

Understanding the Electricity-Market through the Lens of Service Dominant Logic

Toon Larsson

Department of Business and Strategy
Mälardalen University, Sweden
toon.larsson@mdh.se

Abstract

The electricity market in Sweden was deregulated in 1996 with the purpose of increasing competition leading to lower prices for consumers. This process was taking place in many countries during the 90's and the recurring outcome is that this expectation of the politicians has not come true. Most people tend not to switch supplier, and the pressure on price has been less than expected. The market would be interesting to investigate further in part because it might lead to a better understanding of market for utilities in general and electricity specifically. The second reason is legislation since there is a political ambition to guide the customers towards certain behaviors, it is crucial to know how they behave and reason when making decisions.

Through a series of interviews with Swedish customers on the electricity market their behavior will be compared to other theories regarding their behavior as well as service dominant logic (SDL). This showed that in most cases their behavior could be more consistently be described through SDL but that there were still aspects where their behavior did not conform to the assumptions made by that field of thought.

Limitations to the study is related to the small sample but given the purpose of being explorative, this should not offset the general findings from it.

Keyword

Service dominant logic; utilities; purchase; electricity.

1. Introduction to the electricity market in Sweden

The electricity market in Sweden was deregulated in 1996 with the purpose of increasing competition leading to lower prices for consumers. This process was taking place in many countries during the 90's and the recurring outcome is that this expectation of the politicians has not come true. Most people tend not to switch supplier, and the pressure on price has been less than expected. According to the Swedish center for national statistics ((SCB, 2017) 20% or less of the customers changed or re-negotiated their deals each year.

The electricity market that will be discussed in this paper is the one between the sellers of electricity and the buyers. The market in total consists of several layers where the production of electricity in Sweden is concentrated where the five biggest actors – E.ON/Uniper, Vattenfall, Fortum, Statkraft Sverige and Skellefteå Kraft have about 80% of the market when it comes to production, which is heavily based on nuclear and hydropower (Konkurrensverket, 2018). Most of the electricity is sold through a “stock-exchange” for electricity called Nord Pool. This is used by all of the Nordic countries and there are in total 160 actors selling to it. The next level is the companies who are selling electricity. They can be producers themselves but most of them are just companies buying electricity from Nord Pool and selling it to their customers. There are over 100 of these companies in Sweden alone. The next level is the distribution level consisting of local monopolies who are responsible for building and maintain the local grid. At this level, there is no choice for the consumer and no competition. This level will not be discussed further in this paper.

The electricity market has in the literature often been discussed as a market of low-involvement (Watson, Viney, & Schomaker, 2002) with the exception of “green electricity” (Rundle-Thiele, Paladino, & Apostol Jr, 2008). It has also been described as a market where most buyers are passive and the active buyers mainly focus on price (Defeuilley, 2009).

The explanation could at a first glance be seen as related to the product and the price given that these two features would explain the current market today. However, there are several reasons to investigate the electricity market further. One of them is that it might lead to a better understanding of the buying behavior of utilities in general and electricity specifically. Another is related to legislation. There is clearly a political ambition to guide the customers towards certain behaviors, and for that reason, it is crucial to know how they behave and reason when making decisions.

By applying a different framework it could bring some light on the market by exploring if it would provide a better explanation and at the same time allowing the validity of that framework to be tested against empirical findings. The framework in question would be that of Service Dominant Logic (SDL) as described by Vargo and Lusch (R. Lusch, Vargo, & Wessels, 2008; R. F. Lusch & Vargo, 2006; Stephen L Vargo & Akaka, 2009).

“All models are wrong but some are useful” was once said by British statistician George Box. The point with the statement was that the value of a model is not in how objectively true it is but rather how useful it is. The historian Yuval Noah Harari said that “Scientists generally agree that no theory is 100 percent correct. Thus, the real test of knowledge is not truth, but utility.” (Harari, 2014). If the pun is excused it might be a good idea to test the SDL on an area that – to the best of my knowledge - it has not been applied to yet; that of utilities.

The research question at this point is: How would SDL improve the understanding of the customers buying behavior on the electricity market compared to existing views?

The aim of this paper is to describe the market from the perspective of service dominant logic in order to evaluate if this shift in perspective might better explain the electricity market. As to my knowledge, service dominant logic has not been used directly to describe the utility market. The objective with this paper is to argue that a change in theoretical perspective in describing this particular market would allow a better understanding of it.

