What can a municipality offer to its residents? Value propositions and interactions in a place context

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Abstract

Purpose – *The purpose of this paper is to explore the role of the municipality in the place marketing context and to describe how municipalities work on making their place good to live in. The study rests on abductive reasoning whereby service-based logic forms the study and offers a theoretical framework for how to approach the phenomena.*

Design/methodology/approach – *A qualitative study in the form of 20 semi-structured interviews with leading elected officials and civil servants is used to let us understand how two typical municipalities in southern Sweden work on making their municipality a good place for their residents to live in. Content analysis is used to analyze the data.*

Findings – *The study reveals how municipalities work on creating opportunities for interactions between themselves and their residents, as well as offers insight into what value propositions the municipalities believe they offer their residents. The current study shows that the geographical location and the natural environment, basic and essential services, accommodations, urban quality, recreation and leisure and ambience constitute important dimensions in the place offering.*

Originality/value – *Service-based logic is used as a backdrop to facilitate the analysis in this study, which emphasizes value propositions offered by the municipality and interactions between the municipality and its residents, which increase our understanding of how municipalities work on making their place good to live in. The service-based logic help shed new light on the place marketing context and allows us to understand the context in a new way.*

Keywords Residents, Interaction, Municipality, Place marketing, Value propositions, Service-based logic

Paper type Research paper

Introduction

Background

Increased global connectivity and mobility of both humans and capital have created a competitive environment for cities and regions. Places have to be attractive for a multitude of different stakeholders, for example tourists and residents, to be able to prosper and grow and to attract enough resources to achieve their developmental goals (Kavaratzis and Ashworth, 2008; Insch and Florek, 2010). At the same time, as competition between places has intensified, the fields of place marketing and place branding have experienced a rapid rise in popularity over the past decade (Caldwell and Freire, 2004; Niedomysl and Jonasson, 2012), and so have areas such as municipal marketing, destination marketing and urban governance.

It is necessary to be an attractive region and city today, and branding can be a tool in both achieving and communicating this. It is important to emphasize that branding should not be about *telling* the world that the place is good but rather about *making* the place good and letting the world know it (Kavaratzis, 2010). Branding should not merely be about intentional communication of a favorable image, but a useful basis for strategic thinking when it comes to place development. If a place is serious about enhancing its image, it is necessary to

focus on a place's equivalents of "product development" and thus on building a place that *stakeholders find good*, so that a powerful brand image for the place can be created and the place will earn a good reputation (Anholt, 2010). To develop the place into one that is good for tourists to visit, for residents to live in and for businesses to operate in can thus be seen as primary goals for municipalities and place marketers (Zenker *et al.*, 2013). How to define and measure a good place does, however, need further analysis.

Urban governance is a complex theoretical construct which can be defined as "[. . .] more or less institutionalized working arrangements that shape productive and corrective capacities in dealing with – urban- steering issues involving multiple governmental and nongovernmental actors" (Hendriks, 2014, p. 3). The change in focus from *government* to *governance* might have downplayed the local government's role; however, there is still a substantial role for local governments to play within the context of urban governance (Hendriks, 2014). Governance can take the form of "networks", "markets" and "hierarchies". These three basic modalities occur in various blend in existing urban governance models. Government and hierarchy might be downplayed; however, they cannot be taken away altogether (Stoker, 2011). To study the local government's role in creating an attractive place is thus still highly relevant, especially if it can be combined with the governance forms of networks and markets.

Service-based logic (Grönroos, 2006; Vargo and Lusch, 2004) has been suggested as the new dominant paradigm for marketing. The logic emphasizes value creation and the user's role in the marketing context. In the quest for a unique and effective place brand, service-based logic can offer a theoretical foundation that focuses on what stakeholders find good (Merz *et al.*, 2009). The service-based logic's view of the marketing setting fits very well with a network approach toward urban governance. Warnaby (2009) explicitly suggests that place marketing researchers would benefit from looking at service-based logic for inspiration to develop the field because such logic would help shed light on what is truly important for successful place brand management. To use the service-based logic as a theoretical foundation in this study is also in line with one of the main tracks within urban governance, which stress the ordinary residents and the need to include them as much as possible (Swyngedouw, 2005).

