

## Service-dominant logic in the tourism industry: The case of Snow Peak Inc.

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### Abstract

This study introduces Snow Peak, Inc. as a case exemplifying service-dominant logic (S-D logic) in tourism. This camping goods company, founded in 1958, also operates shops, camping venues, accommodations, and restaurants now and it fosters positive environmental behaviour. The company defines itself as one of the users and creates the shared value with its customers. S-D logic is proposed as a new theory focusing on intangible resources and the cocreation of value and relationships. S-D logic has a strong affinity with the tourism sector and can achieve competitive advantage through the efficient management of value co-creation processes. This study considers Snow Peak's strategy by using S-D logic narrative and process and discusses its implications on the improvement of its competitive advantage. The results of this study have implications of such a process of value co-creation in the tourism industry in Japan.

### Keywords

S-D logic  
Narrative and process  
Value  
Co-creation  
Snow Peak Inc.

### Introduction

Vargo and Lusch (2004) formulated service-dominant logic (S-D logic), and subsequently, it has been developed and positioned as a paradigm that theorizes the joint role of customers and organizations in a process of value cocreation (Evans, 2016). Previous studies have applied S-D logic to the tourism industry (Shaw, et al., 2011; Blazquez-Resino, et al., 2013; Cabiddu, et al., 2013; FitzPatrick, et al., 2013). Blazquez-Resino et al (2013) noted that S-D logic has a strong affinity with the tourism sector and can help companies achieve a competitive advantage through the efficient management of value co-creation processes.

The tourism industry in Japan has problems with productivity and competitiveness. Before the COVID-19 pandemic, it enjoyed considerable economic growth owing to numerous foreign tourists. Nevertheless, there were serious issues such as low wages, low productivity, and high turnover rates. In the post-pandemic era, the tourism industry in Japan must face these challenges and try to improve its competitiveness.

This study considered the key points which could improve the competitiveness of the Japanese tourism industry based on S-D logic through the discussion of Snow Peak Inc. as a case study. The company produces camping goods and aims to create an 'experience' with its customers and other stakeholders. The results of this study have implications of such a process of value co-creation in the tourism industry in Japan.

### Service-dominant logic and the tourism industry

The axioms and fundamental propositions of S-D logic have been developed through discussions among scholars since Vargo and Lusch (2004) had first proposed it. Table 1 presents the five axioms and eleven fundamental propositions described by Vargo and Lusch (2016) as comprising S-D logic. They also proposed Figure 1, the narrative and process of S-D logic for value co-creation (Figure 1). Value co-creation is one of the core concepts of S-D logic and Figure 1 shows that 'co-creation

is developing into one of resource-integrating, reciprocal-service-providing actors cocreating value through holistic, meaning-laden experiences in nested and overlapping service ecosystems, governed and evaluated through their institutional arrangements' (Vargo and Lusch, 2016, p. 7).

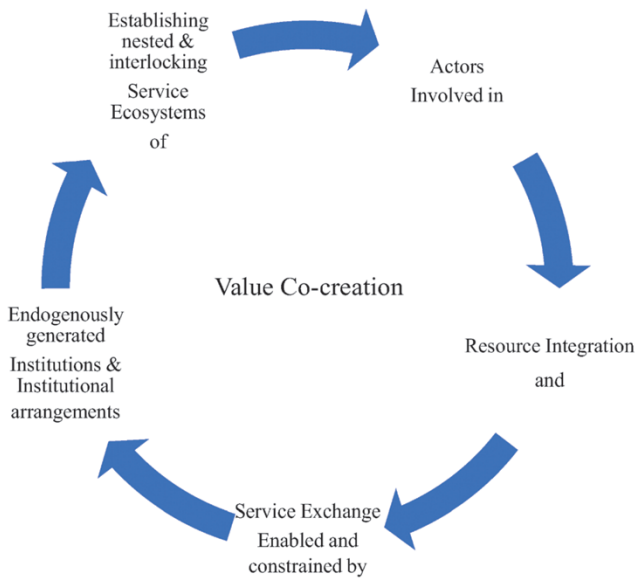
**Table 1.** Fundamental propositions of Service-Dominant logic

Axiom1/FP1	Service is the fundamental basis of exchange
FP2	Indirect exchange masks the fundamental basis of exchange
FP3	Goods are a distribution mechanism for service provision
FP4	Operant resources are the fundamental source of strategic benefit
FP5	All economies are service economies
Axiom2/FP6	Value is cooperated by multiple actors, always including the beneficiary
FP7	Actors cannot deliver value but can participate in the creation and offering of value propositions
FP8	A service-centred view is inherently beneficiary oriented and relational
Axiom3/FP9	All social and economic actors are resource integrations
Axiom4/FP10	Value is always uniquely and phenomenologically determined by the beneficiary
Axiom5/FP11	Value co-creation is coordinated through actor-generated institutions and institutional arrangements

Source: Vargo and Lusch (2016) p.8 Table 1

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**Figure 1.** The narrative and process of S-D logic  
Source: Vargo and Lusch (2016) p.7 Fig. 1

Many studies have applied S-D logic to different parts of the tourism industry such as the hotel industry (e.g., Shaw, et al., 2011; FitzPatrick, et al, 2013), tourism destinations (e.g., Blazquez-Resino, et al, 2013), and IT in tourism (Cabiddu, et al, 2013). All of them focused on value co-creation with tourists (customers) and provided results which were explainable by S-D logic.

