

Theory of Relationship Cultivation: A Point of View to Design of Experience

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The aim of this paper is to outline a theory of relationship cultivation as a marketing management model for small and medium tourism enterprises. Secondly, it attempts to contextualize the proposed model for more efficient grounding of experience design to the entrepreneurial needs and reality of tourism enterprising in difficult arctic conditions through a case study. As a marketing management model, the theory of relationship cultivation puts forward a hierarchical model that consists of the following sub-models: 1) bonding to create customer capital and trust capital (i.e., a model of relational ethics); 2) enabling and direction: a model of co-creation of values, 3) dramaturgy for experience design: a process of scripting, role playing, and staging the experience: a model of tourism drama. Some of the central conceptual issues are illustrated with a case study in village tourism where a contextually grounded tourism drama model was developed and applied to create authentic coulisses. The ideas for the manuscript and for the staged experiences were sought in the myths, stories, anecdotes and social and cultural history of the community and events having taken place there.

INTRODUCTION: STAGING THE SETTING

This paper outlines a theory of relationship cultivation as a marketing management model for small and medium tourism enterprises (SMEs). A related objective is to contextualize the proposed model for more efficient grounding of experience design to the entrepreneurial needs and reality of tourism in difficult arctic conditions through a case study. We explore aspects of linkages between the theory of relationship cultivation (RC) put forward in outline and experience design. The context of this paper relates to tourism and entrepreneurship in difficult conditions. In outlining the RC theory we discuss the integrating links with a co-creation process of experience design and management for SMEs in tourism. The empirical grounding was based on series of narratives, case studies and action-oriented observations carried out in several countries over the last decade. To empirically anchor the conceptual conclusions, one selected case study is used to illustrate the argument.

The context of experience economy as discussed by Pine and Gilmore (1999) proposes an interesting view of the evolution of economies and the way value is created. The argument distinguishes "experience" economies from service economies in the following respects: "First there was agriculture, then manufacturing goods, and eventually services.... Now, as services are in their turn becoming commoditized, leading-edge companies are finding that it [higher value] lies in staging experiences" (p.97). In general, according to the authors, the economic function of a *service economy* is to deliver an intangible, customized service on demand, by a provider to a client, to satisfy his or her needs through the benefits derived

from the service. In an *experience economy* the memorable, personal experience is revealed over a duration for the customer/guest to absorb or immerse her/himself in the experiences as a flow of staged and co-created sensations.

In the Pine and Gilmore (1999) model, the realms of an experience may be understood in terms of two conceptual dimensions: 1) *the extent of participation* by the customer/guest (active to passive), and 2) *the emotional mode and extent of involvement* in the experience (immersion to absorption). Through the two dimensions we may derive four sub-realms or basic types of experiences:

- *An experience characterised by active participation and absorption.* An example might be participating in an intellectually challenging seminar discussion.
- *An experience characterised by passive participation and absorption of the experience such as entertainment* (e.g., visiting the Polynesian Center in Hawaii).
- *An experience characterised by active participation and immersion in the experience* (e.g., the most memorable experience of a participant in one of the Survivor competitions).
- *An experience characterised by passive participation and immersion in the experience* (e.g., admiring the bursts of waves of colours of Aurora Borealis in the middle of a clear arctic winter night).

An experience may be just an instantaneous revelation that has lasting influences. It may be a short event, a stream of events, or it may be revealed over a long duration such as an expensive or much expected holiday trip. It may start years before in planning and choice of destination and travel mode. This may be followed by increasing involvement in anticipation of the forthcoming journey and the excitement of the travelling to the site. To some of us the experience of "on the road" is everything. The arrival to the destination and the cascade of on-the-site stimuli may take some time to digest. In returning back home the mementoes bought and collected aid in recollection of memories of the trip. From a practical point of view, this is something that every competent host, salesperson or marketer—or for that matter every tourist—always knew intuitively or learned in through years of continuing relationships with customers, clients or guests.

There are two comments that we would like to make. The first comment relates to the multidimensionality of the concept which becomes apparent in translating the term to other languages. The other comment refers to the issue of context of experience economy and its ramifications on experience design.

A logical point of departure for multidisciplinary discourses with a focus on tourism is related with the concept of experience itself. The translation of the focal term "experience" to other languages such as German (*ehrfahrung/erlebnis*), Swedish (*erfarenhet/upplevelse*) or Finnish (*kokemus/elämys*) points toward two different meanings in other languages. The English term may be translated with two different concepts. This is evident in German, where experience may be translated either "*ehrfahrung*" or "*erlebnis*." The first translated alternative term in German refers to cognitive aspects of experience, the knowledge gained by repeated trials or practical wisdom taught by the changes and trials of life. The cognitive aspect of wholly engaging, as in absorption, in something, is the core meaning of this term. The

second meaning refers to the affective aspects of insights gained through involvement, such as engaging deeply in something. Sometimes a synonym for the affective aspect “*erlebnis/oplevelsel/elämys*” is given in English with two words—“flow experience.”

