

Value Proposition Dynamics in Response to External Event Triggers

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Abstract

In light of recent calls for adopting a dynamic perspective on value propositions, this paper investigates value proposition dynamics - i.e., strategic moves made by firms to further develop and/or change their value propositions - in response to external event triggers. External event triggers are disturbances emitted from the macro-environment that challenge the status quo of one or more market actors and/or the industry in which they are embedded. This paper provides a framework that describes the characteristics of external event triggers as well as the elements and strategic dimensions of value proposition dynamics. The relevance of this framework is illustrated by exemplars and case vignettes from the accommodation industry with regard to two external event triggers: human trafficking awareness and the COVID-19 pandemic. We conclude with a guide for practitioners on how the value proposition dynamics framework can be used to increase their firm's ability to survive and thrive.

Keywords value proposition; external event trigger; macro-environment; modern slavery; COVID-19; hospitality

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1. Introduction

When Iberostar reopened its hotel properties after the first COVID-19 lockdown in the spring of 2020, the company emphasized that it was working on “hygiene, security and health for its different destinations”. Likewise, Huttopia promoted its “reinforced hygiene measures” and “exclusive health risk certification”. Suddenly, hygiene and health were at the forefront of firms’ value propositions, and a range of safety signals were adopted to communicate this shift to customers (Bove & Benoit, 2020). History shows that value propositions often change as a result of an external environmental force. For example, hotels highlight their towel reuse programs and energy-saving light bulbs in accordance with customers’ growing concerns about climate change (Jones, Hillier, & Comfort, 2014). Indeed, changes in the macro-environment – such as pandemics, climate change, financial crises, and technological advances – often require firms to alter their value propositions in dynamic ways.

A value proposition is defined as “a strategic tool facilitating communication of an organization's ability to share resources and offer a superior value package to targeted customers” (Payne, Frow, & Eggert, 2017, p. 472). Over the last decade, research on value propositions has evolved conceptually (e.g., Frow & Payne, 2011; Payne et al., 2017) and empirically (e.g., Leroi-Werelds, Streukens, Van Vaerenbergh, & Grönroos, 2017; Skålén, Gummerus, Von Koskull, & Magnusson, 2015). Although some researchers have explicitly referred to the dynamic nature of value propositions (e.g., Day, 2020; Payne, Frow, Steinhoff, & Eggert, 2020), surprisingly little research has delved into external event triggers i.e., disturbances emitted from the macro-environment that challenge the status quo of one or more market actors and/or the industry in which they are embedded. Notable exceptions include studies on how the COVID-19 crisis necessitated adaptations of the business model -

including the value proposition (e.g., Ritter & Pederson, 2020) - as well as research emphasizing the importance of business recovery after a natural disaster (e.g., Morrish & Jones, 2020). However, none of these studies provide insight into value proposition dynamics - that is, strategic moves made by firms to further develop and/or change their value propositions - in response to external event triggers. The purpose of this paper is to address this gap in the literature.

To achieve this goal, this paper offers a framework that explains the characteristics of external event triggers as well as the elements and strategic dimensions of value proposition dynamics. In doing so, this paper makes a number of theoretical contributions. First, by providing a comprehensive framework of value proposition dynamics, we answer recent calls for a dynamic rather than static perspective on value propositions (Day, 2020; Wieland, Hartman, & Vargo, 2017). The relevance of this framework is - as suggested by Rintamäki and Saarijärvi (2021) - illustrated by exemplars and case vignettes. These illustrations stem from the accommodation industry, which has been vulnerable to a multitude of external event triggers such as terrorist attacks, bushfires, climate change, technological advances, pandemics, and financial crises (Jiang, Ritchie, & Verreynne, 2019; Sigala, 2020).

Following the wide variety of external event triggers, we apply the characteristics of waves - derived from the physics literature - to characterize external event triggers identified in the literature (e.g., Ritchie et al., 2004). By doing so, this research offers a novel perspective to the extant literature on macro-environmental forces. Specifically, the characteristics of external event triggers proposed in this paper (i.e., period, frequency, amplitude, and velocity) go beyond thematic categorizations (e.g., DESTEP/PESTLE) and focus not only on the threats of external event triggers but also on the opportunities they can provide (cf. Gundel, 2005; Ritchie, 2004).

Finally, by concentrating on value proposition dynamics, this research contributes to a better understanding of (service) innovation (Gustafsson, Snyder, & Witell, 2020). Although prior research has already linked value propositions and innovation (Skålén et al., 2015), our framework contributes to this research by describing value proposition dynamics in terms of its key elements (i.e., *what* changes) and its strategic dimensions (i.e., *how* it changes) in reaction to external event triggers.

2. Value propositions

2.1 The value proposition concept

Vargo (2020) proposes two paths to conceptualizing value propositions. The first path involves firm-initiated conceptualizations focusing on a firm's promise making and communication, relying on the assumption that value is embedded in an offering and can be delivered to the customer. For instance, Rintamäki, Kuusela, and Mitronen (2007, p. 624) defined a value proposition as "an encapsulation of a strategic management decision on what the company believes its customers value the most and what it is able to deliver in a way that gives it competitive advantage". Similarly, Frow and Payne (2011) described a value proposition as a firm's offering to customers based on a promise of benefits that customers will obtain during and after usage. Taken together, these conceptualizations imply that firms can control, design, and communicate value propositions (Vargo, 2020).

