

DEVELOPMENT OF RURAL TOURISM IN LATVIA CAPITALIZING ON REGIONALLY RELEVANT HUMAN VALUES

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Tourism is becoming increasingly popular and hence significant for Latvian economy. A country like Latvia - scarce in natural resources for production but rich in recreation resources such as unpolluted rural areas, seaside and forests – might naturally benefit from development of rural tourism. However this requires a proper positioning of tourism propositions to meet consumer needs and expectations.

Consumer human values underlying purchasing decisions might offer valuable consumer-centric tools and insights to increase the competitiveness of Latvian rural tourism offer. Particularly, this might be achieved via better match between the human values represented by service provider and important for consumer.

The objective of the paper is to explore the role of human values in preferences for travel destinations and suggest the relevant values to be used for proper positioning of rural tourism offer of Latvia. For this purpose (i) the review of value research methodology applicable to tourism industry is presented; (ii) an empirical analysis of sociological data from nationwide value surveys used to define and interpret the core values relevant for different regions of Latvia; (iii) suggestions for the development of competitive tourism propositions provided.

Findings of the study support the current positioning of Latvia as tourism destination – the values of the proposition match the natural regional human values. At the same time a distinct differences among regions are identified that should be taken into account while developing rural tourism propositions.

Keywords: human values, Latvia, regional development, rural tourism

JEL codes: D120, L830, M310

Introduction

Human values represent an interdisciplinary area that combines sociologic and economic research. While initially representing a natural domain for social psychologists, now value theories are enjoying an increasing popularity in consumer research. However marketers usually consider values mostly for purpose of operational marketing communication activities. From our perspective, values as determinants for consumer purchasing decisions play more important role, e.g. (i) they deliver an operational and academic value for interpretation of the choice of consumers (Allen, 2001, 2006); (ii) they are important strategic assets to gain competitive advantages and define meaningful strategies both on firm and industry level; (ii) the nature of values – preceding the purchasing activities – enables a forecasting of anticipated consumption trends within industry (Kaže, 2010a).

In respect to our study, we focus on the cultural aspect of consumer values, i.e. the preference by consumers for a proposition that provides a better match to their own human values. This is particularly significant aspect for inbound tourism industry where the choice of destinations depends on a match between values of the host

and visitor countries. The positioning of the tourism proposition is heavily dependent on the ability of the service provider to develop a proposition that will be appreciated by potential customers. In the case of the rural tourism which is characterized by limited investments and resources coupled with a limited ability to shape the proposition which is pegged to natural resources available to provider.

The complexity of values framework has limited the operationalization of value research mostly to real goods, however there had been studies related to tourism industry, e.g. holiday destination choice related to values (Torres, 2007) and image of the destination (Sönmez, 2002). Still these studies mostly focus on consumer preference and segmentation angles. Our challenge is opposite: to assess natural and locally relevant human values to be suggested for the use in a system development of tourism propositions and positioning. For this purpose we outline a methodology applied to Latvian rural tourism industry.

Values in Economic Research

Value analysis has been used to assess and interpret consumer behaviours for several decades. Influenced by classification of human values offered by Spranger (1914), Vernon's "Study of Values" (Vernon, 1931; Allport, 1970) became the first influential instrument for a forced choice measurement the dominant individual human values. While it was more applied in occupation counselling and psychology, it has an influence on marketing research, too. Values made their start in consumer research with Copeland analysis of attitudes towards advertising. He suggesting that a set of emotional motivators combined with rational motivators both influences the purchasing behaviour; and values as motives should be distinct from the attributes of the proposition itself (Copeland, 1924). Few decades later Clawson (1949) emphasized a need for a system to linking values with marketing aspects such as purchasing decisions developing more detailed values set and classification system for research purposes.

A notable shift in operationalization of value analysis was marked by Rokeach Value Survey (RVS), an instrument developed by Milton Rokeach. Rokeach defined values "enduring belief that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence". (Rokeach, 1973) He defined 36 core human values grouped in two groups – terminal values (desirable end-state of existence) and instrumental values (mode of conduct to achieve the end-state). According to Rokeach, certain values rank higher in individual's personal hierarchy and guides the individual in his decisions. RVS offered comparatively simpler segmentation of customers based on this principle. RVS has had an influence on later tools, e.g. List of Values (Kahle, 1983), Values and Life Style (VALS) and its further extension VALS2 (Mitchell, 1983; SRI, 2008).