The second comment is related to the significance of context in experiencing an event. The ramifications of the Goffman hypothesis of “work is theatre” developed and posited by Pine and Gilmore (1999) as a basis for an economic model of value creation is interesting and challenging. Most of Pine and Gilmore’s (1999) discussions on experience design and management focus on the management of content issues, given the economic context of modern urban markets. Within marketing of tourism services this is an interesting opportunity. The model of theatre implies adoption of dramaturgy as the stance to value creation. Dramaturgy is the field of science which treats of the rules of composing dramas and representing them on the stage (*The New Webster Encyclopaedic Dictionary of the English Language*, 1980). The method of “Tourism Drama” was developed by the staff of the Theatre Academy of Finland for touristic purposes. The approach is about creating an experience by following the methods of creating a theatre play. Consequently, the design of experiences starts with ideas for the theme and plot; playwrighting for the scenes, and forming the roles of the actors, building the stage and the props, etc. The methods and the language of theatre are used and participating guests may take active roles. The sources of ideas for the manuscript and for the staged experience are sought in local stories, anecdotes and social or cultural history of the place or event.

Dramaturgy introduces powerful possibilities for experience design in that it calls for an integrated total view to management of tourism experience creation. This integration does not only concern products sold to tourists, or services provided to them and experiences along the tour, but also a combined approach to value creation. This is especially true in situations where the high contact encounters between the guest and the host, and the quality of such encounters determine the quality of the experience. This is a typical situation and is seen most often in small tourism enterprises with very little or no market power. Clearly, there are parallels between the personal experiences of the guest, the substance of the encounter and the core processes of a tourist enterprise in attempting to profitably delight the guest. Let us next change the view to management of a small tourism enterprise point of view.

The *strategic core processes* that determine much of the core competence and its competitive edge in a tourist firm are the fundamental experience design processes:

- Understanding the needs, wishes and choice behaviors of guests and potential customers in order to create profitable business relations. This includes targeting, segmentation and positioning. It also means the beginning of the co-creative process of understanding your customer, where the ideas for the experience manuscript are collected, chosen and written to meet the choice objectives of the customer and the profitability objectives of the company.
- Meeting the guest is the critical encounter between the guest and the host or representative of the host. For customers it may be the main source of stress, ambivalence and risk before getting to know a new place. It is the first “moment of truth” when the quality of the stage and the staging is evaluated. The first encounter

also means meeting and keeping the promise to the customer. It is the first acid test for the co-creative nature of the experience.

- Staging the experience, providing the services, and selling the products that augment the experience are dependent on the structures and processes that are used to create and support the experience staging. It offers innumerable possibilities for delighting and trust building in the relationship.
- The management structure, including information technology and management processes, create the context and conditions for a successful experience. The three first core processes are dependent on the quality of the management processes in forming of the experience value chain.
- The management of the quality of the experience needs to be submerged in the design and staging for evaluation.

Let us combine the first and last three management core processes into two processes that we call *the bonding process* and *the enabling process* in our search for integrating the "experience is marketing" claim of Gilmore and Pine (1999) in our proposed model of relationship cultivation.

The bonding and enabling processes and structures characterize any organization or firm geared to staging experiences. Given a systems point of view, any system is part of larger entity and needs *bonding processes* to create the resource or to create reciprocal exchanges of resources within its task environment. Thus bonding processes are not only limited to the relationship building with the customer, but with all stakeholders. Much of the *enabling processes and structures* consist of managing successfully the relations and events internal and external to the firm.

How do we integrate design of experiences into marketing? Here we view the management of relationships within a hierarchy of management processes where dramaturgy and design of experiences are operatively equivalent to product innovation and development. Due to the nature of experiences, a functional view to experience staging is certainly too limited a view, and a strategic orientation is called for.

A THEORY OF RELATIONSHIP CULTIVATION

The conceptual roots of the relationship cultivation model are anchored in the construct of social capital. Pennington and Rydin (2000) viewed social capital to include "levels of trust, the extent of networks, the density of relationships within networks, obligations and expectations about relationships, leading to reciprocity, forms of knowledge, operating norms and existence and use of sanctions to punish for free riding."

The units (Dubin, 1969) of the proposed theory are included in the following models that form relevant parts of *the theory of relationship cultivation*:

1. Bonding to create customer and trust capital: *A model of relationship ethics*
2. Enabling: *A model of co-created value chain*
3. Experience Staging: *A model of role play, script and staging the experience*

Let us start the construct development by focusing on the global concepts of the first model. In discussing the idea of construct depth and dimensionality, the global concept, facet concept and component concept were presented as the three theoretical levels of construct depth by Bagozzi and Edwards (1998).

We will follow this idea and start with a short discussion of the global concepts of each model. The results of conceptual development are discussed followed by justification of the proposal. To delimit the discussion I will focus on the content and meaning of selected central social capital concepts. I will exclude the full theoretical discussion of co-created value chain. However the proposed concept and the design of experiences are highlighted through the case study.

A MODEL OF RELATIONSHIP ETHICS

The three global concepts and main units of the first model are customer capital, trust capital and reciprocity, all derivatives of social capital. Since the units themselves are not sufficient components of a theory (Dubin, 1969, p. 28) we have to find some meaning and significance in interrelationships of these three global concepts. Such meaning is found through viewing these units in interaction in a system of ethical beliefs. This view point may be a meaningful perspective into the ethical conduct, and responsible citizenry of a firm.

The first proposition put forward for this model is:

Proposition 1: *Reciprocity in bonding processes is the glue that connects the resource formation processes into one ethically justified perspective.*

Customer Capital Reciprocity in Bonding Trust Capital

The core of the marketing concept is the relationship formation between the firm and its customers and other stakeholders. Given time continuum, the assumption is that the longer the relationship lasts, the more profitable the relationship grows for both parties.