Purpose

The present paper argues that the municipality is an important place provider, and that a key goal for municipalities is to create a place that is good for residents to live in. If residents find the place good, it lays the foundation for creating a powerful place brand image (Anholt, 2010). Tourists constitute another important stakeholder group, and tourists and residents are interconnected. Tourists interact with locals, and satisfied and happy residents can have a positive impact also on the place's destination brand. The purpose of this paper is to explore the role of the municipality in the place marketing context and to describe how municipalities work on making their place good to live in. This will be achieved by using service-based logic as a theoretical frame of reference.

Literature review

Background

To facilitate the analysis of how municipalities work on making their place good for their residents to live in, service-based logic is used as a theoretical frame of reference. The place context and the place entity are multifaceted and very complex phenomena (Warnaby, 2009; Warnaby and Medway, 2013), as the result of which the essence of place marketing still constitutes an important research field (Anholt, 2010; Hanna and Rowley, 2012). It is not self-evident what constitutes a good place to live in or how this should be analyzed. Warnaby (2009) has suggested that place marketing researchers would benefit from looking at service-based logic (Grönroos, 2006; Vargo and Lusch, 2004) for inspiration to develop the field because it would help shed light on what is really important

for successful place brand management. It has also been suggested that branding, a dominant field within both place and destination marketing, can gain from using the ideas of service-based logic because these ideas would further the understanding of brands and branding (Merz *et al.*, 2009). Service-based logic and the branding literature can reinforce and inform each other, as service-dominant organizational philosophy constitutes a good foundation for building a strong municipal image and strong brand relationships with all of the municipality's stakeholders. Using service-based logic as a starting point helps us to problematize and understand what ought to be analyzed to answer the question concerning how municipalities contribute to creating a good place for residents to live in.

Before introducing service-based logics, a short overview will be given on current place marketing research concerning municipalities and how they create a good place to live. Much of current research is founded on ideas from the product-oriented paradigm which leads to that current place marketing research is provider-dominant to a large degree, and thus the municipality is in focus. The place is treated as a product, and the focus is on evaluating place features. The recipients of the place are treated, more or less, as *one* market. The municipality, as a place provider, should contribute with high-quality place attributes which the residents desire. When, for example, place satisfaction is studied, it is often measured by a number of dimensions. The dimensions are seen as representing the place product, and thus the dimensions and connected items can be seen as the place attributes. What these place attributes are varies somewhat from study to study. Dimensions in the frequently used Aspects of City Life index (Insch and Florek, 2010) are work/life balance; personal and public safety; the natural environment; the city's community assets; cultural, arts and creative scene; city's vibrancy and energy; openness of residents to new people, ideas and diversity; sports grounds and facilities; location relative to other destinations and accessibility to other cities; and efficient public transportation. Zenker *et al.* (2013) have created another popular index, Citizen Satisfaction Index, which includes three major dimensions, namely, urbanity and diversity, nature and recreation and job opportunities.

Introducing service-based logic as a backdrop to increase the understanding of place marketing context

Service-based logic is a current stream in the relationship paradigm that has developed since the early 1980s (Grönroos, 1982). Service-based logic can be divided into the service-dominant logic advocated by Vargo and Lusch (2004), the service logic for which Grönroos (Grönroos, 2006) is the main spokesman, and the rather new customer-dominant logic introduced by Heinonen *et al.* (2010). Service-based logic has won widespread recognition through contributions such as Vargo and Lusch's article of 2004, "Evolving to a new dominant logic for marketing", which has been cited more than 4,600 times and has changed the way many marketing researchers view the marketing context. For present purposes, these three streams are not distinguished, and the term used is service-based logic, which incorporates all three streams of research. Ultimately, service-based logic is seen as an attempt to provide a foundation for a general theory of marketing (Vargo and Lusch, 2008). Thus, it has also been suggested to be of relevance to place marketing (Warnaby, 2009), which is otherwise often seen as a unique field that bears few similarities to traditional marketing.

Service-based logic is grounded on many of the same beliefs that the general relationship paradigm is grounded on, and they rest, for example, on the beliefs of market orientation, relationship marketing and service dominance. There is a strong belief in the relationship between user and provider in which both are active. One of the cornerstones of service-based logic is that value, in terms of which the customer is or feels better off than before (Grönroos, 2008), is created by the user when s(he) actually uses the goods or services. The term value-in-use is used to describe this phenomenon (Grönroos, 2008; Grönroos and Voima, 2013; Vargo and Lusch, 2004, 2008 to mention some). The emphasis

on value-in-use constitutes a large and important difference from the product-oriented paradigm, which sees the provider and product as value creators.