The second path includes experiential conceptualizations which emphasize that value propositions are co-created among actors and are not completely controlled by the firm. According to this perspective, value propositions are not the sole property of the firm but are "perceived or anticipated, subjective experiences, of a (potential) beneficiary, rather than something that is designed and offered, much less promised, by one actor to another" (Vargo, 2020, p. 310). However, this does not mean that firms cannot communicate value

propositions, but rather that their role is about participating instead of promising and providing (Vargo, 2020).

In this paper, we build on the conceptualization of Payne et al. (2017) who define the value proposition as “a strategic tool facilitating communication of an organization's ability to share resources and offer a superior value package to targeted customers” (p. 472). This definition was chosen because it acknowledges that firms can participate in the creation of the value proposition but do not have full control. Accordingly, this definition reconciles the firm-initiated and experiential conceptualizations of value propositions. Furthermore, Payne et al. (2017) concisely define the value proposition concept based on a detailed examination of the literature, sound theoretical foundations, and a clear distinction from other concepts (e.g., unique selling point). This is crucial given that existing literature is fragmented, and the value proposition concept is often loosely applied (Payne et al., 2017). Additionally, this definition takes a strategic view, acknowledging that value propositions are meant to “capture and reflect important marketing strategy decisions” (Payne et al., 2017, p. 477). This view is consistent with our goal of understanding how firms strategically adapt their value propositions in response to external event triggers.

2.2 Value proposition elements

According to Payne et al.'s (2017) definition, value propositions contain five interrelated elements: (1) communication; (2) resources; (3) a value package; (4) beneficiaries; and (5) superiority. First, a value proposition is a tool to *communicate* information about the firm's offering. However, it is much more than an operational promotional tool: it is a strategic communication device expressing the organization's core strategic decisions to customers and other stakeholders (Payne et al., 2017). Further, when considering the value proposition, it is important to note that firms can only share *resources* that have potential value to the

beneficiary, since it is the beneficiary who creates real value by integrating resources from market-facing, public, and private sources (Leroi-Werelds et al., 2017; O’Cass & Sok, 2015).

The *value package* includes the benefits and costs related to the offering (O’Cass & Sok, 2015; Payne et al., 2017). In the accommodation industry, for instance, benefits include the positive aspects of staying in a hotel (e.g., convenience, enjoyment, ecological/societal benefits), while costs involve the negative aspects (e.g., price, physical risk, privacy risk). When developing a value package, it is important to specify who will derive value from the offering (Payne et al., 2020). The organization needs to specify the *beneficiaries*, their “life situations, available resources and capabilities, challenges, and goals” (Payne et al., 2017, p. 476). The objective of the firm is to offer an attractive value package that is *superior* to that of competitive offerings for the focal beneficiaries (O’Cass & Sok, 2015; Payne et al., 2017).

The aforementioned value proposition elements are - in line with the dynamic perspective on value propositions - not static but subject to change. While a static perspective mainly focuses on a firm’s existing resources (i.e., a resource-based view), a dynamic perspective takes the changing nature of the business environment into account, including its contextual turbulence (Day, 2020; Hunt & Madhavaram, 2019; Rintamäki & Saarijärvi, 2021).

3. External event triggers

According to the dynamic perspective on value propositions, external event triggers are highly relevant, as they may motivate firms to adapt their value propositions. To gain insight into the macro-environment, researchers often use a DESTEP-analysis including demographic, ecological, socio-cultural, technological, economic and political-legal factors (e.g., Osseweijer, van Den Hurk, Teunissen, & van Sark, 2018), or a PESTLE-analysis including political, economic, social, technological, legal, and ecological factors (e.g., Mir & Mir,

2019). Such macro-environmental factors become external event triggers when they challenge the status quo of one or more market actors and/or the industry in which they are embedded. However, not all external event triggers are alike with regard to their effects on the status quo. Following a review of the literature on external event triggers to identify their key characteristics (e.g., Ritchie et al., 2004; Johnstone, Saridakis, & Wilkinson, 2019), we propose that external event triggers are similar to waves. Indeed, the physics literature (e.g., Sanghera, 2011) describes waves as disturbances that transfer energy from one point to another which can create changes of pressure in various ways (e.g., a sound wave creates a change of pressure in the air). In a similar vein, external event triggers create energy that prompt value proposition dynamics because of changing pressure on organizations. Therefore, we characterize external event triggers - as detailed below - by means of the wave characteristics: period, frequency, amplitude, and velocity (see Figure 1).

Insert Figure 1 about here

Period is defined by the amount of time between the arrival and departure of the external event trigger and may range from short to enduring. Indeed, some external event triggers such as natural disasters last a couple of days or weeks, while other external event triggers such as climate change are measured in decades and even centuries (Pinner, Rogers, & Samandari, 2020).

Frequency relates to the number of times an external event trigger is likely to occur over a given period of time. Some external event triggers occur frequently (e.g., hurricanes in Florida), which makes them - to some extent - expected and predictable (Gundel, 2005). Other external event triggers occur infrequently (e.g., a pandemic) and can be considered ‘shocks’ that unexpectedly disrupt the market (Voorhees, Fombelle, & Bone, 2020).

Amplitude refers to the maximum amount of disturbance during the external event trigger. Amplitude is high when the external event trigger has a severe impact on market actors and/or an industry (e.g., COVID-19 threatening the survival of travel agencies). For other external event triggers, the impact is relatively low (Burnett, 1998), such as the impact of an ageing population on the accommodation industry.