The latter had been rather widely in consumer research and enabled segmentation of individuals by lifestyle segments linking demographics, attitudes and core values behind them. VALS segments are rather country specific hence questioning the relationship between values and cultural factors. Hofstede's intercultural research applying Value Survey Model in over 50 countries and spanning over 20 years re-

vealed the differences in cultural and economic behaviour of individuals proving the impact of culture on local values. (Hofstede, 2005) The differences driven by cultural and historic experience are supported by later consumer research. (Arnauld, 2003; Torres, 2009)

Schwartz's universal value theory extended and universalized these experiences. His research proved that values are universal in their structure while might have different motivational content. Schwartz Value Inventory offered a classification of 56–57 values in 10 rather self-explanatory domains. Simplicity, universality and cross-cultural applicability supported SVI in gaining recognition in consumer research validating the approach in 70 cultural groups. (Schwartz, 1992, 2009)

Marketers enthusiastically operationalized these tools instruments however predominantly in real goods industries where tangible product attributes made indirect measurement easier. Studies in academic field also supported the universalism of value research by applying it in various industries: automotive where brand or car type choice has been explained by influence of dominating values (e.g. Henry, 1976; Allen, 2001), fashion and apparel industries (e.g. Prakash, 1986; Kim, 2005), insurance (Kaže, 2010b; Kaže, 2010c). VALS method had been applied by telecommunication and publishing industries. Values also had been used as dimensions or tools in segmentation. (Vinson, 1977).

The popularity of value research is growing, particularly in tourism industry. Therefore we review the application of behavioural analysis in this industry.

Human Values in Tourism Development

Tourism services in the aspect of consumer motivators to choose a particular service have gained an attention in research for several decades (Van Raaij, 1984; Sönmez, 2002) with instantly growing application of value research holiday destination preference analysis. (Torres, 2007; Allen, 2008)

Tourism has to be analysed in relation to cross-cultural aspects of consumer behaviour. The culture has an impact on consumer decisions driven by social environment and human values defined as broad tendencies to prefer certain states of affairs over others. (Hofstede, 1980) Human values are determinant factors for consumer choice and behaviour as shown by a number of researches covering different industries and countries (Hofstede, 1980, Lindberg, 1989; Torres, 2009; Kaže, 2010a. In tourism cultural values affect both visitor and host side behaviour (Tigu, 2008). Destinations might offer different propositions that represent competing discreet choice option for the consumer. (Crompton, 1992) Actual choice would be driven by attributes of the destination and utility value. (Kozak, 2002) Underlying motivation is covered by numerous empirical studies coming to an agreement that these motivators are important in consumer segmentation and proposition development in tourism industry. (Muller, 1991; Armstrong, 1997)

We extend this view by emphasizing that a proper value fit between proposition of destination and key values potential customers groups might support a highly successful development of tourism propositions that might be different for different

visitors. There are many studies over the time which tackle the issues of consumer expectations and perception of the host country (Cohen, 1972; Perreault, 1977; Plog, 1987). They all lead us to the insight that understanding consumer values, preferences and behaviour of the host country industry would facilitate the competitiveness of local proposition (Kim, 1999).

It is important that destination image and relevant promotion by host country tourism industry should be based on a true destination identity. (Govers, 2007) There had been studies that approach the positioning of rural tourism and understanding the motives of consumer choice for these services (Kastenholz, 1999) and analysing the prerequisites for successful development of local rural tourism (Wilson, 2001). However more focus has been on visitor factors, and less attention given to proposition development based on local human values. Our approach provides universal instruments to assess the naturally relevant values to the host country or region which could be then used as a successful foundation for the winning proposition.

The Scope and Key Findings of the Study

Latvia has a rather unclear positioning as a tourism destination It has changed from Latvia's positioning statement in 2002 as "The Land that Sings" – positioning relevant exclusively to local culture thus satisfying just a single element of proposition model. (TAVA, 2010) Since 2007 a new positioning approach was suggested that implied a split between Riga, the capital of Latvia, as an exciting new Nordic destination and rural areas rich in natural resources (Anholt, 2007). This is the current positioning of the country promoted as "Best Enjoyed Slowly" since 2010. (TAVA, 2010) Rural tourism has been declared as high priority however the actual implementation and proposition development is not supported by hands-on tools and business advice for service providers.

This study aims to support businesses with competitive positioning by (i) evaluating if the offered positioning is supported by the natural human values of Latvian population; (ii) assessing the differences in dominant values among five different regions of Latvia and pointing to the differences important for the development of consumer-centric rural tourism propositions.

The study is based dataset on nationwide values survey dataset (Data Serviss, 2010) that representatively samples 1428 respondents of Latvia, aged 18-74. Values are analysed using Social Values model that has been tested on service industries in Latvia before. (Data Serviss, 2010; Kaže, 2010a,b) The model is enables segmentation of population in 8 value domains based on grouping of 64 universal values relevant for local population and originating from their local cultural and social experience. During the survey respondents group the values according to their individual importance for them. Multi-factorial statistical analysis is applied to measure the importance of each value and develop value profiles for any of given consumer segments as means of value dominance within each of the domains. The advantage and novelty of the model is its ability to satisfy most often raised requirements by marketers – simplicity of visualisation and ease of interpretation. Moreover, individual

values that could be used for marketing communication are easy accessible via the model.

Due to limitations of the paper, we have consolidated the core results of the value analysis only in Table 1 and visualize the data without additional tables replaced by radar plots.