As the user, according to service-based logic, is the only one who can create value, emphasis should be put on the user. An exclusive focus on the service or service provider is not relevant; rather the provider should be studied in the light of what it can offer its users with a focus on provider–user interaction. It is argued that both the marketing mix paradigm and the general relationship paradigm are too production-focused and thus emphasize the service provider (Heinonen *et al.*, 2010). Service-based logic is introduced as an alternative to this provider-dominant logic, putting the user, in this case the resident, in focus.

*Municipality's role in creating a good place to live*

Service-based logic refocuses from the municipality and what it offers to residents and how they create value in the place context. As value-in-use in a place context means that neither the place itself nor the municipality as a place provider can create value and the resident is responsible for value creation, provider dominance in the analysis ought to be replaced by resident dominance.

With service-based logic as a backdrop, the municipality should primarily assume the role as a value facilitator for residents and support their value creation process in the best way possible (Grönroos, 2008; Grönroos and Voima, 2013; Heinonen *et al.*, 2010; Vargo and Lusch, 2004, 2008). As a value facilitator, the municipality can offer value propositions that facilitate a resident's value creation. Value propositions can be parks, exhibitions, playgrounds, trails, outdoor gyms, beaches and much more. The better the propositions, the more value-in-use the resident can create for herself/himself. The task of the various providers of the place is thus to offer good value propositions that residents desire.

Value can sometimes also be co-created by the provider and the user. Interactions must then be established between the municipality and the resident. Interaction is seen as a mutual measure whereby two or more parties have an effect on each other. As value creating capability belongs to the user, interaction is a necessity for the provider to be able to co-create value (Grönroos and Ravald, 2011). When the resident and municipality meet, the municipality can participate in the resident's value-generating processes and directly influence these processes. Applying a service-based perspective opens the door and encourages the municipality to create opportunities to develop interactions with its residents during their value-generating processes (Grönroos, 2008).

Current research on a good place to live tends to focus on place attributes such as the natural environment and the creative scene (Insch and Florek, 2010) or nature and recreation and job opportunities (Zenker *et al.*, 2013). Service-based logic changes the focus of the analysis from the place attributes that the municipality provides to how the municipality works toward assisting its residents in their value creation. Figure 1 shows how the municipality can contribute to a resident's creation of value-in-use. The municipality is responsible for the production process and, in the municipality sphere, it produces resources and processes for use by its residents. By providing value propositions, with the potential to become value-in-use, the municipality can be characterized as a value facilitator. If interactions with a resident are established in the joint sphere, the municipality may have the opportunity to participate in the resident's value creation process and assume the role of value co-creator. The emphasis on interactions, as well as the number and broadness of the interactions, is critical for value co-creation to occur (Bjurklo *et al.*, 2009). The role of the resident in the joint sphere is twofold: the resident is a co-producer of resources and processes with the municipality, as well as creator of value-in-use jointly with the municipality. In the resident sphere, which is closed to the provider, the resident creates value-in-use independently of the provider (Grönroos and Voima, 2013). Every resident has her/his own sphere in which value creation takes place, which is indicated in the figure by the inclusion of more than one resident's sphere.
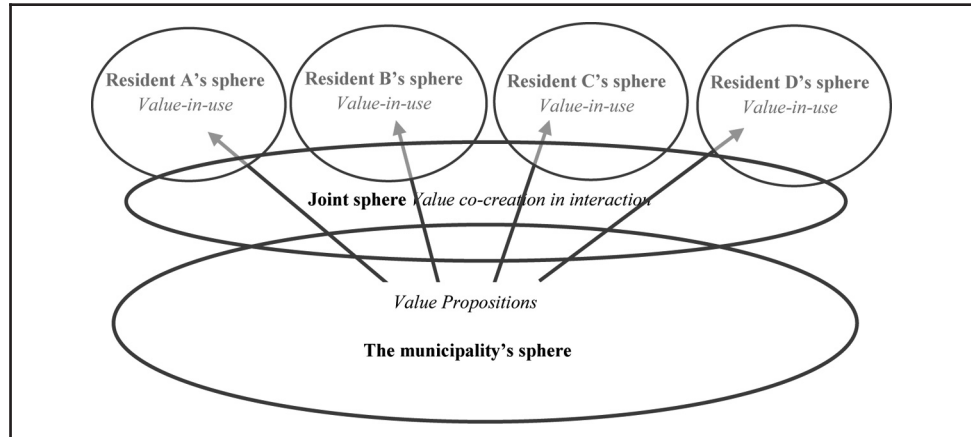
Methodology