**Case Study: Snow Peak Inc.**

The mission statement of Snow Peak Inc. is ‘The Snow Peak Way.’ They hold that ‘we are all users, so we provide customers with rich experiences that inspire us all’ (Figure 2). Futoshi Yamai, the President and Representative Director, has said that Snow Peak Inc. is both a brand of goods and a community brand created by its users (Saito, 2016, p. 33). Their brand is also built through their sales staff, who love outdoor activities and use goods made by Snow Peak, and their customers’ community (Nikkei Design, 2012, p. 60). The company has said that ‘Snow Peak is made up of a bonding cycle’ and described it as the ‘Snow Peak Cycle,’ which is presented in Figure 3.

The company’s mission statement and the bonding cycle seem to fit the narrative of S-D logic as provided in Figure 1. This study captures Snow Peak Inc.’s brand using the narrative of S-D logic, using open materials such as the company’s website and articles about them in business magazines.

Mission Statement  
The Snow Peak Way

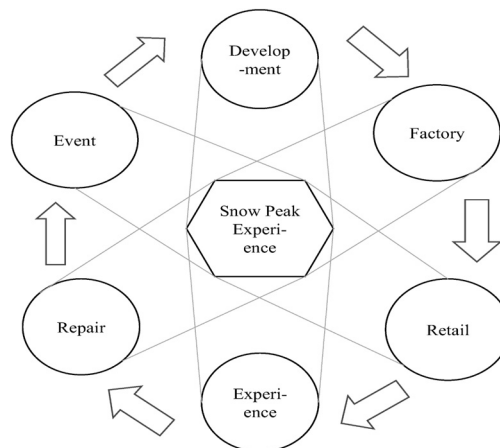
At Snow Peak, we treasure every individual’s initiative. By joining forces in absolute trust, we work to achieve global leadership, elevating the essential life values inspired by being with nature.

We are always evolving, always innovating, always creating new approaches.

Our philosophy is that we are all users, so we provide customers with rich experiences that inspire us all.

We are committed to having a positive impact on the planet.

**Figure 2.** Mission statement of Snow Peak Inc.  
Source: The Snow Peak Inc. Website ‘Mission Statement’ <https://www.snowpeak.co.jp/about/>



**Figure 3.** Snow Peak Cycle  
Source: Based on The Snow Peak Inc. Website ‘About; Snow Peak Cycle’ <https://www.snowpeak.co.jp/about/cycle/>

## History of Snow Peak, Inc.

The company Yamai Yukio Shoten was established in 1958 to sell metal products and other items. Yukio Yamai, its founder and president, who indulged in mountaineering as a hobby, was dissatisfied with the mountaineering equipment available at the time and started to develop original equipment. In 1964, the company expanded its business domain to include authentic outdoor leisure products. In 1968, it positioned 'outdoor activities as a lifestyle' and projected the business as a pioneering manufacturer ('innovates the Japanese outdoor scene') of auto-camping products in 1988. In 1990, the firm adopted the mission statement 'The Snow Peak Way' and revised it in 2019 (Figure 2). After Futoshi Yamai was appointed President and Representative Director in 1996, the company changed its name to Snow Peak Inc., and entered the US and European and Asian markets in 1996 and 1998, respectively. Since 1998, they have launched an annual camping event named 'The Snow Peak Way', and their headquarters relocated to Niigata where the shops, factory, and office were combined with a campsite. Since they had been listed on the First Section of the Tokyo Stock Exchange market in 2015, the company has started participating in residential and urban development businesses and projects by contracting collaboration agreements and comprehensive cooperation agreements. They have also cultivated social media as a tool to communicate with their customers (Snow Peak Inc. website).

