficiency and ease in food production	Saves raw material; easy to use; quickly made; suitable for cook cold; optimizing recipes	-	Saves working time; improves efficiency; easy to use; speeds up food production; ease the conformity of recipes; ready sliced	-
Waste	No egg shell waste; no edge bites; loose package (no waste)	-	Amount of waste is small; smaller package size needed	-
Storage	-	-	Small storage space; easy to stock	-
Lastingness	Frozen product gives flexibility	-	Frozen product long lasting;	-

	to needed amount		available	
Packaging	Packaging sizes for different purposes; loose frozen products	-	Convenient packaging	-
Price	More profitable compared to self-made	-	Are the prices higher compared to own processing of fresh eggs?	-
Availability	-	-	Available for consumption; reserve product	Always available for the customers
Product assortment	Served in mass food service; warmed up; with fillings	Served in mass food service; multiple egg recipes	Served in multiple egg recipes	Variety of foods in service line for the elderly
Hygiene	Hygiene; pasteurized	Hygiene; pasteurized	Safe product; hygiene; duration; no spoiled eggs	Safety of the end product
Quality	Homogeneous size; environmentally better; like a genuine egg; no changes in colour	Homogeneous quality and colour; attractive appearance	Homogeneous quality; good texture; no pieces of shells; freshness; allergic to additives	Good texture; homogeneous quality; appearance; standardized size; equal quality with cooked egg; freshness
Nutrition	-	Protein-content	Extra nutriment for the elderly	Extra protein for the elderly
Familiarity and taste	Tasty scrambled egg	Tasty	-	Tasty; familiar; easy to eat; balanced food stuff; dryer; harder; tasteless
Product characteristics	Low lactose/ lactose-free; low salt; gluten-free; waterless; porous; multi-purpose; less additives; includes sugar	Low lactose/ lactose-free; salty	-	-

Table 1. The dimensions of use value and value-in-use

When comparing the dimensions of use value and value-in-use with respect to professional kitchens, the following six dimensions were more or less similar: efficiency and ease in food production; waste; lastingness; product assortment; hygiene; and quality. Moreover, the respondents emphasized storage; availability; and nutrition. Furthermore, the representative of an egg marketing company focused on packaging; price; familiarity and taste; and product characteristics. Value was not only seen from a positive point of view. The differing dimensions included storage; packaging; price; availability; nutrition; familiarity and taste, and product characteristics.

When comparing the dimensions of use value and value-in-use for end-customers, the following four dimensions were more or less similar: product assortment; hygiene; quality; nutrition; familiarity and taste. The differing dimensions included availability and product characteristics.

Eight dimensions (efficiency and ease in food production; waste; storage; lastingness; packaging; availability; hygiene; quality) fall into the operational-performance based value, and four dimensions (product assortment; nutrition; familiarity and taste; product characteristics) into the supplier-capability based value. One dimension, namely price, falls into the buyer financial value. (cf. Terpend *et al.*, 2008)

Conclusions

Eleven dimensions of use value and thirteen dimensions of value-in-use emerged. The egg marketing company emphasized use value for the professional kitchens. Also the dimensions of value-in-use focused more on the value for the professional kitchens than the end-customers.

The results indicated that the dimensions of use value and value-in-use according to the customer types are more or less customer-specific (cf. Chandler and Vargo, 2011; Vargo, 2008; Grönroos and Voima, 2012). As Grönroos and Voima (2012) noticed the customer's value creation "system is closed to the provider", because "the provider plays a passive role in the customer sphere". Therefore, it is important for the egg marketing company to understand the value creation processes of the customer and its end-customer, i.e. dimensions of value-in-use, because value-in-exchange is derived from use value (cf. Bowman and Ambrosini, 2010). Then the emphasis in value creation shifts from the supplier to the customer (cf. Grönroos and Voima, 2012).

When comparing the results of this study to the previous research with respect to eggs, we can find similar topics in the form of dimensions. The theoretical contribution is that when comparing the supplied value-in-exchange (differentiated products and price) to the customer's perceived value-in-use, we can notice, that the customer's perceived value-in-use is related to the consumption of egg products, and supplied value to its end-customers. Therefore, it is not based on food production process emphasizing products and prices as an input only. This has resulted from different business logic. Namely, the business of the egg marketing company is based on goods-dominant logic (egg products) and BtoB marketing, whereas the professional kitchens' logic is based on service-dominant logic (food services). As Vargo *et al.* (2008) concluded, "it forces us to shift our attention from production to utilization, from product to process, and from transaction to relationship".

The article offers new information for the existing research on eggs with respect to dimensions of value-in-use, which can be utilized in product development, brand communication and defining value proposition.

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