Velocity is the speed with which the external event trigger develops. Some external event triggers occur very quickly with little warning (e.g., a terrorist attack) and immediate actions are required (Burnett, 1998). However, other external event triggers evolve slowly (e.g., technological advances) giving market actors and/or industries time to adapt.

With regard to external event triggers, there are two additional aspects that must be mentioned. First, the impact of an external event trigger is industry-specific. For instance, while COVID-19 had a large impact on the hospitality industry (i.e., high amplitude), its impact on the construction industry was rather limited (Ritter & Pedersen, 2020). Second, external event triggers can influence one another. For instance, climate change (i.e., the ecological fact that there are long-term changes in weather patterns defining the earth's climate) leads to climate change awareness (i.e., the social-cultural trend that the general public is becoming more aware of climate change) and to the introduction of legislation (i.e., political-legal actions taken by governments to reduce climate change).

4. Framework of value proposition dynamics

When firms make strategic moves to develop and/or change their value propositions in response to an external event trigger, they can change one or more of the value proposition elements (i.e., communication, resources, value package, beneficiaries, superiority). In line with the strategic perspective on value propositions (Rintamäki & Saarijärvi, 2021), we contend that adaptations of the value proposition elements (i.e., *what* changes) reflect

different strategic decisions. Specifically, the value proposition literature - in combination with exemplary cases from the hospitality industry - suggests that these decisions vary according to five strategic dimensions (i.e., *how* it changes): strategic planning, strategic pace, strategic horizon, strategic stretch, and strategic scope. Additionally, this literature along with the exemplary cases suggest that the likelihood of value proposition dynamics in response to external event triggers is also shaped by the firm's dynamic capabilities and value priority changes among customers and other stakeholders. The next sections detail these topics, which are summarized in Figure 2.

Insert Figure 2 about here

4.1. Strategic dimensions of value proposition dynamics

Strategic planning implies that adapting the value proposition can be planned or unplanned. While some external event triggers may suddenly and disruptively overwhelm any previous strategic agenda of a firm, other external event triggers may rise to the agenda in an expected and predictable way (Heinonen & Strandvik, 2020; Pinner et al., 2020). In the latter case, value proposition adaptations can be planned. This is true for short (e.g., frequently occurring natural disasters such as hurricanes in Florida) as well as enduring (e.g., climate change awareness) external event triggers. The monitoring of long and slowly developing external event triggers is often seen as an impetus for strategic planning; thereby explaining why trend monitoring systems are omnipresent (Gružauskas, Kriščiūnas, Čalnerytė, Navickas, & Koisova, 2020). Firms can adapt their value propositions to keep up with a trend in an incremental and somewhat passive way, or they can proactively change their value propositions faster than the industry average (Kim & Mauborgne, 2014). Iberostar, for

instance, purposely positions itself as a benchmark for sustainable tourism and proactively adds ecological benefits to its value package (Iberostar, 2020).

However, when an external event trigger happens infrequently and quickly (e.g., a pandemic), proactive planning is not a valid option and unexpected changes in the value proposition may be needed (Ritter & Pedersen, 2020). This can lead to so-called ‘imposed service innovations’ (Heinonen & Strandvik, 2020). For instance, many hotels and restaurants started to provide takeaway and drive-through options as a response to the COVID-19 pandemic.

Strategic pace implies that the value proposition change can be implemented immediately or gradually. In the case of a quickly developing external event trigger with a high amplitude, firms must instantly adapt their value propositions in order to survive (Heinonen & Strandvik, 2020; Pinner et al., 2020). When considering long and slowly developing external event triggers (e.g., technological advances) there is less urgency and firms can initiate value proposition adaptations at their own discretion (Heinonen & Strandvik, 2020).

Strategic horizon refers to whether the change is temporary or permanent (Heinonen & Strandvik, 2020). While a firm can adjust the value proposition as a reaction to an external event trigger, this adjustment can be temporary in nature (Ritchie, 2004; Ritter & Pedersen, 2020). For instance, the majority of accommodation providers temporarily reduced room rates during the global financial crisis of 2007-2008 (Kim, Roehl, & Lee, 2019). However, history shows that even short external event triggers can fundamentally reshape policies, beliefs, and behaviors for the long-term (Reeves, Carlsson-Szlezak, Whitaker, & Abraham, 2020). For example, the terrorist attacks of 9/11 transformed travel security protocols, and consumers accepted increased levels of screening and surveillance in the interest of safety (Reeves et al., 2020). In this case, the value proposition changes became permanent.

Differences between temporary and permanent changes in value propositions are also apparent when considering slowly developing external event triggers (e.g., technological advances). Although most adaptations are intended to be permanent (e.g., increasing use of smart room technologies in the accommodation industry), some firms ‘experiment’ with adapting their value proposition. For instance, robots that were employed by some hotels were removed because they were not meeting expectations (Shead, 2019).

Strategic stretch relates to the resources and capabilities needed to support a ‘new’ value proposition (Heinonen & Strandvik, 2020). In some instances, the strategic stretch is small as the organization can draw on existing resources and capabilities. However, in other instances, the strategic stretch is large because the adaptation of the value proposition requires new resources and capabilities. For example, if an accommodation provider wants to become a technological pioneer, it must invest in new resources and capabilities, such as robotics and artificial intelligence (Law, Leung, & Chan, 2020), or collaborate with partners who have the necessary resources and capabilities to support the value proposition (Rauch, 2019).