The purpose of the paper is to explore the role of the municipality in the place marketing context and to describe how municipalities work on making their place good to live in. This is achieved through studying and describing typical cases: Hässleholm Municipality and Kristianstad Municipality in southern Sweden. The purpose of typical case selection is that they can illustrate or highlight what is typical, normal and average (Patton, 2002). The municipalities in this study offer an interesting empirical setting and are typical cases, as both have articulated growth and satisfied residents as goals for their municipalities, just as many others of the Swedish municipalities. Hässleholm and Kristianstad can be described as typical cases also when it comes to how satisfied their residents are. Fokus' (2014) examination of the municipalities in Sweden put Hässleholm in Place 83 and Kristianstad in Place 46 of 290 municipalities. In a similar examination of municipalities in 2013, Hässleholm ranked 165 and Kristianstad ranked 194 of 290 municipalities (Fokus, 2014). The municipalities have together 130,000 inhabitants, and both municipalities experience slow but steady growth.

The study rests on abductive reasoning whereby service-based logic forms the study and offers a theoretical framework for how to approach the phenomena. The research design and the analysis of the data are inspired by qualitative researchers Miles and Huberman (1994). The aim of the study is to account for events and to look for structures and patterns that can describe how municipalities work with making their place a good place to live. The research can be described as reality-oriented qualitative inquiry, as the aim is to describe and explain phenomena as accurately as possible so that the description and explanation correspond as closely as possible to the way the world is and actually operates (Patton, 2002). The perspective influences the research design of the study as well as the approach to the analysis of the data.

Data collection

The study is based on interviews conducted at the municipal organization in Hässleholm and Kristianstad. The first interview in each municipality was based on purposive selection and resulted in interviews with municipal directors. The director is the highest official in the municipality and manages the municipality's services. After the first interview, a snowball technique was used. New interviews were arranged with recommended people as long as each new interview contributed significantly to the understanding of the case (Patton, 2002). The case selection technique resulted in 20 interviews. The field-generated data were collected with the help of semi-structured interviews. The interviews took place in the interviewee's office and was conducted during a period of five months. Each interview lasted between 45 to 70 min and the interviews were recorded. The interviews were

supplemented by found data, such as annual reports, public documents and information found on the municipality's web site, to ensure in-depth understanding of the study subject.

Analysis of data

The analysis of the data can best be described as content analysis, which refers to qualitative data reduction and sense-making efforts that attempt to identify core consistencies and meanings (Patton, 2002). The goal is to reveal themes, and the approach can also be referred to as theme analysis.

Miles and Huberman (1994) developed a four-step framework for analyzing qualitative data which have inspired us in the analysis of our data. The analysis of our data thus followed four steps. First, data were collected. Second, the data were organized and reduced in the data reduction step. The predetermined research purpose and the theoretical framework guided this process and helped us to decide what should be emphasized, minimized and eliminated from further study. The objective was to reduce the data without eliminating anything that was relevant to the study. Practically, the data reduction took place when the interviews were transcribed. Only data which dealt with the key elements of the study, value propositions and interactions with residents were transcribed which resulted in roughly 70 pages of transcribed material. The original audio files were archived for future reference.

Third, focus was turned to data display where the data were organized in a way that facilitated drawing conclusions. In this process, a priori (Smith, 2000) coding categories were used; thus, categories were specified before the material was examined. The categories were derived from the service-based logics and the overarching dimensions were set to value propositions and interactions with residents. When the reduced data from the interviews were analyzed, 174 offers of value propositions were identified. In a first step to display the data, the value propositions were grouped which resulted in 41 unique value propositions. Concerning interactions with the residents, 57 relevant quotes were first identified, which in the first step were reduced to 26 unique statements or arguments. Themes, or coding dimensions, were then extracted from these data using an empirical approach, inductive in its nature. The approach was suitable to use, as the purpose is to reach a summary description of the municipality's view of their role in creating a good place to live. The process was conducted by two researchers independently. The result was compared and the few differences discussed until a consensus concerning the most appropriate themes could be reached. Ideas that were municipality specific or mentioned by only one participant were not included. Fourth, conclusions were dawned which involved deciding what the identified themes meant and how they helped to answer the research purpose and questions.