2. Previous ways to describe the market

One possible explanation to the lack of price-pressure on this market could have been structural, leading to a situation where the industry structure determines how much pressure the buyers can exert on the price (Larsson, 2011). There has also been those who connected it to a low involvement buying behavior where the customers do not perceive any risk related to their purchase and therefore spend less time evaluating different options (Percy & Rosebaum-Elliott, 2011).

The original perception of a market where prices would automatically go down with the introduction of more actors is consistent with a view of electricity as a low-involvement product (Rundle-Thiele et al., 2008) where inertia and habitual buying would be the main explanation to the customers' passivity (Watson et al., 2002). On the consumer-side of the electricity market was not seen as a market where strong relationship-bonds between buyers and producers should be the explanation (Ward & Dagger, 2007) of this behavior. There has also been observations indicating that there are more than one type of customers on the market for electricity. Some of them care more about the origin of the energy and some do not. In an Australian study (Paladino & Pandit, 2012) they showed how the customers could be divided into two groups called "a" and "b". The difference was described as "(a) those who find conventional electricity purchase a low involvement and routine purchase, requiring little or no thought and (b) those who find renewable electricity purchase a high involvement purchase". This would lend support to the idea that this market needs to be further investigated since a homogenous product is fundamentally differently perceived and acted upon by different parts of the buyers.

A British study from 2006 of the energy market (that includes both electricity and gas) describes a development that is similar to what has been observed in Sweden – that customers switch suppliers to a lower extent than was expected (Watson, Viney, & Schomaker, 2006). They discuss the fact that products like utilities, that are regulated through ongoing contracts, do not require the customer to make repeated and active choices to keep buying so it is a larger effort to switch supplier. They studied the market based on a common model for purchase decisions and made the argument that for a commodity such as electricity the behavior differs compared when buying a good. Consumers tend to think of the offerings as very similar and the risk of choosing a supplier is low. This leads to a tendency to compare mainly the price when changing a supplier, which is common for low-involvement products. The potential saving has to be compared to the effort (or cost of time) for the consumer to engage in this behavior. It should be noted that their study relies on data from 2002 when price-comparison web sites were less common than today. The decision-phase of purchasing also differs between a utility and a good since it is for the latter an absence of decision is a passive decision to stay with the current supplier, as it for a good would mean not buying it at all. When it comes to after-purchase behavior this also differs since most of the behavior is the same regardless of which supplier is chosen. They referred to a German study after the liberalization of their energy market where the reasons for changing supplier, in descending order, was to get lower prices,

retribution towards the old monopoly, expectations about higher energy efficiency (getting advice from the producers), green energy and finally incentives to change such as a gift from the supplier or when moving.

There seem to be a consistent view that most customers on the electricity market does not actively engage in switching-behavior and those who do mainly do it based on price (Defeuilley, 2009). The non-switchers are less interested in price and have lower expectations about the benefits of switching leading to a market with a high degree of inertia. This could also be seen as an aspect of what kind of motivation that initiated the customer's buying process. In case of negative motivation, this is a problem that the customer wants to avoid and the selling point of the company has to focus its communication about product sold as a solution to the problem. A good example of this was the company Lambert Pharmacal in the 1920s in practice “rebranded” bad breath to *halitosis* and at the same time was able to launch Listerine as a solution to that problem. In positive motivation, instead of transferring a positive feeling associated with the product in question (Percy & Rosebaum-Elliott, 2011).

Several studies has approached this market from the aspect of services. A service perspective have the advantage of not focusing on the product itself as in the previous studies but rather on the exchange between the company providing the electricity and the consumer. One classical definition of services is based on IHIP standing for Intangibility, Heterogeneity, Inseparability and Perishability (Zeithaml, Parasuraman, & Berry, 1985). This definitions fits well with the electricity itself since it can't be touched (being at its core not a product you buy but a current of electrons moving back and forth in the grid) and for most customers what is not used when it is produced is lost covering the inseparability and perishability aspects. It could however be argued that the IHIP does not relate well to this kind of product regarding heterogeneity since few products could be more indistinguishable for each other than electricity provided through the grid. However, there are few actors in the market that can buy electricity directly from the producers, and these would typically be corporations, which is not the entity of interest for this study. They in turn adds a wide variety of additional factors that can be perceived differently by different customers, such as different contracts, billing methods, providing customers with information and fixed or flexible pricing.