Table 1. Calculated value profiles by regions of Latvia

Value domain	Latvia	Riga and region	Latgale region [East]	Kurzeme region [West]	Zemgale region [South / Central]	Vidzeme region [North /North-East]
	n=1428	n=600	n=222	n=188	n=209	n=210
Rationalist	0.09	0.08	0.08	↓ 0.07	↓ 0.07	0.08
Traditionalist	0.09	0.08	↑ 0.11	↓ 0.06	0.09	0.09
Peaceful	0.12	0.10	0.13	0.12	0.14	0.13
Domestic	0.19	0.19	0.19	↑ 0.23	0.20	0.21
Profound	0.13	0.12	0.11	↑ 0.16	0.12	0.12
Self-centred	0.09	0.08	0.09	↑ 0.12	0.08	0.08
Ambitious	0.02	0.03	0.03	0.02	0.01	0.01
Maximalist	0.07	0.08	↓ 0.06	0.07	0.06	0.07

The general value profile of Latvian population is remarkably skewed towards domestic values segment with core individual values for population being health (3.2%) and security (3.1%). Next most important values domains are profound (driven by prosperity and friendliness values) and peaceful values (driven by honesty). This set of values might offer a good base to support the declared country tourism proposition “Best Enjoyed Slowly” as well as providing a good natural cultural environment to develop tourism services which are associated with qualities of healthy lifestyle, family values and friendliness. Friendliness and honesty being important qualities for the local population is a good driver for higher consumer satisfaction and hence might attract regular vocational travellers with families who visit the country repeatedly.

While this setup is applicable for rural tourism development, there are significant differences identified which are marked in Table 1 (denoting significantly higher and lower exposure in certain value domains compared to Latvia total).

While most regions show a value profile of their population which is rather close to the total population of Latvia, there are two regions with significant differences as well between them as to average profile – Kurzeme (West) and Latgale (East).

Kurzeme is much more driven by values in self-centred (self-respect, self-determination, varied life), profound (wealth, true love) and domestic (loyalty) domains while traditional values (religion, spiritual development, unity with nature) are less important. This suggests slightly different angle for the development of rural tourism: Kurzeme potentially might benefit by offering more pro-active lifestyle and individualistic recreation, e.g. hunting, yachting and similar options as a part of the recreational package. The offer could fit more demanding lifestyle consumers representing slightly more individualistic cultures anticipating the existing preferences in

destination choice between consumers from individualist and collectivist cultures (Torres, 2007).

Latgale on other hand represents the dominance of traditionalist values (religion, unity with nature, caring of weak) while other three domains are of remarkably less importance in this region. The offer should be built on the relevant values – relaxation travels, including options as longer-term country house rentals, traditional sauna, fishing and even visiting spiritual or folklore events. It is important to note that natural value profile of the regional would assist in gaining competitive advantages when attracting potential consumers from countries with more dominant collectivist values.

While Latvia is rather small country by territory and population, it still has significant internal differences among regions which should be considered while developing attractive and competitive rural tourism propositions.

Conclusions

Human values are important drivers of consumer behaviour in tourism industry. Strategic development of rural tourism industry might benefit from a proper understanding of the local cultural differences and naturally dominant human values. Capitalizing on them might assist in the development of more specific and successful rural tourism propositions.

Currently value research has had a limited application in this research area; however the model we have used for analysis of Latvian regional values offer rather simple way to interpret the results of analysis and build propositions.

Due to the limitations of the paper, there is no detailed analysis included as well as match with potential target audience from abroad has not been analysed.

We suggest further development of the methodology by synthesis of our dataset with existing and proven value research result which might help to identify the potential markets these rural tourism propositions could successfully target, as well as perform the validation of suggest proposition elements against preferences of consumers from these selected markets.

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LATVIJOS ŽEMĒS ŪKIO TURIZMO PLĒTRA REGIONO SOCIALINIŲ VERTYBIŲ PAGRINDU

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Didējant turizmo popularumui Latvijoje auga ir jo reikšmė šalies ekonomikai. Socialinės vartotojų vertybės gali būti panaudotos kaip reikšmingi įrankiai, padedantys didinti Latvijos žemės ūkio turizmo paslaugų konkurencingumą. Tyrimo tikslas – išnagrinėti socialinių vertybių vaidmenį turizmo sferoje ir identifikuoti vertybes, kurias galima efektyviai panaudoti teisingam Latvijos žemės ūkio turizmo paslaugų pozicionavimui. Tikslui pasiekti yra naudoti šie metodai: lyginamoji vertybių tyrimų metodų apžvalga, sociologinių duomenų empyrinis tyrimas. Tyrimo rezultatai patvirtino, kad pasiūlos vertybės atitinka faktines vertybes. Kita vertus, išskirti reikšmingi regioniniai skirtumai, į kuriuos būtina atsižvelgti siūlant žemės ūkio turizmo tobulinimo galimybes.

Raktiniai žodžiai: Latvija, regioninė plėtra, žemės ūkio turizmas, socialinės vertybės.

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