Findings

Value propositions

Service-based logic is used as theoretical framework in this paper to facilitate analysis and description of how municipalities work on making their place good to live in. This implies that the municipality as a place provider cannot create value for a resident. Instead, value propositions, of which the resident can create value for herself/himself, should be offered (Grönroos, 2008; Vargo and Lusch, 2004, 2008). In annual municipal reports, key value propositions are highlighted. Hässleholm Municipality and Kristianstad Municipality emphasize that they should offer services, including education, childcare and elderly care, of high quality. They also stress the physical environment including parks and gardens. Culture in the form of libraries, events, performances and culture in schools, as well as school projects, education and care, is also emphasized (Hässleholm Municipality, 2013; Kristianstad Municipality, 2013).

In the empirical study, a variety of value propositions were set forth. The value propositions are offerings that representatives of the municipality believe that the place offers residents

and that they see as propositions from which residents ought to be able to create value. Table I lists the major themes that emerged from the interviews with the representatives of the municipalities. The value propositions were grouped into six dimensions, or themes, and each dimension captured an important group of value propositions. The six dimensions were geographical location and the natural environment, basic and essential services, accommodations, urban quality, recreation and leisure and ambience. The table

Table I	Summary of value propositions that the municipality believe they offer the residents
Geographical location and the natural environment (17/20)	Closeness to metropolitans and city pulse (10) Illustrative example: "The closeness to large metropolitans such as Malmö and Copenhagen has a clear value for our residents. Personally, I also see us as Copenhagen's green neighborhood, or green lung" The municipality's geographical appearance (9) Illustrative example: "The municipality's appearance is important. That there is a city, but also townships and a countryside within the municipality's borders. This variation is important. That we have both a countryside and a city" Nature and natural geographical diversity (8) Access to seaside and beaches (7) Unique natural environment (for example, wetland area) (6)
Basic and essential services (19/20)	In general high-quality basic services (5) Education (16) Health care and elderly care (3) Highways, public transportation, airports, etc. (10)
Accommodations (6/20)	Access to a wide variety of accommodations (4) Illustrative example: "I believe that it is important that we can offer different kinds of accommodations within the municipality's borders. You can live in the countryside or in the city, in apartments or in houses" Affordable accommodations (3)
Urban quality (15/20)	Access to city life (12) Illustrative example: "That the municipality has a city is vital, not only for the people living in the city but also for the people living in the countryside" The city's physical appearance and unique attributes (for example closeness to nature and attractions) (8) Commercial offerings and shopping (10)
Recreation and leisure (16/20)	Wide range of culture (8) Activities, sports and recreation groups (6) Points of interests such as museums, concert halls and heritage sites (4) Parks and access to nature (9)
Ambience (11/20)	Renewal and change (6) Illustrative example: "The place is not finished, changes occur here. That the city continues to change and develop is important and development projects are in themselves important since they create a certain ambience and renew the image of place" Safety, security and comfort (2) Pride (8) Illustrative example: "It is important to have things that can bring us together and create a sense of pride. It can be a successful handball team, a large scout camp or a large exhibit. It is important that we can offer unique things that stand out and can make our residents proud of their place"

also shows the more specific items, or value propositions, belonging to each dimension. The numbers in brackets indicate how many of the 20 people interviewed mentioned the dimension and item.

Around half of the representatives of the municipalities we interviewed for this study also stressed that it is important not only to focus on separate value propositions, but also to try to see the larger picture. The entirety, as well as how the various value propositions interact and work together, is regarded as just as important as the separate offerings. For example, a head of city planning said:

> I believe that you as a resident think beyond the drainpipes. It is the combination. Not every part on its own is important. You want to have everything in your life. You don't just want to live and have a nice house. It is the connections that are the most interesting part. You need to pick up children from daycare, go grocery shopping, go to the park, etc. To look at the quality of the separate offerings measures one aspect but you also need to look at the combination. How everything fits together.

Apart from the fact that the offerings should interact with each other, several interviewees also emphasized that the range of the value propositions is important. In the words of an elected official:

> We cannot put all our eggs in one basket. Imagine that the place is a flower. The flower has many petals and the place also needs to have many petals. We need to have shopping, nature, a strong handball team that offers entertainment and that makes us proud, a university [. . .]. Our place should be a flower with many petals.