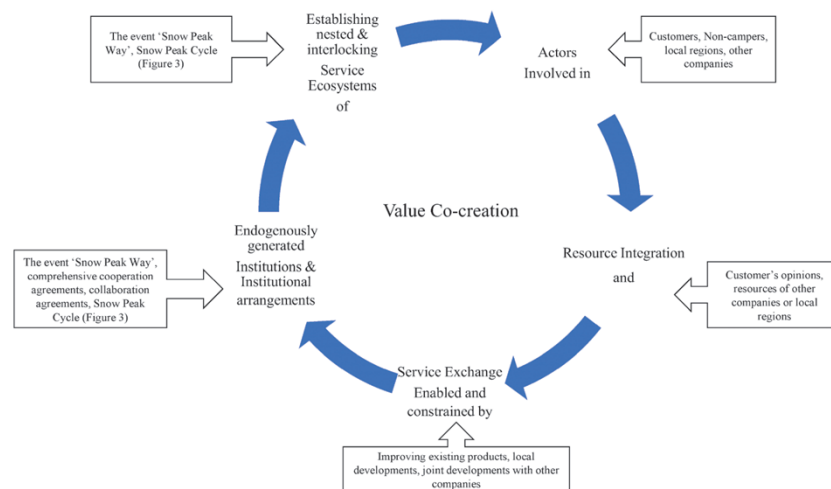
## Snow Peak Inc. from the perspective of narrative and process of S-D logic

The year 1998 when the event started was a turning point for Snow Peak Inc. Since the establishment of the company in 1958, the sales increased with the camping boom in Japan; however, they began to deteriorate after peaking in 1994. The president and staff discussed the problem and decided to obtain feedback from their customers. The event 'Snow Peak Way' was organized as a place to communicate with the customers since 1998. It has been held annually in their nationwide venues. The participants are the customers, president, staff, and developers of Snow Peak Inc. They stay for two nights and three days at the venue and communicate with each other through outdoor activities such as sitting around the campfire. At first, the event was held for one night and two days. Then, in 2014, the President, Yamai, changed the duration of the event to two nights and three days. The president heard the

customer's concerns as they said that 'the former enthusiasm of the event is gone' and 'we cannot communicate with the staff, because they talk among them,' and he understood the threat that these aspects posed to their business. He emphatically explained the mission and history of the company to the staff and encouraged them to interact better with customers (Nakazawa, 2015 February). Although the company is continuing to factor in improvements suggested by customers for existing products, they do not accept suggestions for the development of new products. They work on new products without factoring in customers' wishes. The reason is that they think it is important to propose products that inspire the customers. On the contrary, existing products are altered to suit customers' preferences as they have used the product and have made suggestions to improve it (Nakazawa, 2015 March).

The second turning point occurred in 2015-2016. In 2015, the company opened 'urban camping' shops, proposing 'outdoor fun' in a residential environment. The targets of this campaign were non-campers, who amounted to 97% of the Japanese population. Futoshi Yamai intended to market these products to non-campers, who seek relaxation and may need an alternative to outdoor camping. He pointed out that the essence of Snow Peak's business is the call for a return to humanity and proposed the concept of 'urban outdoor' as a way for non-campers to connect with the nature surrounding their residential environments (Nakazawa, 2016 April). The company also started participating in local development projects. The opportunity to participate the local development project was a request to rehabilitate an old campsite from a town hall in 2013. The company held the event to consider creating the ideal campsite with their customers, the local residents, and the officers in a town. In 2016, they entered into a collaboration agreement with the Hokkaido Bank and signed a comprehensive cooperation agreement with the city of Obihiro, Hokkaido. These measures constituted the first case of this kind of agreement. Subsequently, the firm proceeded to sign many agreements with other companies and regions. Furthermore, they joined various collaborations through official partnerships, project participation, and joint developments. They have received various awards not only for the goods they produce but also their management and collaborative projects. In other words, their efforts have been praised by the society at large.

Figure 4 describes the narrative and process of S-D logic in Snow Peak Inc. At the time of the first turning point, the



**Figure 4.** The narrative and process of S-D logic: Snow Peak Inc.

Source: Applied the case of Snow Peak Inc. to Vargo and Lusch (2016) p.7 Fig. 1

company included their customers as actors in the process of value co-creation. The customers can be interpreted here as operant resources (FP4). The feedback received by Snow Peak Inc. from their customers was reflected in the company's development, marketing, and selling strategies. In this way, their resources were integrated, which led to effective co-creation. At the time of the second turning point, the company collaborated with various actors to co-create value through collaborations. This move can be interpreted as a reflection of the axiom that 'value is cooperated by multiple actors, always including the beneficiary' (axiom2/FP6). It can be also said that 'all social and economic actors are resource integrations' (axiom3/FP9). Through these turning points, the company and actors were able to achieve service exchange and construct the service ecosystem.

## Conclusion

This study captured the development and practices of Snow Peak Inc. through the narrative and process of S-D logic. Actors such as their customers, other companies, and local regions were involved in the events or agreements, which can be interpreted as 'institutions' in Figure 2. The company also generated the Snow Peak Cycle (Figure 3). Through this process, they were able to create an 'experience' along with other actors. It is important to co-create value that not only communicates with actors but generates the process with them.

Although we have attempted to make a strong case in favour of S-D logic, this study was conducted only based on open materials. Additional studies based on interviews and ethnography are required to strength the results of this study.

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