Strategic scope relates to the extent to which firms alter their value proposition for multiple stakeholders at the same time. Specifically, the firm can make adaptations (e.g., invest in sustainability) that not only change the customers’ value proposition but also the value proposition aimed at other stakeholders such as employees, suppliers, investors, government bodies, media, and even competitors (Frow & Payne, 2011).

4.2 Likelihood of value proposition dynamics

As shown in Figure 2, the likelihood that an external event trigger results in value proposition dynamics is governed by more than the characteristics of the external event trigger. In line with the dynamic capabilities view, a firm needs to sense contextual changes - that could be threats or opportunities - and respond to these changes by combining and transforming

existing resources and/or adding new resources, which may even lead to a new business model (Day, 2020; Schmidt & Scaringella, 2020). Hence, the dynamic capabilities of the firm also play a role. Furthermore, value priority changes among customers and other stakeholders can encourage value proposition dynamics. Indeed, firms are more likely to adjust their value propositions when customers and/or other stakeholders change their value priorities - that is, the benefits and costs that customers and other stakeholders prioritize when evaluating offerings and making decisions (Day, 2020; Rintamäki & Saarijärvi, 2021).

Extant research, however, suggests that these value priority changes can - like value proposition dynamics - be triggered by external events. For example, in times of terrorist threats, customers are willing to pay a higher price for accommodation because higher prices signal quality and security, mitigating perceived risk (Walters, Wallin, & Hartley, 2019). Similarly, value priorities among employees shift toward self-protection and job security during global financial crises (Johnstone et al., 2019). Governments' value priorities may also change in response to external event triggers as reflected in changing policies and regulations (Ritchie, 2004). New legislation or regulation can even act as an external event trigger in its own right (e.g., Modern Slavery Act; COVID-19 lockdowns). Finally, value priority changes of other firms in the industry may affect the likelihood of value proposition dynamics in the focal firm. For instance, if a firm's competitors prioritize climate change and sustainability, this can put pressure on the firm to follow suit (Jones et al., 2014).

In some cases, value priority changes among customers and other stakeholders may even result in direct requests to firms to adjust their value proposition. For example, the University of South Carolina took the initiative to lease 132 rooms at Marriott's SpringHill Suites to quarantine students living on campus who tested positive for COVID-19 (Holdman, 2020). Similar examples can be found across the globe where customers and other

stakeholders have requested hotels to reinvent themselves as emergency housing, schools, wedding halls, homeless shelters, and office spaces during the pandemic (Hughes, 2020).

Finally, it is important to note that feedback loops can exist between value proposition dynamics, external event triggers, stakeholders' value priorities, and firm's dynamic capabilities. For instance, in 2018 Iberostar launched its 'Waves of Change' program which is "Iberostar's ambitious commitment to the oceans and leading responsible tourism" (Wave of Change, 2021). As such, Iberostar not only adapted its own value proposition, but also sought to increase climate change awareness and change stakeholders' value priorities. Furthermore, COVID-19 has 'forced' firms to engage in value proposition dynamics, which can impact their dynamic capabilities (Heinonen & Strandvik, 2020). Specifically, various companies shifted towards a more agile approach in order to shorten the lead time between changes in customers' value priorities and the firm's response (Krishnan, Seitzman, & Wittkamp, 2020).

5. Value proposition dynamics exemplars

This section describes human trafficking awareness and the COVID-19 pandemic as examples of external event triggers disturbing the accommodation industry. Specifically, we explain their characteristics and use two case vignettes to discuss the corresponding value proposition dynamics (see Table 1 and Web Appendix for additional insights).

Insert Table 1 about here

5.1 Human trafficking awareness

More than 25 million people are trafficked globally each year for the purpose of sexual slavery or forced/coerced labor, and evidence indicates that up to 75% of them were in hotels at some point during their trafficking experience (Polaris, 2020). However, while human

trafficking has been an unfortunate part of the macro-environment for a very long time, widespread *awareness* of the phenomenon in the accommodation industry has only emerged over the last decade. Accordingly, in the same way that climate change differs from climate change awareness in the nomenclature of external event triggers, so too is human trafficking different from an industry-level awareness of the trafficking problem. As an external event trigger that challenges the status quo of the accommodation industry, human trafficking awareness has a larger amplitude and a higher velocity than human trafficking itself; covers a medium-term period of time; and has a high, but variable frequency (as awareness can ebb and flow cyclically and regionally across the accommodation industry).

In light of growing human trafficking awareness in the accommodation industry, corporate accounts, organizational buyers and meeting planners - often representing hundreds or even thousands of potential room nights for a given hotel - have changed their value priorities. Specifically, they expect hotels to demonstrate a commitment to anti-human trafficking before they will accept requests for proposals for the incredibly valuable business they represent (Hatch, 2012). Several hotels have adapted their value propositions to show their commitment. Furthermore, growing awareness and changing value priorities among policymakers resulted in another external event trigger - that is, human trafficking legislation - which has serious legal implications for hotels that facilitate these crimes, either knowingly or unknowingly (Airoldi, 2020).