Relationship marketing (RM) may be viewed to consist of external marketing, internal marketing and reciprocal marketing aims and instruments. The purpose of RM is to build profitability through long lasting and continuing relations. The stronger these ties become, the stronger positive attitudes may become as well as goodwill and support (i.e., leading to growth of customer capital).

The second proposition contains the following idea:

Proposition 2: *Customer capital is the total sum of positive attitudes, opinions, goodwill and behaviors that characterize customer bonding and preferential purchases that create a strategic and valuable resource base for the firm. Customer capital is a dynamic flow concept. Customer capital is a resource stock that may vary from positive (high level of goodwill, fame and acceptance and advocacy among customers) to negative (high levels of bad will, notoriety) that may destroy the credibility of the firm and its future viability.*

Customer capital is created over an extended period of time, but it may be destroyed instantaneously through letting down the customer, or not meeting the customer needs. The credibility mission is tested daily in the multitude of encounters with customers. Without a shared understanding of the norms to follow, detailed daily activities may appear to become in variance with the mission.

Strength of social cohesion with its stakeholders and within the enterprise is important. Given the context of small tourism enterprise management, the model of relationship ethics integrates external to the firm with internal of the firm perspectives. Such a management by values perspective assumes and argues for a humanistic, ethical stand point to the management of a firm. A central assumption is that the sustainable and meaningful resource creating relations are very much based on trust. The successful cultivation of such long-term relations within the firm may result in more open communications, a clear understanding of mutual obligations and rights, and may enhance trustful working climate and acceptance of the other.

Such formative processes create trust capital. Like customer capital, trust is built over a long time and may be destroyed instantaneously. Since our focus is on long term relations, a swift type of trust needed in short term relations is not of interest here. In any service setting the trust formation is decisive for survival and performance of the firm. In the case of experience formation it is critical in development of the perceived and actual experiences. The consistency of quality perceptions, derived satisfaction and consequent image based on such perceptions may be assumed to be causally linked.

The third proposition of the theory is then:

Proposition 3: *Trust capital is a core phenomenon of healthy organizational climate. It indicates substance and criteria for professional internal relations as a critical resource for a firm. Trust capital is a dynamic flow concept. Mistrust, bad feelings and low levels of productivity indicate lack of or negative levels of trust, and trust capital. High productivity, open communications and élan, that is a drive for the best performance, are indicators of high levels of trust capital. Perceived positive trust capital will have a direct influence on the image of the firm, and the expected stock value of the firm.*

The global concepts of customer capital and trust capital give added meaning to the exchange of values. Bagozzi (1975) proposed that the core of marketplace behavior is in exchange of values within different relationships. Both customer capital and trust capital are both outcomes and conditions for exchange processes of values that are perceived as the most important and relevant for the parties in question. As exchange processes, these are central for the enterprise resource formation, and critical for the success of the firm.

In both cases we deal with *exchanges and relations that have economic, social and emotional meaning and significance*. As social exchanges they are important for the social construction of shared reality. The cohesiveness or fragmentation is intuitively apparent to an outside observer or guest as the firm's service climate. In this context we may define service climate as a summary or aggregate perception, a gestalt, comprising the practices and

procedures experienced by the people in a situation. Since such relations may vary in terms of symmetry, expectations and a multitude of other factors, also different contexts may have a strong influence on the patterns of behaviors.

The third global concept is *reciprocity*. Following Bagozzi's (1995) thinking, *reciprocity is viewed as an essential feature of self-regulation and a means of co-ordinating mutual actions for parties in a relationship*. This disposition (Becker, 1990) may be summarized in terms of "maxims" such as: "We should return good for good, in proportion to what we receive ... we should resist evil, but not do evil in return."

Beckers' (1990) argument is that *reciprocity is a sense of obligation and a matter of moral obligation with deontic virtue*. It may be viewed as a fundamental virtue, actually as a cluster center of values and attitudes. In these terms Becker defines reciprocity as a cluster center which cluster is "a set of traits whose presence with reciprocity enhances productive social interaction, and whose absence compromises the effectiveness of reciprocity" (Becker, 1990, p. 150). In this sense all three global concepts - customer capital, reciprocity and trust capital are "cluster centers". In regarding reciprocity the most important virtues that it is connected with are generosity, conviviality, empathy, practical wisdom (Bagozzi, 1995, p. 276) and we might add such as endearment, attachment and openness as characteristic of significantly meaningful purposive behavior in service setting. Given such a cluster of virtues reciprocity functions as self-regulation of a person's volitions and actions in terms of customer related behaviors. The model of relationship ethics with reciprocity as a cluster center, is given the following description in its links with the trust and customer concepts.

TABLE 1
Customer Capital as a Cluster Centre

Facet Concept	Component Concept	Facet Concept
Reciprocity	<input type="checkbox"/> generosity <input type="checkbox"/> conviviality <input type="checkbox"/> empathy <input type="checkbox"/> practical wisdom <input type="checkbox"/> endearment <input type="checkbox"/> attachment <input type="checkbox"/> openness <input type="checkbox"/> consistency	Customer Capital

At the level of a work relations, reciprocity and reciprocal behaviors create solidarity between the team members (entrepreneur - personnel) and is conducive to balanced social relations. On the individual level it creates self-esteem and re-enforces self-concept, it confirms the need to reciprocate and promotes predictability in social relations. It is through the processes of identification (Blake & Mael, 1989), socialization, sanctions and rewards that reciprocity forms the relations, and as a mechanism of restoring and resolving relations creates a system of renewal for relations (Blake & Mael, 1989, p. 276).