In a study in Spain they concluded that both the core service of providing electricity and the service process itself were important aspects for the customer (Ibáñez, Hartmann, & Calvo, 2006). In studies of the Indian electricity market they also assumed that they were studying a service market rather than a utility (Satapathy, 2012; Sharma, 2010). It is common to acknowledge that the interaction with the supplier is a large aspect of how customers describe their perception of their provider of electricity (Bai, Lai, Chen, & Hutchinson, 2008; Blose & Tankersley, 2004). If is the customers perception of what they buy that governs their actions so if the customer perceives their purchase of something as a service it might be better to apply a service logic rather than a goods logic (Grönroos 2008).

One of the most used tools for analysis of a service market is the SERVQUAL (Parasuraman, Zeithaml, & Berry, 1988) but even when this has been applied to the same market the outcome of the studies have differed. A study of the German electricity market concluded that the number of dimensions needed to explained the perceived service quality of electricity providers should be reduce to two rather than the five that are used in the original study (Babakus & Boller, 1992). Part of the reason for this was that the market at this time consisted of partial or total monopolies. A later Chinese study (Yingbao & Li, 2011) concluded that the five original aspects were suitable even for the electricity market.

3. Service dominant logic

The service dominant logic (SDL) started out with 10 foundational premise, usually referred to as FP1-FP10 and will briefly be described below based on the modified versions from 2008 (Stephen L. Vargo & Lusch, 2008)

FP1 states that service is the fundamental basis of exchange but this is sometimes masked by indirect exchange (FP2). The products according to classical theory can serve as a distribution mechanism from services (FP3) and that all economies are at their core service economies (FP5). A firm's competitive advantage is directly connected to their operant resources (FP4) but that the customer itself is always a co-creator of value (FP6). The company can only offer value propositions (FP7) but not value by themselves. All actors are resource integrators (FP9) and value is always determined by the beneficiary (FP10). This was later (2014) reduced to four axioms based on FP1, FP6, FP9 and FP10. An additional FP, number 11 became the fifth axiom stating that "Value cocreation is coordinated through actor-generated institutions and institutional arrangements" (Stephen L. Vargo & Lusch, 2016).

In order to create value for the customer most enterprises relies on a network of other stakeholders including the infrastructure for electricity grids (Gummesson, 2008). This grid is in itself an operand resource on behalf of the grid providers who might not be the same as the ones supplying households with electricity. It has been argued that the operant resources are the ones that can provide a competitive advantage and should therefore be further investigated for the sake of businesses (Madhavaram & Hunt, 2008).

Real value is the "value-in-use" perceived by the user whereas focus on "value-in-exchange" expressed by the price made more sense when describing markets and trade by early writers (Stephen L Vargo & Akaka, 2009). Innovations from a S-D logic point of view could be seen as falling in to the category of being discontinued if they change how the customers co-create value with them and also affects the market from a value-in-exchange aspect (Michel, Brown, & Gallan, 2008). This means that a product might not be innovative as a product in itself, only when being examined through its impact on the market. The value derived from co-creation could include the brand (Brodie, Glynn, & Little, 2006).

SDL has been discussed in many forum and even those who agree with the idea that all products can be seen as an expression of a service might not agree with the notion that all value is co-created (Grönroos & Gummerus, 2014).

4. Method

This study is focusing on the households purchasing of electricity, which is done through intermediates who might or might not have physical control over the production and distribution system.

The selection of customers was done by convenience sampling based on a few criteria. Based on previous studies there indications that income, living quarters (house or apartment), number of residences in the household could have an impact on the responses. This could be due to an apartment using less electricity, making price less relevant when deciding about a supplier compared to living in a house. At the same time, a higher income might to a lower concern about the cost of electricity. During the selection of the respondents, the focus was on the number of adults living in the household, and if it was a house or an apartment. This "selection matrix" can be illustrated as such:

		Living situation	
		Alone	Not alone
Household	Apartment	4	3
	House		5

The number inserted in the matrix shows the number of respondents fitting in to each category. It soon became clear that – because of the cost of housing – it would be hard to find households with one individual living alone in a house. To divide the sample further into children living at home or income level would make the data even more granular and would not lead to any improved understanding of studied market. The use of the matrix was to at least cover the two main aspects that had been brought up in previous studies and even though not all combinations were found it gave a sample in both categories. A snowball sampling was applied as part of the way of finding interviewees.