5.1.1 Case vignette: Marriott International

In 2016, Marriott began a strategic shift in the fight against human trafficking in the accommodation industry when it launched its Global Human Trafficking Training Awareness Program. Recognizing the essential role that employees play in identifying and reporting possible instances of human trafficking, Marriott made trafficking awareness training

mandatory for all front desk and housekeeping employees. Given the inseparability of front-line employees in hospitality service provision, such efforts reflect a change in the resources of Marriott's value proposition.

In addition to training its own employees, Marriott has made all of its training materials, signage, and other anti-trafficking content publicly available. This content is unbranded, open sourced, and free to any company that wishes to adopt it. Marriott began this process in 2016 by donating its training program to the American Hotel and Lodging Association Educational Institute. Thus, from a value proposition standpoint, Marriott has elected not to leverage its stance on human trafficking to change its attractiveness relative to its competitors. Instead, it has chosen to make industry change and collaboration a value priority.

Marriott has also made its guests a part of its efforts to keep traffickers out of its hotels. In 2018, the company launched its 'A Million Eyes' video as a public service announcement to communicate the role that all Marriott stakeholders play in the effort to "stop human trafficking in its tracks" (Marriott, 2020). The goal of this campaign is twofold: (1) reinforcing the importance of trafficking awareness as an ongoing process that does not end upon completion of employee training, and (2) making Marriott guests partners in the company's efforts to eradicate human trafficking. Other aspects of this company-customer partnership can be found in customer-facing anti-trafficking signage that is placed strategically in public areas of Marriott's properties.

Finally, Marriott has communicated its position against human trafficking in a number of ways, including specifically addressing the issue in its human rights policy statement (Marriott International, 2019). The company also signed The End Child Prostitution and Trafficking Code of Conduct (often referred to as simply 'The Code') in 2018 and was named a top 20 member in 2020 (The Code, 2021).

5.1.2 Case vignette: Hilton Hotels

Hilton Hotels is a strong advocate for the elimination of human trafficking in the accommodation industry and engages in a number of strategic initiatives that affect its value proposition to its customers as well as its suppliers. The company emphasizes the importance that its guests place on doing business with a hotel that is committed to doing the right thing. For example, Hilton recognizes that, while major sporting events are important drivers of demand for its properties, there is often an increase in the incidence of trafficking surrounding such events. In an effort to eliminate the opportunities for trafficking that come with large events, Hilton has partnered with the 'It's a Penalty' organization to create trafficking awareness and training for its guests so as to identify the signs of human trafficking. This partnership emphasizes employee training, customer communication (e.g., through posted signage), and even an anti-trafficking public service announcement featuring Liam Neeson, well-known for his roles in trafficking-based films, as the spokesperson (It's a Penalty, 2021).

Hilton also focuses on eliminating trafficking within its supply chains (Hilton Slavery and Human Trafficking Statement, 2019). All of the company's suppliers, including those that provide contracted labor and hotel construction services are required to acknowledge Hilton's Code of Conduct (Hilton Code of Conduct, 2017), which includes a human rights statement that specifically prohibits the use of forced labor. To ensure compliance with these imperatives, the company has instituted mandatory audit programs for outsourcing agencies (2016) and risk assessments/audits for suppliers and recruiting agencies (2019).

Hilton also emphasizes finding the right moment to draw maximum attention to human trafficking, which is reflected in its communication. For example, regarding the implementation of the sex trafficking awareness campaign in association with the 'It's a Penalty' organization, The Super Bowl represents an opportunity to reach a large audience at

a time when trafficking potential is relatively high (It's a Penalty, 2021). Similarly, Hilton recognized the announcement of Qatar as the 2022 host of the World Cup as an opportunity to focus on labor trafficking in the Gulf States. Accordingly, their partnership with the International Labour Organization allowed them to ensure that Hilton-related development surrounding this event was not associated with forced labor (International Labour Organization, 2020). Such initiatives increase the attractiveness of Hilton's value proposition to international travelers who want to be certain that they are not patronizing hotels that help facilitate trafficking.

For Hilton, the goal of partnerships is not only to create awareness about trafficking, but also to help strengthen the organizations that are on the frontlines by being champions for them (Hilton Slavery and Human Trafficking Statement, 2019). These partnerships affect Hilton's value package as well as the attractiveness of its market offering, especially for meetings and large events. For example, in 2013, Hilton partnered with Vital Voices to create the Global Freedom Exchange (GFE). The GFE leverages female leadership around the world to create networks and shared resources that are used to reduce trafficking and hold traffickers accountable. In addition, Hilton has also communicated its commitment to fighting human trafficking by cofounding and partnering with several other initiatives including the UK Stop Slavery Hotel Industry Network (2016), the World Travel and Tourism Human Trafficking Task Force (2019), and the UK Gangmasters and Labour Abuse Authority (2019).

5.1.3 Case comparison

Marriott and Hilton's value proposition dynamics in response to human trafficking awareness reflect similarities and differences (see Table 1). In both cases, the value proposition shifts represent carefully planned and mostly permanent changes. Furthermore, all changes were gradually taken and were implemented at the companies' own discretion. Overall, the

strategic stretch is relatively large for both companies, given the immense costs of continuous training for employees. Finally, the strategic scope is variable. For example, Marriott's approach to addressing trafficking initially emphasized its employees, while Hilton's attention was directed to its supply chain. However, as the associated value proposition shifts have progressed for each company, both Marriott and Hilton are now attending to employees, suppliers, and customers, often in collaboration with each other through corporate communication and resource sharing.