Interactions

According to service-based logic, value-in-use is something that the user, in this context the resident, creates for herself/himself. The municipality, in terms of being a place provider, can co-create value together with a resident if interactions are established between the resident and the municipality (Grönroos and Ravald, 2011). Thus, interactions become very important for the municipality, as they pave the way for getting to know the residents so that better value propositions can be offered, as well as for meetings at which the municipality and residents together can create value for residents. Both Hässleholm Municipality and Kristianstad Municipality emphasize in their annual reports and in their strategic goals that it should be easy to have contact with the municipality and that contact between residents, elected officials and civil servants should be close and smooth.

A majority of the interviewees emphasize that the municipality is there for its residents, and there seems to be general agreement that it is important to have a dialog with residents and be inclusive and interact with people. Several representatives of the municipalities mention, however, that the current interaction and resident dialog has room for improvement. One prominent municipal official says that:

> We do have dialog, but we could definitely have dialog with more residents and interact with a wider variety of residents.

The interviews reveal how the representatives of the municipalities meet and interact with their residents. Several forms of interactions were mentioned and will be briefly introduced. Rallies and meetings with open invitations are used when the purpose is to make sure that everyone feels included. The number of participants at open meetings tends to vary. In general, it is difficult to attract residents to this type of meeting unless the issue is something that strongly affects the residents. Targeted invitations to focus groups and dialog meetings are used as a way to reach both all residents and specific groups. These meetings have a much higher level of participation. The meetings can take place both at municipal and neighborhood facilities.

Other forms of interactions are township meetings, which are held in the townships around the main city of the municipality. At the meetings, to which everyone in the township is invited, questions and concerns of the residents are addressed. The municipalities also

have various kinds of councils, for example disability councils and senior councils, where the municipality can meet specific groups of residents.

Another form of interaction, where the purpose is to reach out to as many residents as possible, is when representatives from the municipality put up canopies or *stalls in public places.* A head of city planning uses this form of interaction from time to time and explains:

> We put up a canopy close to a grocery store or other meeting point. In this way we can be in direct contact with many different kinds of residents. My experience is that all kinds of people come and talk to us, even children and teenagers whom it is normally difficult to attract to open meetings. We have very interesting discussions, in close contact with residents.

Other times, the municipalities use existing networks, for example communities and athletic clubs, often in the nonprofit sector, to make contact with residents. To meet residents in this kind of situation is a way to meet residents on their own terms, which was stressed by several interviewees as an effective way to interact with residents.

The municipalities also use various kinds of surveys to get to know their residents. The interaction is limited, but the surveys can still give the municipality input that they can use in their services and in future contact with residents. Officials emphasize that they have digital contact with their residents in the form of e-mail, the web site and social media. This contact can be initiated by either the municipality or a resident. Citizen and service centers are services that have interaction with residents as their primary task. A citizen center can be compared to a customer service department, a place to which residents can turn to get answers to their questions.

A very important, and common, form of interaction is the daily interaction that takes place in municipal services at schools, nursing homes and cultural facilities such as libraries. Several interviewees, both elected officials and civil servants, refer to daily services and people working at these services when it comes to resident dialog. Another argument for not personally having daily contact with residents is that elected officials are the residents and that the residents are represented by them. As a municipal official puts it:

> Since we have elections every four years at which all residents over 18 have the right to vote, residents decide who should run the municipality and in that way the governance of the municipality depends on what residents want and their opinions. Officials are elected as representatives of the residents. And in that way we have good contact with residents.

To see elected officials as residents was however criticized by some of the interviewees, who claimed that this viewpoint tends to lead to weak resident dialog and that the municipality needs to meet all sorts of residents and not merely refer to elected officials as a source of resident support.

The spontaneous meeting is mentioned by half of the interviewees as a common, and effective, way to interact with residents. It is stressed that it is an advantage if you live in the municipality and/or participate in a lot of social events where you meet many people. Leading elected officials and civil servants also mention that they are known faces and local celebrities, which facilitates spontaneous interaction with residents. A leading elected official explains:

> I like the meeting. When I go outside the town hall, it should take an hour to cross the square. It should be interesting to stop and talk. I want that kind of dialog with the people living here and with local entrepreneurs and business owners. I like when people are both happy and disappointed and unhappy. It gives me a mission, I need to do something as an elected official.