Since the discussion related to the purchase the interview questions were holistic in character but based on the purchasing process (Watson et al., 2006). To qualify to be interviewed the interviewee needed to answer “yes” on two questions before the interview was made. It was if they had changed or renegotiated their contract for electricity in the 2 years before the interview and if they had been involved in this decision to any extent. The interviews were conducted during the fall of 2014 up until the summer of 2015. The questions were extended to cover general behavior regarding subscription services about halfway through (such as internet or cell-phone) and the first interviews were contacted for follow-up questions whereas the last interviews contained all question from the start. The interviews were conducted in Swedish or English depending on the preference of the interviewee and were recorded with a tape-recorder.

The purchasing process starts with information search, evaluation of alternatives, decision, and post-purchase evaluation. Depending on how well the answer covered the question, follow-up questions were added.

5. Findings, Analysis and Discussion

As discussed above the question is whether the use of SDL would improve the understanding of the customer’s behavior on this market. For that reason, some of the interviews will be selected and summarized (due to page-limitations) and discussed further below.

5.1 Person A

This interviewee was living in an apartment with her partner and the reason why they changed supplier was due to moving from one apartment to another.

Since she was happy with her earlier supplier, she was trying to sign a new contract with the same terms and conditions as the previous one. She describes that it was not possible to find exactly the same agreement so she ended up calling the company's customer service to help put together the type of agreement she wanted. This points to a higher degree of involvement about the composition of the offer because she chose to spend time just to get the product she was looking for instead of choosing any of the standard combinations that were available. It is also about the question not only about the product itself but who supplied it. At no time during the buying process, she considered using any comparison service on the internet. It could be seen as a low commitment to the core product itself, not wishing to begin a more extensive buying process, but in this case, she stated that this was the supplier she would like to have. Based on

her previous experience, she experienced some kind of relationship with the company. Her choice to focus on the former supplier can be perceived as a high and positive commitment. Had she expressed concern about what another provider might mean, the commitment could have been seen as negative, that is, she chose the known supplier to avoid risking problems associated with other suppliers.

The type of deal she wanted offered green electricity as well as a price that had some fixed and part varied. In the end, it was not possible to get exactly the same agreement as before but the new offer was sufficiently close to the old to be accepted. Again, the choice of supplier seems to have been more important than the package of the offer, which can be seen as an intermediate commitment that was positively charged. In the end, it became an agreement that was similar to the previous one and she did not raise any particular characteristics that were important to avoid.

Although the person in question is a cohabitant, the choice of the electricity supplier was made entirely by herself because, according to herself, she was the one on the contract. Had the partner been involved, probably the price would have been the central issue. At some point, he would change the electricity company because it would give bonus points or "miles" on a specific credit card for air travel, something that was not accepted since person A had other criteria for choosing electricity supplier. There were thus contrasting wills in which the partner exhibits a clearer engagement about just those parts of the extended product coupled to the product and the supplier. The involvement of those parts was low, but there was a higher commitment for the main advantage of the non-profit offer of bonus milestone.

The part of the offer that person A could not imagine to trade away was that it would be renewable electricity, so if the chosen supplier had not been able to supply that, the purchase process had begun again and this time included more suppliers. Based on that distinction, the supplier can be seen as a factor of medium commitment because it became a feature of the delivered product that would have been decisive if she had been forced to make a choice.

In the case of post purchase-behavior, person A had no thought about her choice but felt that if it became known in the media that the company would consider investing in electricity from coal-fired power stations, she would probably think of other alternatives but essentially described her behavior after the purchase as passive. She had no plans to compare suppliers and agreements again and felt generally satisfied with the choice she made. Based on that reasoning, the choice of renewable electricity could be seen as a negative motivation, thus avoiding the feeling of being part of a problem. That attitude indicates a low commitment to price because a more active behavior as a customer could lead to lower costs in the long term. Some peripheral services are the necessary features that are available to use the purchased product. Based on the fact that they solve a problem for the customer and not in themselves was something she was looking for, round-the-clock services could be seen as having a low and negative involvement.

In the case of general behavior linked to switching banking services, insurance services and telephone services, there had only been a change of security services in connection with moving as a way to get a better interest rate offer from their bank. During the move, they had also had to change their internet service provider and at that time her cohabitant, who is more interested in computers, dealt with choosing and switching supplier. Otherwise, it was normal practice to keep the same supplier over time. It is in line with the fact that she exchanged electricity contracts because of an external factor and did by herself take the initiative to begin the buying process.