5.2 The COVID-19 pandemic

The COVID-19 pandemic reflects a quickly developing event trigger which is expected to have a relatively short period (1.5 years at the time of this writing), similar to other pandemics such as the flu pandemic of 1918 and the H2N2 pandemic of 1957 (WHO, 2021). Regarding frequency, global pandemics appear to be a relatively infrequent phenomenon with a total of five significant respiratory pandemics acknowledged by the World Health Organization since 1918 (WHO, 2021). However, it is important to note that the amplitude of global pandemics can vary greatly, also depending on the industry under consideration.

The COVID-19 pandemic had a very severe impact (i.e., high amplitude) on the accommodation industry (Sigala, 2020). In most countries, hotels could stay open during the pandemic but the number of customers decreased dramatically. The pandemic resulted in value priority changes among various stakeholders, including customers, employees and governments. Overall, value priorities shifted towards reducing physical risks to avoid contamination (Krishnan et al., 2020), which may remain a top priority until the pandemic passes and/or global vaccination has taken place. Until then, customers and employees may continue to prefer contactless activities (Charm, Coggins, Robinson, & Wilkie, 2020) and flexible cancellation policies (Krishnan et al., 2020). While most of these value priority

changes are driven by fear of contamination and governmental directives – and are thus temporary - others (such as greater convenience and flexibility) are more likely to be permanent (Jacobides & Reeves, 2020).

5.2.1 Case vignette: Hilton Hotels

In April of 2020, Hilton communicated that it would explicitly add health and safety to its value package by introducing a new program called ‘Hilton CleanStay’ focusing on “a cleaner stay from check-in to check-out”. To develop the program, Hilton collaborated with the Mayo Clinic’s Infection Prevention and Control team and Reckitt Benckiser, a company that specializes in developing hygiene products, including Lysol and Dettol. The Hilton CleanStay program focuses on cleanliness that is visible to customers throughout their entire hotel experience (from check-in to check-out and everything in between) and includes clear, rigorous and transparent cleaning protocols related to hotel rooms, housekeeping, public areas, restaurants, and events. Hilton explicitly communicated these protocols, including a video about how guest rooms are cleaned (Hilton, 2020).

Furthermore, Hilton started to encourage guests to choose a contactless experience by using its existing app to check-in, access the hotel room, and check-out. The company also added a new video about the app on its website to make sure guests knew how to use it. Finally, Hilton changed some of its existing services to enhance health and safety. Specifically, the company made it possible for guests to schedule housekeeping services whenever it was convenient for them; redesigned its restaurants to guarantee physical distancing; and introduced more take-out and in-room food services (Hilton, 2020).

5.2.2 Case vignette: Le Bijou

In March of 2020, the Swiss luxury hotel Le Bijou started offering ‘quarantine apartments’ and ‘COVID-19 service’, including healthcare services such as an in-room COVID-19 test and 24/7 personal health monitoring. To do this, Le Bijou partnered with Double Check Zurich, one of the most exclusive private clinics in Switzerland. All meals could be ordered via an app and delivered to the guest’s apartment. A personal chef followed the highest healthcare standards when preparing meals and created a menu to support guests’ health (Le Bijou COVID-19 Service, 2020).

To support this ‘new’ value proposition, Le Bijou built on its ‘contactless living’ philosophy which has been there from its inception in 2011. Specifically, Le Bijou was originally conceived as a hotel that allows guests to avoid human contact employing the tagline “hotel service, without the other hotel guests”. There is no reception, no restaurant, no lobby, and guests use the so-called ‘James app’ as a remote control to order laundry, in-room dining or simply ask for information. Thus, it was not too much of a stretch to launch a COVID-19 package. According to Le Bijou’s CEO, Alexander Hubner, “We looked at what advantages a hotel like ours has in this new environment and came up with COVID-19 Luxury Quarantine. We tapped into a new audience: elderly locals who want to have 24/7 assistance and supervision” (Entrepreneur, 2020).

5.2.3 Case comparison

Both accommodation providers had to make unplanned and immediate changes to their value proposition. While Hilton focused on introducing a new and permanent program to enhance its value package, Le Bijou immediately but temporarily changed its value package as well as its targeted customers. Both companies collaborated with partners to support their adapted value proposition, because of a lack of medical expertise and resources. However, the

strategic stretch for Hilton was larger than for Le Bijou, because the latter was already ‘built’ on a contactless living philosophy. For the same reason, the strategic scope of Hilton’s changes in the value proposition was larger because the introduction of the CleanStay program also enhanced the value proposition for (potential) employees, investors, and suppliers.

6. Conclusion

The aim of this paper was to increase the theoretical understanding of value proposition dynamics in response to external event triggers. Consequently, we provided a comprehensive framework designed to help researchers, practitioners, and policy makers to better understand responses to external event triggers in terms of value proposition shifts.

6.1 Theoretical implications

Following MacInnis (2011), this paper makes three conceptual contributions. First and foremost, it offers a *revised perspective* on the value proposition concept. Specifically, we answer Day’s (2020) call for a dynamic perspective on value propositions. Within this perspective, we *identify* “value proposition dynamics” as a new concept which we define as “strategic moves made by firms to further develop and/or change their value propositions”.