Figure 2 offers an overview of how the municipalities work on creating interactions with their residents. Residents are a large and heterogeneous group of individuals. The municipality consists of elected officials, civil servants working at the various offices and a large group of municipal employees who are working at municipal services such as nursing homes, preschools, libraries and schools. The three groups of representatives of the municipality interact with the residents in different ways, which is
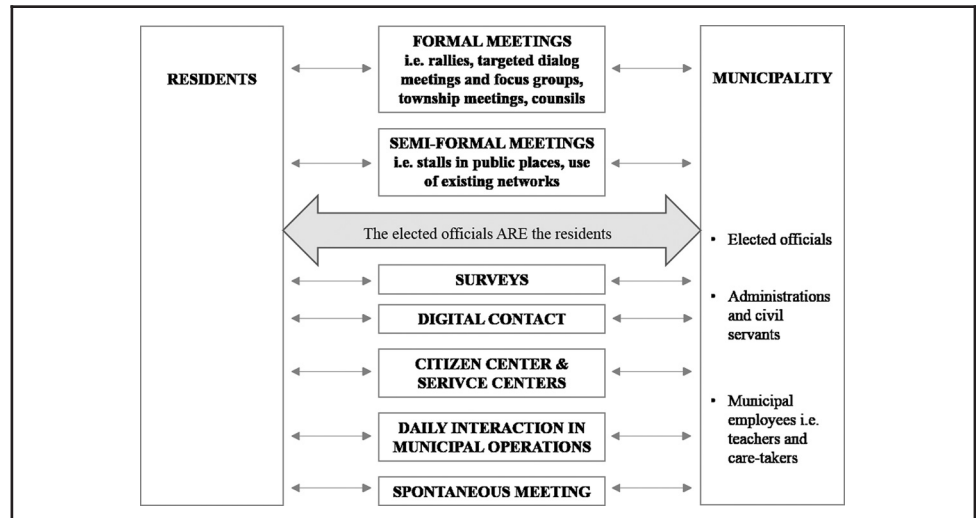
portrayed in the middle of the figure. A special kind of interaction is the democratic system, which means that the officials are elected to represent the residents, symbolized by the arrow in the figure.

To conclude, the municipality interacts with its residents in a variety of ways. Some ways are formal while other are informal. Many times residents take the initiative for interaction, but other times the municipality reaches out to residents. The interactions are more often unsystematic than systematic, and it was emphasized by several of the interviewees that the interactions could be better documented, and the insights and knowledge gained could be taken care of in a more systematic way by the organization.

Conclusions

In this study, the service-based logic is used as a theoretical framework to explore the role of the municipality and to describe how municipalities work on making their place good to live in. With the service-based logic as a foundation focus is turned toward the municipality as a value facilitator, who provides value propositions with the potential to become value-in-use, but also toward interactions. If interactions with a resident can be established, the municipality may have the opportunity to participate in the resident's vale creation process and thus assume the role of value co-creator (Grönroos, 2008; Grönroos and Voima, 2013; Vargo and Lusch, 2004). With the research model (Figure 1) as a starting point, the study reveals a number of value propositions which the municipality believe they offer their residents as well as give a picture of the joint sphere where interactions are created between the municipality and the residents.

The service-based logic tell us to include both value propositions and interactions, more traditionally thought of as resident dialog or citizen participation, in the study. To see resident dialog, i.e. interactions, as a way to create a good place to live is a meaningful way to approach the topic, also for practitioners. There seem to be a consensus within the municipalities concerning that resident dialog is important; however, there seem to be lacking agreement concerning why the dialog is important. According to the service-based logic, interaction, and resident dialog, is important because it is the only way for municipalities to be able to be a part of the residents' value creation. This study shows that service-base logic successfully can be applied to a place setting, and that it can help to reveal issues which would otherwise not have been noticed.

Interactions

The study reveals a myriad of interactions. The complexity of the situation is what stands out the most. Although the service-based logic emphasizes interactions (Heinonen *et al.*, 2010), the great variety concerning, for example, the initiator of the meeting, the form, the length and the depth of the interaction is still surprising. Complexity plays a large role also within urban governance where different forms of governance, i.e. "markets", "networks" and "hierarchies", occur in various blends (Hendriks, 2014). The complexity of the interactions needs to be considered and managed in a systematic and constructive way.