Sound, balanced, and professional interaction between those in charge and those providing their services for the organization requires an ethical platform in addition to contractual arrangements for successful governance of mutual behaviors. Some possibly relevant virtues may be seen to form a cluster characteristic of the everyday relations in a work place or in co-operation. Predictability, openness and foresight are characteristics we expect the managers and leaders to show in any organisation. Committed members of organizations base their behavior in trust and expectations of solidarity in thriving for accepted goals. In our case example, we assume that this is true also for other social groups, and that these components, and facets are of importance in the formation of the cohesion of such social groups.

TABLE 2
Trust Capital as a Cluster Centre

Facet Concept	Component Concept	Facet Concept
Reciprocity	<input type="checkbox"/> solidarity <input type="checkbox"/> trust <input type="checkbox"/> flexibility <input type="checkbox"/> openness <input type="checkbox"/> predictability <input type="checkbox"/> foresight <input type="checkbox"/> balance <input type="checkbox"/> just <input type="checkbox"/> respect	Trust Capital

In economic exchanges, reciprocity complements self-interest. Self-interest is an initiating and a motivating power for self reliant behavior, entrepreneurship, marketing exchanges, such as wage negotiation processes in a firm. Therefore, we might conceive reciprocity as a mechanism for resolving thus initiated processes. It will give the parties a chance to weigh their exchange experiences and neutralise the unbalanced feelings, regret and anger and other emotions related with asymmetric outcomes. But it will also serve as a mechanism for creating the mutual satisfaction and affect that bonds the partys together (Blake & Mael, 1989, p. 276).

Relationship ethics, and a related perspective forms a platform for strategic choices and consequent behavior. The idea of relationship cultivation attempts to cover such patterned behavior in the context of tourism firms. The concept of cultivation entails meeting the self and the other(s) (host, guest, worker, banker, shareholder, competitor, voters and shareholders) in terms of the above discussed virtues.

The viewpoint put forward in Figure 1 stresses the importance of understanding substantive and critical relations. Such relations are important in creating meaningful experiences within high contact tourism services. Even the smallest micro firms need to deal with the several types of markets to succeed. The experience economy is geared towards producing well-being and joy, and the relevant issue facing the entrepreneur active within tourism is the

question how to succeed in the design and staging of memorable and meaningful experiences. The answers to that question determine its measure towards social contribution in economy.

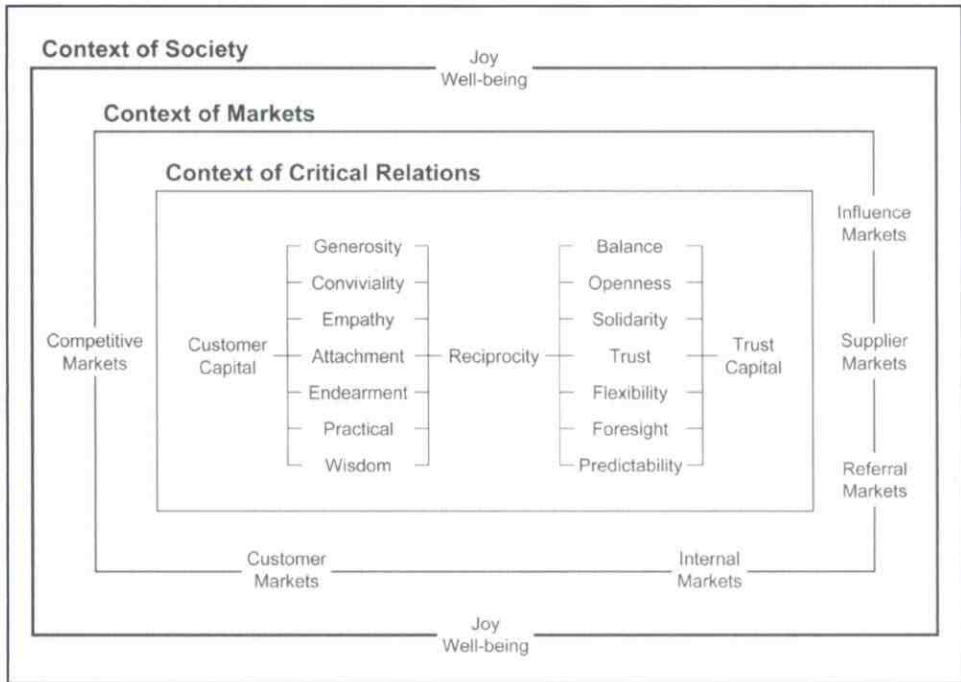


Figure 1. A model of relationship ethics.

Below, the Korvala Inn case from the village of Tianen is presented. The village is located fifty miles north from the Arctic Circle, and from the regional capital of Rovaniemi, the home of Santa Claus, Lapland, Finland. The family enterprise in focus is managed together by Jaana Wick-Näsi and Seppo Näsi. The case is the narrative of Mrs. Jaana Wick-Näsi. Her recollections are interesting and illuminate the experiences of entrepreneurial behavior and entrepreneurship in difficult arctic conditions. It is a rich story of a small rural tourism enterprise and the village on a new path to growth. It highlights the need to better understand the importance of an enterprise embedded in its social and cultural environment in difficult conditions. The story told is very analytic in its reflections. Therefore, I chose not to interrupt the flow of the story with my comments or attempts of interpretation.