Second, by *delineating* value proposition dynamics, we advance the understanding of (service) innovation. Although prior research has already linked value propositions and innovation (Skålén et al., 2015), our paper contributes to this research stream by describing value proposition dynamics in terms of its key elements (*what* changes) and its strategic dimensions (*how* it changes) in light of external event triggers. Specifically, the exemplary cases suggest that external event triggers with high velocity and a relatively short period - like COVID-19 - are more likely to result in immediate and unplanned changes to the value

proposition, whereas the opposite holds for external event triggers like human trafficking awareness that gradually develop over a longer period of time. If the period increases, firms also have more time - as implied by the cases - to alter their value proposition for multiple stakeholders at the same time. The case evidence also hints at mostly permanent alterations when value proposition shifts are more gradual and planned. Sufficient amplitude, however, may also explain the emergence of value proposition shifts.

Third, the *differentiation* of external event triggers based on their characteristics that are borrowed from the physics literature on wave characteristics provides a more nuanced understanding of value proposition dynamics. Specifically, we characterize external event triggers in terms of period, frequency, amplitude, and velocity. In contrast to most existing literature, these characteristics go beyond thematic categorizations (cf. DESTEP/PESTLE) and do not only focus on the threats of external event triggers, but also the opportunities they can provide (cf. Gundel, 2005; Ritchie, 2004). As such, they pave the way for future research on how characteristics of external event triggers shape value proposition dynamics.

6.2 Managerial implications

Figure 3 offers a step-by-step guide on how firms can employ the proposed framework. After thoroughly assessing the characteristics of the external event trigger, firms examine how value priorities of their stakeholders have changed. Subsequently, the firm reflects by listing and evaluating different options. Once potential options have been determined, the firm needs to decide how to proceed. After the decision has been made, the firm moves to the implementation phase. The final step revolves around making sure that feedback loops are in place so the firm can learn from its actions and proactively plan for other external event triggers in the present or future.

Insert Figure 3 about here

6.3 Future research suggestions

To conclude, we propose some avenues for future research. First, future research can engage in a systematic investigation of the ways in which external event triggers with different characteristics in terms of period, frequency, amplitude, and velocity affect value proposition dynamics, both in terms of adaptations of the value proposition elements (i.e., communication, resources, a value package, beneficiaries, and superiority) and how these elements are adapted (i.e., strategic planning, pace, horizon, stretch, and scope). Longitudinal or time-lagged studies are most suited to empirically track changes in value propositions following an external event trigger.

Second, although we have suggested the likelihood of value proposition dynamics based on the characteristics of the external event trigger, we have said very little about the form of the value proposition change, or indeed the boundary conditions of that change. Also, while we have taken a monotonic view of the relationship between external event triggers and value proposition dynamics, it is quite plausible that the relationship is curvilinear. Future research should seek to determine if there is a threshold level, or a combination beyond which the characteristics of the external event trigger result in no increased value proposition dynamism.

Finally, additional research is needed that focuses on the birth of innovative business models in light of external event triggers (Wieland et al., 2017). Specifically, history shows that external event triggers provide a fertile ground for innovative start-ups. For instance, the global financial crisis provided an ideal context for Airbnb which was founded in 2008.

Specifically, individuals started renting out their unused rooms to pay the rent, while travelers wanted cheap accommodation. Similarly, WelcomeToMyGarden – a non-profit network of citizens offering free camping spots – opened for business in May 2020, in the midst of the first COVID-19 lockdown. In light of such cases, future research should investigate not only the ways in which external event triggers create opportunities for individual firms but also how they transform the sectors or industries in which they are embedded.

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Table 1. Illustrations value proposition dynamics based on case vignettes

	Primary elements					Strategic dimensions				
	C	R	V	B	S	planning	pace	horizon	stretch	scope
Marriott International – Human trafficking awareness										
Global Human Trafficking Training Awareness Program	x	x				planned	gradually	permanent	large	multiple
A Million Eyes	x		x		x	planned	gradually	permanent	small	customer
Human rights policy statement; Signing the Code; Top member	x		x		x	planned	gradually	permanent	small	multiple
Hilton Hotels – Human trafficking awareness										
Partner ‘It’s a Penalty’ with employee training, customer communication, and a public service announcement	x	x	x			planned	gradually	permanent	large	multiple
Hilton’s Code of Conduct		x			x	planned	gradually	permanent	small	multiple
Audits for suppliers		x			x	planned	gradually	permanent	large	multiple
Communication during events	x				x	planned	gradually	temporary	small	multiple
Global Freedom Exchange			x		x	planned	gradually	permanent	large	multiple
Cofounding/partnering various initiatives	x		x		x	planned	gradually	permanent	large	multiple
Hilton Hotels – COVID-19										
CleanStay program	x	x	x		x	unplanned	immediately	permanent	large	multiple
Hilton app	x	x	x		x	unplanned	immediately	permanent	small	customer
Updated services		x	x		x	unplanned	immediately	permanent	small	customer

Le Bijou – COVID-19

Quarantine apartments (no other guests, no staff)	x		x	unplanned	immediately	temporary	small	customer
COVID-19 test and 24/7 personal health monitoring		x	x	x	unplanned	immediately	large	customer
Health-supporting menu		x	x	x	unplanned	immediately	small	customer

Note. C = communication; R = resources; V = value package; B = beneficiaries; S = superiority