Looking at this purchase from an SDL point of view the decision is based on the value of the exchange in terms of use and not possession. However, the deciding factor when choosing

this specific supplier was not based on any assumptions that their electricity would in any way differ from other suppliers, but the decision was based mainly on who they were. Being a local company was the main aspect of the purchase-decision which – when it comes to integrating or exchanging resources should be irrelevant for a product like electricity given that it is supplied through the grid and whoever you buy it from will not effect in any way the actual functionality of it.

5.2 Person B

Person B lives in an apartment and the purchase process started due to relocation. At the beginning of the buying process, there was a decision not to turn to one of the major electricity suppliers (Eon, Vattenfall or Fortum) but instead focusing on using a local or regional supplier in the first place. Based on that decision, he sought information about local businesses via the internet and called one of the suppliers for more information. He chose not to use any comparative service because he felt that the market was quite easy to review and compare based on the criteria he set up in advance. With that decision as a basis, the different offers were compared with focus on the price. The source of the electricity, such as coming from renewable sources or not, was not something that was perceived as relevant in comparison. On the other hand, it was important that the company had short lead times because he had failed to get a power supplier prior to the move and perceived that he was at risk of being out of power.

Because the person in question lives himself, he did not have to discuss the deal with anyone. He also felt no need to ask friends or acquaintances about which suppliers they had.

In terms of after-sales behavior, he did not experience having such a direct effect on the choice of supplier. On the other hand, he usually compares his own consumption with the same period earlier and reflects on why they differ. Otherwise, he is pleased with the contract he has chosen and as long as the terms or circumstances are not changed drastically, he assumes that he will retain the same supplier for a long period of time. Should the buying process need to start over again, he would resonate in the same way as before, primarily from local or regional suppliers.

In the case of general behavior, the most recent change-related housing insurance related to relocation (new subscription), but then he chose the same company as he had for other insurance policies. Otherwise, there was also the normal behavior of maintaining the same supplier over time.

Understanding this behavior from an SDL-angle again points to an interest of whom is supplying the service rather than what is supplied. The actual integration of the service supplied and the value of that is unrelated to the deciding aspect of the company that was chosen to supply this service.

5.3 Person C

Person C's households consist of two adults (and adult children no longer living in the household). C made an active choice to renegotiate his electricity deal for a lower cost whenever his contract was up instead of letting it be renewed. He regularly took time reviewing his contracts, including telephone-services and insurance. He can be seen as a very active customer in several different areas. To get an overview of the various options, he used a web-based service at the initial stage. His goal was to reduce the total cost as much as possible, which meant that the service could not really give him a clear answer because it did not include the fixed costs with annual fees but only the variable costs. The focus on price was very clear and the motivation can be seen as negative, his commitment is to get as low a cost as possible is

about avoiding something. He described that he had no loyalty to local or other suppliers and that he did not take environmental concerns when comparing alternatives. He motivated his decision by stating that the green electricity produced would be there anyway and did not feel that his choices influenced the market as a whole. The only part of the product perceived as relevant appears to be the electricity that is actually delivered. The other aspects of the product were perceived as irrelevant to his decision.

After having identified the lowest price suppliers, he compared the total cost with the contract based on a fixed price bound for 4 or 5 years. He also contacted his old supplier to hear if they could match the new option, which they could not. It confirmed his view that the new option was much better than his previous. It also emphasizes his low involvement of the other parts of the offer. If he could get the same price from his old supplier he would have stayed, there was no conflict behind his willingness to change. Person C is cohabitant but stated that he initiated, undertook and made the decision independently. He has had a post-purchase process to the extent that he is still looking at alternatives and comparing the price per kilowatt to keep track of the market before the contract expires. His experience with the company has been positive and he is pleased with his choice. Based on what he knows today, he might have chosen a flexible electricity price instead. Although he is satisfied with his choice, he replied that when the agreement expires, he would restart the purchase process and compare different options again. On the question of whether he would like to be loyal as thanks for the good deal he received in recent years, he answered with two words and with a big smile: "Wrong customer." For other services, C tries to put all due dates on a specific date so that he could review them at one point and compare with other options. Banking services were not included because he felt that the services he had at his bank were not directly comparable with other banks. He had not changed a fixed-line provider for several years, but it was because that company had continuously had the best offer. He also had no opportunity to choose another supplier since it was the only one that delivered the kind of connection he required.