The Korvala Inn Case

[Jaana (who also uses her British name Jane)]: "It's all very easy getting married, we got married in 1993, but how are we going to live together? I had to sell my language training business in England before I moved out here, and we weren't confident at one point whether Seppo should sell this business and move to England or that we would run both businesses. Seppo has very good training as a loghouse builder in addition to his lifetime experiences in a country-side inn-keeping family, and we

thought he might perhaps what we could probably do was that he would build saunas and sell saunas and cabins in England. Seppo didn't like the fact that he couldn't walk freely in forests and ... everything is fenced off, there's no trespassing on private land, there's none of this right to roam like you have here in Finland. It made no difference to me but to somebody, who's used to hunting and fishing ... it's very restrictive.... And I found when I came here, I think it was very strange walking on other people's land, I mean, you have to own it, if you want to walk in a forest, you own that forest. Here you have that ancient custom of Scandinavian every man's right.

When I came here the first time I asked where all the Lapps are, and why don't people use the Sámi clothing. I thought they all were Lapps here. I had to learn more of this area and the local people to understand where I was, so I read all the books and research articles I could find in the university library. I found out that this was geographically and culturally Ostrobothnia, and not really Lapland. It was a great revelation for me to read about the village and regional history, and that gave me much of the ideas for the identity of Korvala village. So that was very important to get correct facts and thoughts of what vision to follow for our business. Korvala Inn was set up in early 1889 and had to provide for horses for travellers from south to north. It was one of a string of similar inns established on main roads. There were a score of old houses in the village, and like most buildings in Lapland they too were destroyed during the Second World War. This main building Seppo raised here, and it had been his dream for a long time. It was a large farm house in Ostrobothnian style that was one of the few standing structures in the area after the war. The owners had emigrated and it had been left empty for some time, and was falling down. When he took over the farm and the inn in 1979 Seppo bought it and moved it log by log in the place of the original Korvala inn. That took half a decade.

We needed to make this business of an old small inn into one that would employ both of us throughout the year. So basically, with the money that I got from selling the business in England, we managed to start converting some of the chalets and to make this business here into a business that would employ both us year round, and that was the aim then which we achieved quite early on. I think, and now we employ more than just the two of us year round and ... We certainly are busy year round to a point where Seppo was complaining the other night: "We don't have any free time at all anymore!" Which is the actual truth.

It gets tougher and tougher and it is all year round, we have no free time ... not at all, not a minute.... Seppo gets up in the morning at 6.30, 7 o'clock working with, first of all the horses and then making breakfast for clients and then doing whatever we need to do with the clients and I look after the office and he then comes and pays a few bills if there's a few minutes to spare ... it's just constant and it goes through until about 9 o'clock at night every day, Saturdays and Sundays as well ... so there you go, that's what it's like having your own business, I think it's the same, anyone would complain of a same problem if they are running their own business, especially if it's one that is year round, you know ... during the summer the days are longer than they are in winter, we've got clients turning up at 2 o'clock in the morning that

need accommodation because it's light all the time and if we can get four hours of sleep in the summer time at night, that's brilliant!

Some of the villagers, for example the Krupulas are very keen to ... how should I say, broaden their activities, they have a farm. They have right from the start been very keen on working with us and they especially, Viljo has done these fishing trips with the snowmobiles and he's invested now on more snowmobiles so that he can do work with us. We've got more on offer for our clients, he's just great! If we had more of those around, then we would be really happy ... the reindeer, the local reindeer herdsman has also decided that maybe we do have a serious thing going on here and maybe it's worth him also developing the reindeer side of the experience. We've got quite a few families or people interested in our work, and some of them do a lot of with us. What else, there could be more but then we can't force the villagers to do more, and I mean it's amazing we've got this much co-operation going on as it is.

It might be due to the social structure, I think this village is of the right size for this to have been able to happen, because it's fairly small and the villagers know each other pretty well. Also I think there's a background here where Seppo's family has lived in the village for probably, you are the oldest family of the village, aren't you? And so they've been here always, really ... they've been here long. There were three original settlements here and they settled in Korvala, your grand parents moved to Korvala here, have been here longer than the next settlement. Because of that background they've had good relations with the villagers, sometimes.

It's not always good, it's not always rosy, but I think they're respected ... they're not, he's not an outsider that's coming to say, you know, let's do this ... I'm the one that's done that! But Seppo's here the steady person that represents the, sort of the start of the village life as it were and his grandparents and parents really, at the time when you were young, the services that this place offered for the villagers, there was a shop here, there were postal services, there was a gas station where Seppo sold gasoline to drivers when you were a kid. You started early, didn't you to sell fishing worms to German tourists when you were four? And it was sort of a, center point ... even nowadays we have the kids, kids turn up to buy sweets and ice cream to go fishing and it's a place where they can meet each other and do things at the summer time, and there's no other place in the village where this happens.

I mean, our swimming facilities and beach ball and whatever are freely available for our villagers to use, but only just for our villagers, we don't let and encourage people to come off the road and use our facilities for free, but our villagers are allowed to use them freely. I think you have to have a give and take, I mean they won't work if there isn't that and I think why, it could work in other villages too, if there was a similar sort of structure, a similar sort of background ... why not?

But you have to have a lot of respect there in the first place, it won't work otherwise ... and because of that ... it has to be I think ... we don't work with everyone in the village because that's impossible. I mean that would be a utopia, something you

cannot achieve. We cannot employ everybody and we don't want to necessarily employ everyone because not everyone can do what we want them to do. They can, they can't provide the product in a way that we want it to be provided. You cannot meet the guests wearing the Ostrabothnian men's farmer clothing and Nikes shoes, can you? We've always got to think of our image and our standard of quality that we want to put across. We can't just for the sake of it employ everyone in the village here because we are feeling charitable ... there has to be also some business sense behind it, I mean it would be wonderful to do, but that's not possible.