A part from revealing the complexity of the interactions, additional conclusions and implications concerning interactions can be drawn from the study. First, the lack of systematic segmentation of the residents makes the interactions less efficient and effective. The research model stresses that every resident is unique with a personal sphere in which (s)he creates value which makes it important for the municipality to get to know, and interact with, as many residents as possible (Heinonen *et al.*, 2010). Due to the large number of residents, it is however necessary for the municipality to work on segmentation and identify various groups of residents with similar needs and personal spheres. The municipalities in the present case have not done any systematic segmentation of their residents. Many forms of interaction are directed at the entire group of residents: for example, rallies, township meetings, stalls in public places and citizen centers. An advantage of targeting everyone is that no one will feel excluded. However, the risk is that no one will feel included either. The study shows that the municipalities experience difficulty in getting their residents involved at open meetings, etc. The study also shows that open invitations tend to attract a certain kind of resident while missing other groups. Municipalities would benefit from working more systematically on segmentation, making sure that all kinds of residents are included in a segment. This would give the municipality a greater opportunity to influence value creation by all residents, both in interaction and by offering value propositions that residents want.

Second, the study also shows that much of the interaction is due to the resident having approached and sought contact with the municipality – for example, through the citizen center or by approaching elected officials and civil servants and creating spontaneous interaction. A spontaneous meeting is a very important supplement to more formal interaction. The citizen center, which has interaction with residents as its primary task, does not currently have any outreach activities. To make sure that the municipality supports and works for all of its residents, not only active residents, the citizen center could be given the responsibility of working on segmentation of residents and actively reaching out to residents as a supplement to its current customer service-oriented tasks.

Third, many of the more profound interactions between the municipality and its residents seem to take place at daily services, such as schools and assisted living facilities. This is a very important form of interaction by which the municipality is given the opportunity to co-create value together with its residents. It is important that this daily contact be seen as interaction and given high priority, and that employees of schools, etc., are trained in the importance of a personal meeting. It is also important that the knowledge and understanding created at daily services be taken care of in a systematic and effective way so that the information can be shared and used in other parts of the municipal organization. The municipal organization is a complex and large network consisting of elected officials and civil servants working at various offices, as well as a large number of municipal employees at the various services. The various groups of people in the organization experience very different opportunities when it comes to interacting with residents. Knowledge sharing within the organization is thus central, especially as the study shows that many deep interactions with residents take place far from the centers of power.

Value propositions

Apart from exploring how a municipality interacts with its residents, the current paper offers insight into what value propositions the municipalities believe they offer their residents. The current study shows that the geographical location and the natural environment, basic and essential services, accommodations, urban quality, recreation and leisure and ambience constitute important dimensions in the place offering. There are similarities between what is emphasized as important by the interviewees in the current study and the two most frequently used and citied indices of resident place satisfaction (Insch and Florek, 2010; Zenker *et al.*, 2013). For example, recreation and leisure and natural environment are parts of both the current study and established scales. The indices focus, however, on evaluating cities rather than municipalities, and thus neglect aspects that are stressed as important in the current study. A typical Swedish municipality has residents in a city, in townships and in the countryside that seem to influence what value propositions are emphasized as being important. In this case, the municipality's geographical location and access to city life are seen as important value propositions, while they are neglected, or assumed, in the established indices.

The study also shows that the municipalities believe that the larger picture and the complete offering of value propositions are just as important as the quality of individual value propositions. It is also emphasized that the range of the value propositions is important. This view of what ought to be offered to residents fits well with service-based logic, as this theoretical framework emphasizes that value propositions have no usefulness on their own (Grönroos, 2008; Heinonen *et al.*, 2010). Value is created by a resident when (s)he uses the propositions, which implies that the combination of propositions and how they fit together is crucial for a resident to be able to create any real value out of them. In studies concerning how residents perceive their place, this overarching perspective is important and must thus be included in these kind of studies.

As a final note, to study how value is created in a place setting by combining what is offered, i.e. value propositions, with how dialog and interactions are used, would offer an interesting perspective also in, for example, a destination and tourist setting. Issues such as the complexity of interactions, the strong need for segmentation and the dual focus on high-quality unique offerings as well as an attractive range of offerings, ought to be relevant also in other contexts.

Future studies

Although the municipality as a place provider is important for the understanding of a good place to live, residents and how they perceive the context is crucial for a complete understanding. The perspective of residents will be described in a separate research report. This paper accounts only for the municipality's contribution to value creation by its residents.

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