With SDL this customer, focuses on value of the service provided that could actually be integrated but attach little or no value to anything outside that core aspect of the offering.

5.4 Person D

The interview was with the husband in the family, but he made it clear that there had been an active discussion between the spouses during the discussion concerning changing the supplier and he was usually saying "we" when he described the process.

The reason why the purchase process started was related to the fact that the former electricity supplier were about to change their payment system and have the bills arrive every two months instead of quarterly. In addition, the supplier had failed to send out the bill for four months, which led to an unusually high bill, which became the straw that broke the camel's back in this matter and the decision was made to try to find a supplier.

When they began to search for a new supplier, they set the following criteria: How often the bill would be paid, if there were any "alarm-function" to inform if the electricity consumption went above a predetermined level and, if it would be any extra costs to get a paper invoice (as opposed to only digital).

They were primarily looking at the various suppliers' websites. One reason for this decision was that the criteria they set up were not captured by the search services. They previously had a package with a ceiling for consumption, and as previously mentioned bills in paper form. When those criteria were met (as far as possible), it was the price that became central. The

couple had different perceptions about the importance of renewable electricity where he did not care at all and she thought it was relevant to look at.

They found that when comparing the information on the various suppliers' websites it was relatively easy to compare the various offers while it was not possible to do the search services. In step two, they contacted the companies they were interested in by telephone.

They failed to find exactly what they were looking for since the providers had package deals where some features were available but other services could not be combined with them. The decision regarding their new supplier was something that was discussed and decided jointly by the couple. What ultimately made them decide on their new supplier was linked to the new supplier's services (such as a quarterly charge) in combination with the price. In the case of the buyer's behavior, it was mainly linked to the cost of electricity in combination with the services they wanted. Who that supplier was in the end was not relevant. They felt satisfied with their choice and have stayed with them. Something that would make them initiate a new buying process would be if the company's next offer would differ in a considerably from the present. Nor are they strangers to break the contract prematurely, even if it would lead to some form of penalty if they felt that the company did not deliver on the items that were the reason for the change, in this case paper invoices and payment quarterly. In terms of insurance, they regularly compare different alternatives and have changed in the past, and after that they have renegotiated with the current company. Banking businesses were spread on several companies since his wife (and her side of the family) had long been loyal customers and they had better terms with one of the banks. He also has a foreign bank earlier that he chose to keep for transactions that are not directly linked to Sweden. The family does not have a fixed phone but in terms of mobile service provider, he has remained with the same company in the last few years. He did not directly experience any loyalty but rather felt that the chosen company had good deals when he were to change. As for the internet, there was a package deal along with TV channels where a company owned the fixed connection in the apartment so there was not much to choose from.

In this case, the value of the surrounding services were crucial to their decision since they wanted them to fit in to their other behaviors. Their focus was to find a provider who would provide the right kind of service on top of the delivery of electricity.

5.5 Person E

The reason why the purchase process began was in connection with a move. The person in question had previously lived in an apartment where the electricity was included in the rent so she had no previous opinion about different suppliers but asked around to know which suppliers they had chosen. She also asked her new neighbors and found that it was mainly two suppliers that were common among them. The housing association was also contacted. Based on the information she started comparing them. She did not use any web site for comparison, but said that some that she asked for advice had used one of them. Since Swedish is not her first language, she felt that companies' websites were not very easy to compare so she took help from a friend. She had no direct knowledge of the options previously but set up some criteria for the supplier she wanted. First, she wanted to know how "good" they were in terms of sustainability and were interested in how the electricity was produced. Out of the criteria, she entered the company's website and compared the different packages that were available. On company provided clear information about the different option, but the other option (the company that was not selected) was not as clear in its information. The company she selected did not really meet the criteria for renewable electricity that she had set up from the beginning.

She nevertheless chose not to restart and make a more extended search for more options because she had perceived that the other alternatives were more expensive. She asked others about a better alternative from an environmental aspect, but did not get a clear answer about which ones would be better. This, in combination with the difficulty in obtaining information via different companies' websites, made it a compromise on that point.