It requires also that the people of the village are keen to develop the product and be part of its development and start and do things for themselves. We don't want to do all the investing. A family like the Krupula family, it's wonderful to do, to work with them because they're keen to also find, do something else as well as their normal, every day farm routine. They want something more and it's more like ... it becomes for them like a new interest, a business besides the farming. I think that's the way ... and that's a wonderful situation when it can work that way.

Viljo Krupula has bought five snowmobiles already, and probably will, if this starts to work well, perhaps invest in more, but ... yes, it's great! Why not, they're not too old, they're not very young anymore but they're not too old to not be doing things like this, the problem is that in the village we've got a huge range of ages, we've got ... we work with and employ some old ... the people who are retired as well who want to work, but some other retired people don't want to work because a lot of their wages go in taxes then ... but some people work even despite the fact that their wages go to taxes, they just want to work, they want to do something different ... and it's not full time for anybody, it can't be, we can't guarantee that we will always have people buying these products, it also depends on how well they do it and how satisfied our clients are and, but I think some of them, the threshold for actually doing that has come down.

I think as far as the language course is concerned, the English courses, the initiative came from them, they asked if I would teach them, so I did that through the community college, but then the other courses, the first course that we run which was called "peräpohjalaiset matkailupalvelut kyläyhteistyöllä" (Ostrabothnian tourism services through village collaboration) was a course which was started from our initiative. Because we wanted, it run in conjunction with the completion of this house because, we noticed rather that the villagers didn't understand what we were trying to do here with this house and what our visions were, so we thought the best way to do, to get them involved and to learn also about what we were trying to achieve, was to arrange the course.

I called one of these people in township offices and they suggested that I should contact Community College and speak to them. They would do, they would be able to arrange a course at the sort of level that we wanted for the villagers and then I phoned the college and they said that "Oh, we just happen to have some extra course money put aside here for just this sort of thing which is part of EU money, but you need to have 12 participants on the course and they need to pay 200 FIM

themselves so that we can then justify the money of course,” I said right, I’ll try and find 12 people.

So first of all, so I got a course and then I had to get the villagers involved and sign up and agreeing to take part on it, and the course covered first of all, Mr. Samuli Onnela came from Oulu regional archives to talk about what is Perä-Pohjola (Ostrobothnia). How Ostrobothnia has been populated from the earliest times, who’s lived here and who migrated here and how the culture came about. Basically it’s a melting pot of many different cultures. We had someone talking about clothing throughout the ages in Ostrobothnia, and different costumes. Somebody gave a talk about furnishing and furniture, another one on the regional and local food and what else. That was basically it, I think, the content of the course. Then part of it also, one part of the food section was about eating outdoors.

The regional development fund have 200,000 FIM a year which they give out, share out in small parts for different villages but the village has to apply and give a reason, so in the first year that we asked for money we wanted to use the money so that we could develop the gift shop and, the second year when we applied for money, we decided ... well the criteria were more, not for actual physical objects, but a sort of a development resource.

If the village wanted to buy themselves some sort of education, that sort of thing would be favoured and so we decided to apply for money so that we can get a course together that would help, we had a gift shop here, but we wanted to have a course that would develop, talk about product development and quality, pricing and what else did we have. I think that was when we also got computer, a computer course was brought in as well as German, because they needed German language skills for our summer clients, basic skills in German so that they could answer and sell, answer questions about the handcraft products there and talk about prices and what have you ... describe them and, so we got, we applied for money and we got that as well, which was great.

And then because we got the money, then we had to buy this product from either the polytechnic or the university, so we bought it, we asked offers from both polytechnic and university and we got. The best offer came from the university through continuing education section of the university. We bought, the village bought a course with the money and got all these parts of the course produced or taken place here except for the computer section which was, then took place in Rovaniemi.

I think it was eleven from this village that went down to learn computers in Rovaniemi which was brilliant, wasn’t it, I mean, this is basics, this is people who have never sat in front of a computer before in their lives, starting right at the lowest level and. And then, we had German sessions here as well and then, I think because of this contact through the university, somebody somewhere had the idea that this village would be, a good idea to be one of the villages in this pilot scheme for RECITE II alongside other villages from Lapland and.... I remember when it came out in the

papers, there was something like six villages originally in Lapland, four villages in Italian Dolomites, and four villages in Alentejo, the eastern part of Portugal. We participated in this learning for sustainability project that run several years. That's right that had been selected and they listed them and there was Tiainen as one of the villages ... and this was sometime in the spring, something like that ... and our village had been selected! But somewhere, somewhere along the line sometime, I don't know how it happened but, maybe the other villages alongside of this road decided that there's too much going on here just in Tiainen and they all wanted to have a share of it because the article said that the villages are going to be given 50,000 FIM for development.

And suddenly there was, the whole of this roadside here wanted to be part of it and I don't know the politics behind this all, but all of a sudden there were nine villages from this region that wanted all to be part of the 50,000 FIM (about 8,000 dollars) so, then they decided to split it up into three regions, didn't they ... we had few villages, three villages from the northern end of the road, then there was the Vikajärvi region and the Misi region I think and ... in the end they all got the 50,000 FIM split three ways I think, two or three ways and they divided up, divided them up to trying develop ... the villages here were so different alongside of the road, all the nine villages were so different and I think RECITE, learning sustainability, there was this, there was tourism, wasn't it as one of the main characteristics of the course to develop some tourism products, and the other villages had never done anything involving tourism and suddenly they wanted to be part of it and of course they had to start at a totally different level to our village.

We had been doing so much already, the village was so involved in our products already, we'd already done day trips here, we'd had two courses that had run through to develop, handcraft products for tourist or Ostrabothnian products for tourists, we were doing our clothing project ... you know, there was all these ideas that our villagers were involved with and then you have another village which is the next village down the road that had never done anything involved with tourism.

There was a totally different need for them than there was in our village and you couldn't put us all together in one punch and say now, you all, you all get the same, the same service from the university or through RECITE II ... every village has its own characteristic, every village has its own needs and I think some people in the village here felt sometimes that if you group us all together, it's going to be like pulling a sleigh full of stones, you know, kivireki, if you take the other villages. But I think the best decision was made when they said right, we'll split you up into areas and then each area will be assigned a small portion of this 50,000 FIM, but in the end got some of it for making the clothing.

I think that if I can criticise this, it's a pity that it was split up that way because the idea was that one village will get the 50,000 FIM to get something done really well and then when you break it up into fragments, in smaller pieces because you've got somebody who's saying hey, they can't have all the money, they've got all, they do things already together, there's a little bit of this envy in the background there. So

that was that, that course then that took place, the third course that we had, third training sessions that came through RECITE II and it sort of it ... it was latched on to the end of the programme.

There was also the problem that people had been studying from autumn to spring and people didn't have the energy to study anymore, you know they ... it was ... perhaps the timing would have been better at some ... but then you can never choose timing on these things. But there you go ... the villagers, when they applied for the use of, we had to put an application for what we wanted to use the money for, a part of the money went towards buying sewing equipment, sewing machine equipment, tables, the cutting, fabric, weaving, two weaving looms, wood work equipment and then also to buy or to help cover the cost of some of the fabric threads, thread that we bought from here which we only employed the villagers to weave and sew to make the costumes, so it helped us a little bit.

It was given to the village and the village decided to use the money as they wanted to, they wanted to help us and they also wanted to help the villagers themselves by buying them equipment to use ... and they use nowadays also. The village now owns weaving equipment, wood work equipment and what have you so that they can make presents, gift handicrafts and what have you ... for sale here if they want to or for themselves, they are not committed to providing everything for this handicraft or this handicraft business if they don't want to. They can make their own toys and tables and what have you. Then the university had this course on designing and making the clothing for the villagers. A clothing design student at the faculty of arts textile design had studied the 1850s Ostrabothnian clothing for her design management thesis, and her knowledge and design drawings were then used as models for sewing the 20 male and female dresses and clothing for the villagers. We made even the cloth from our own cotton and this work took a year.

For a year now we have had a project on "Aidot Kulissit (Authentic Coullisse)." We wanted to really get a handle on our local past and history. Most of the oldest villagers' memories, stories and anecdotes on all aspects of life were recorded, collected and video filmed where possible. This wealth of information has given the villagers a new sense of belonging and identity through detailed information on the everyday life throughout the year. This study mining of our past with villagers in what was the recent and remote village history is an incredible source for designing authentic products, services and experiences for the tourists and other customers. And we are working with this material to provide for the manuscripts for every conceivable event over the whole year. It is great, since here in this village we really do not have any tourist attractions in a real sense, so we had to find everything from the local past, and history of the region, and without the villagers it would not have been possible in such a scale.

It's much more easy if we employ them (the villagers), but for us it's not ... it actually doesn't make sense, because we have all the extra employer costs, which are really high. They are not so much of a problem as everyone's taxed differently. But the problem really is that we can't calculate the cost of our products very well, we have

to estimate it and then, when we have less people here, it becomes unprofitable if you've got two people buying a product, which is the same price as if there were 20 people buying the product. And you've still got only one person working and selling and doing it, you know, it just doesn't make sense.... The price, the cost of employing that one person for two people, you have to try and find the average. But it's very difficult to estimate what the average might be in a product that you have launched as a new product that you are selling to a tour operator that is only going to be used next year perhaps. It's very difficult and it makes it difficult for us to estimate product value.

So we've got three different sorts of clients buying three different products which are all very labour intensive and demanding in their own ways. I mean it's packed very tight the time when it's the busiest time of the year from November to April. Only May and October are somewhat slow. Because for those days, if we have a group of 180 people for a day, a plane full of people here, we need to have about 30 people working here because everything has to happen at the same time. We have to have all of these activities available and restaurant services and the clothing and ... it's very labour intensive, it's a labour intensive sort of time. Most of our labour comes from our villagers and then we have students that come to help out as guides. That is also for their language skills, because we haven't got English language skills in this village at sort of level. We would need for them to guide. All of our villagers take part in the programmes on site, but they don't have to leave the village area to go to collect clients. They just do the programmes that are necessary and look after them during the horse sleigh ride and then the reindeer and the restaurant services and gift shop and what have you.