The decision to buy herself was herself, but she felt that she was influenced a lot by the person she helped during the process. The key to the decision was linked to the environmental aspect, but in combination with others using the company. The post purchase process has primarily been linked to the electricity consumption itself and she is pleased with her choice. Based on her experiences she feels satisfied with her choice. What could get a new purchase process to start again would be due to drastic changes in price or environmental aspects. In terms of insurance, she meant that she had retained and probably would be her insurance company for a long time and that it would require a "trigger" for her to change. She did not actively compare with other companies. When it came to banking services, she had recently chosen to combine her bank-affairs with a company that was new to her. Internet and telephony services were something her housing association had negotiated for the whole association so she felt it would probably not be worth looking for alternatives. For mobile carrier, she had renewed at the same company several times, believing that she would stay with them because she felt they had the best price.

The reason for selecting this provider could be seen as a combination of the cost of electricity and the environmental aspect. The use of the electricity or the service that was part of the offer was not considered to any high degree, rather the clarity of how these options were communicated through the company's website made her chose as she did.

5.6 Person F

The purchasing process for person F was started through external influence. A few weeks before the contract expired, a seller contacted her on the street. She and her husband had been thinking about reviewing their contract to see if there was any provider that could offer a better price. This means she was already open to evaluate their supplier. The seller represented a company that does not promise anything regarding low prices, but instead promises to donate part of the profit to charity. According to the interviewee, this meeting changed her priorities and the only information search she did after it was to look through the sales material. She received some information material to bring home and was contacted by mail if she had other questions. Based on the information she stated about her consumption and accommodation, she received a suggested package which she accepted. Even though they had thought about switching a supplier and knew about comparison services, they did no longer consider comparing any more. They knew that the supplier they had before the change was one of the more expensive ones, so the only preference they had at that time was to change away from that. The company that became their new supplier had, through a series of commercials, used a famous actor, which she admitted had influenced her quite a lot regarding the credibility of the electricity company. With the new supplier, the cost for electricity was not lowered, which after all had been the initial target, but when the seller had managed to shift focus from the price to another value, other suppliers were no longer considered as an alternative. The information they received was brief but could not be compared to other providers' offers. The choice of new supplier became a compromise because the original criterion was replaced with a new one. The decision was entirely her own, although there was initially a joint discussion about the need for a new supplier.

She felt happy with her choice and has renewed the contract since then. What could make her reevaluate the supplier is a sharp rise in prices today. Another reason could be that the company abandoned its profile and ended the practice of donating the surplus to charity or if it appeared that the company did not live up to the expected morale they were use in its marketing.

The insurance policies they used to go through regularly in connection with car change and then they usually go through other insurance policies as well. In the case of banking services, they were loyal to the same bank for personal reasons for a long period. For fixed and mobile carrier and the internet, they had a package solution that was considered good enough, so there were no comparisons to find other options.

The main value provided by the supplier in order to be chosen is completely unrelated to the actual service they provide connected to the electricity.

6. Conclusions

Based on the outcome of the interviews there are a few interesting patterns emerging irrelevant of which theoretical framework that is applied to them. For most of the cases is clear that the value of buying electricity expands beyond the access to the electricity and how that can be integrated. The main motive of selecting a provider shifted between how the electricity was produced, the added services to the purchase, physical location of the company that the customer was dealing with and what they were choosing to with the profits. The assumption that the customers would regard the electricity as a homogenous product and increased competition with price-pressure would ensue has not been verified empirically. What might have been underestimated is the level of value the customers connects to the additional aspects of the purchasing process when selecting their supplier. At the core the electricity is the reason for the purchase being made but given the delivery system (through the grid) and the homogenous nature of it other aspects gets more weight in the consumers view.

From the view of SDL there is a mixed outcome. To a certain degree, it provides a better explanation for the group with the FP 10 – value is always determined by the beneficiary – given that a lack in price-pressure might not be an indication of a market that does not work, just that the market is not sufficiently understood yet. This can also be illuminated by how some customers focused more on the additional services provided and where the integration of the set of service was more central than the core service when selecting supplier. As with the companies donating parts of their profits to charity this also makes sense if we consider the customer in a system where the knowledge of this is valuable to them.

Given the nature of how electricity provided there is however one aspect where some of the customer's behavior does not conform to the SDL-view on how the market works. That is related to the resource integration of the service exchange in the case of the customers who selected their provider based on “green electricity”. The fact that the electricity is provided through the grid and not directly from a producer means that there is not necessarily any connection between the electricity bought and the one used. The selection of provider is therefore based on a different service than the one provided. This is not directly related to the exchange of service and the only aspect where this value would actually be the point of buying green electricity (as opposed to using green electricity) indicating that an important aspect of how some buyers act is to focus on the value-in-exchange rather than value-in-use.

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