The busiest time is late November to end of December. Then we have the one day trips of plane full of visitors, mainly from England. That is due to the ITV show sponsored by one of the rock stars when they brought kids here three years ago, that was the real new start of this different Christmas Experience and that still continues. I just happened to be seated next to a British tour operator who started to complain of the grounds in Rovaniemi and Santa Park area. He wanted a kind of back to the basics true Christmas experience for his customers. I suggested our place, drove over to Korvala, and he wanted an offer for a full program in two weeks, this was in October, for bringing a plane full of Brits in mid-December. We got the villagers together, and told about the situation, and said that we cannot handle this alone. Everybody agreed that we should prepare a proposal. We made it, the tour operator accepted it, and we worked a month like never before. The ITV group made a video of the first trip of these children with birth defects from all over Britain flying for a day to meet Father Christmas in Korvala in December 1999, I think it was. It was so wonderful to see the kids in the snow and with Santa. They showed the film on ITV, it was a hit and it created a lot of demand in England. They have all the winter and Christmas delights in one day. And that involves then all the villagers and the student guides from the university. It is most delightful to follow the amazement of the children, and all fun they have. That program continues and is basically offered to all other customers, too.

Those are weekends mostly, on weekdays from Mondays to Fridays we have families that come from France and Belgium through a tour operator and they have a package that we sell for them which includes one day with Seppo, it's a half day and it's up to lunch time where they, on the first day and they go on and visit or familiarize themselves with the local area here, they go and ski a little bit, toboggan, do the snowshoes if possible, all sorts of bits and pieces, kick-sledges and they get used to the way that people used to move and play around here. For people who have never stood on skies before and then can't move for more than a few metres, we have to have snowshoes as well because they can't walk through forest either for more than a few metres if they don't have anything more than boots on, so that's a necessity. They laugh an awful lot, because they fall over an awful lot which is great and then we usually have perhaps sausages or something like that they might have out in the forest, make a campfire, perhaps sing by the fire or tell a good story.

On Friday evening we get the safari groups coming on their way to Luosto and Pyhä fell (mountains), and this happens throughout from January throughout spring right up until April. At the same time that we have both the safari and the French families, the holiday makers here, we also are open and available and very often in use by local businesses that have meetings, concerts, Christmas songs practices or other training sessions. While our clients are out at lunch time on the weekdays, this building is free and available for groups that want to use upstairs as a meeting facility and then they have lunch here, because our tour clients are having lunch out in the forest. We can set up, have lunch, clear up everything by the time they come back and have dinner here.

We also have Mother Christmas here and we have Santa that lives here. They go to see Santa's cabin, because we have it dressed up already for our day trips, he just doesn't happen to be there always when they go, but it's a cabin that he uses for his holidays. Santa has to have holidays sometimes, but he's not always on holiday here. When our day trips come here, they are really lucky that they've caught him having a rest. He's agreed to visit, to meet them so, and his assistant is Mother Christmas. Really, it is Finland that you have Joulumuori, Mrs. Santa, but in, English legends they don't have a Mrs. Christmas. But she's there as an assistant and if some children have read a book which, talks about Mrs. Father Christmas or Mrs. Christmas or whatever, then she's that person for them ... and she helps to share out the presents, she's Santa's assistant, she was originally going to be an elf, but actually works out better when she's a Mrs.

CONCLUSIONS

With the leadership of the entrepreneurs of Korvala Inn, the community of Tiainen village recreated the life of 1850s. Old Christmas plays and authentic menus were replicated to such a detail that guests had an opportunity to experience the arctic winter delights and flavor best of by gone times. The villagers staged the program daily to plane loads of guests arriving from abroad over Christmas holidays.

The entrepreneurial couple found business opportunities where nobody saw them before. An important reason for success was Jaana's search to understand local identity. This search was stimulated by the business relationship initiated by a demanding potential customer, a tour operator. An outcome of that search was an understanding of the village identity. This influenced the entrepreneurs to determine the mission of their tourism services, and to thoughtfully design the events together with the villagers. The insights from this case shed much light on the importance of social cohesion, and the interdependency between social capital formation and the success of a firm and the community in periphery and difficult conditions.

The family entrepreneurs of the inn had a very clear sense and intention of doing business for profit. At the same time, there also was a clear understanding of the dependencies in creating a socially balanced context of mutually profitable exchanges. A long history of social association in the village had created trust among the villagers. This had led to generalized trust, and strong ties, which lead to confidence in another's good will, and faith in the other person. In comparison to other villages where such social cohesion was not apparent, this strongly influenced some of the local persons to become more self-reliant, and to initiate new business undertakings to serve the tourists.

All the villages in the periphery are not dying, but some of them grow to find a viable path of development, mainly due to the innovativeness of few entrepreneurs, and perseverance, ingenuity and initiative of the villagers. The Korvala Inn and the village of Tiainen is one astonishingly successful example of experience design carried out over years by the villagers in the leadership of the entrepreneurs of the Korvala Inn.

Much of the exceptionally successful performance was due to the bonding and enabling capabilities of the two entrepreneurs. Janet, being brought up in two cultures, has a sensitivity for building immediate trust with their customers. Her English language courses to the villagers strengthened social ties, and enhanced communications with the villagers. Seppo with roots in the community, is the guardian of the spirit of the place. With his business skills honed since childhood, the couple forms a competent family enterprise. Both entrepreneurs were efficient relationship cultivators. They were able to initiate and to establish a dynamic pattern of growth not only for their own company, but through their enthusiasm some farmers initiated start-ups to serve the tourists.

The story deals very much with creating and designing tourism experiences on the basis of identification of local sources of social, cultural and historic identity. From these rich sources ideas were generated, and capably transformed into authentic coulisses, and meaningful programs for dramatized and staged experiences.

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