Figure 1. Characteristics of external event triggers

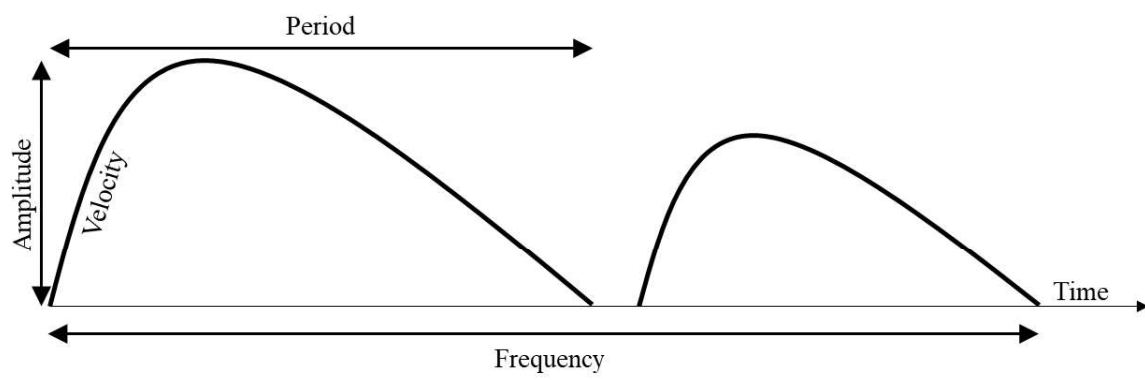


Figure 2. Framework of value proposition dynamics

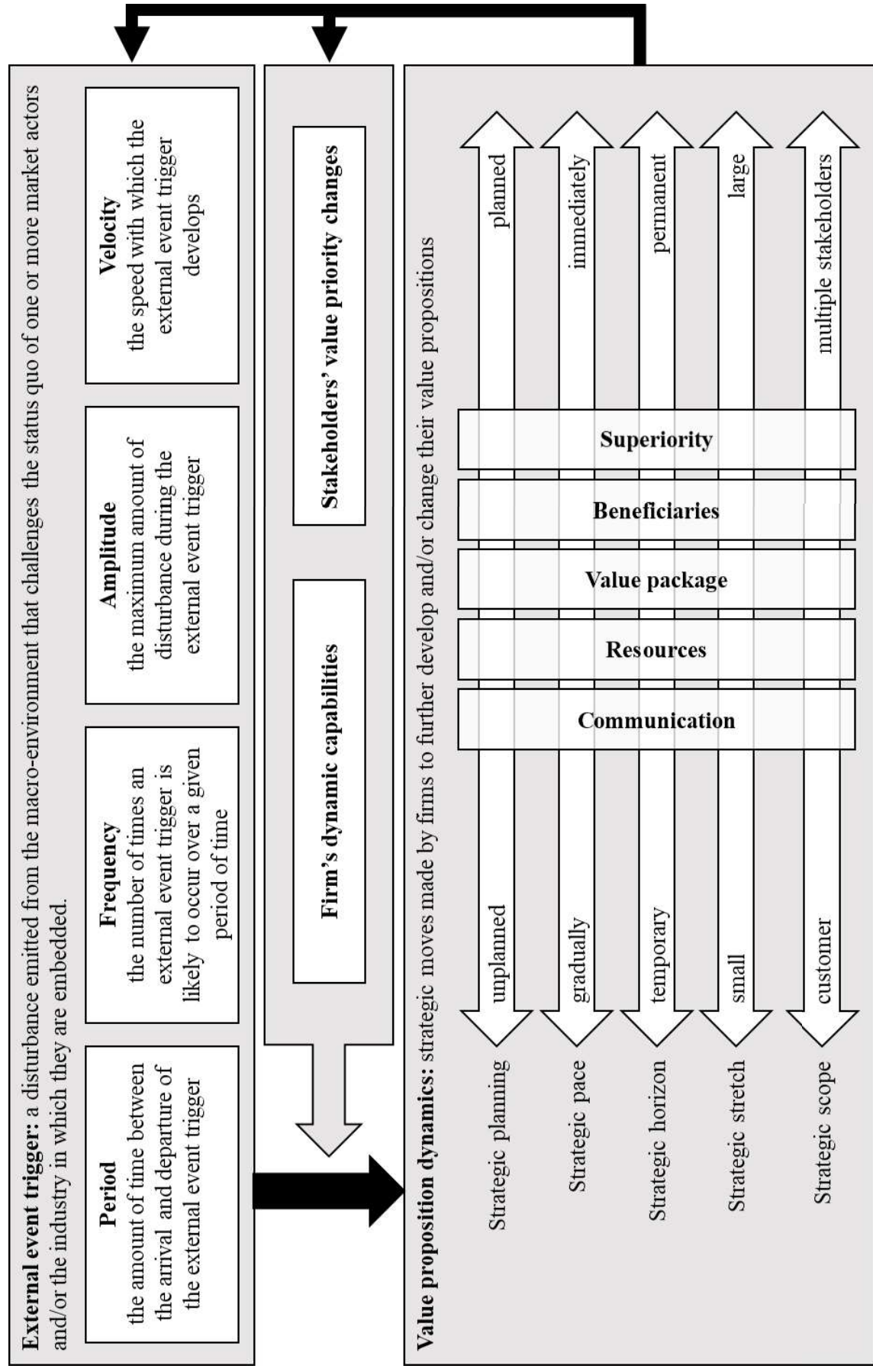
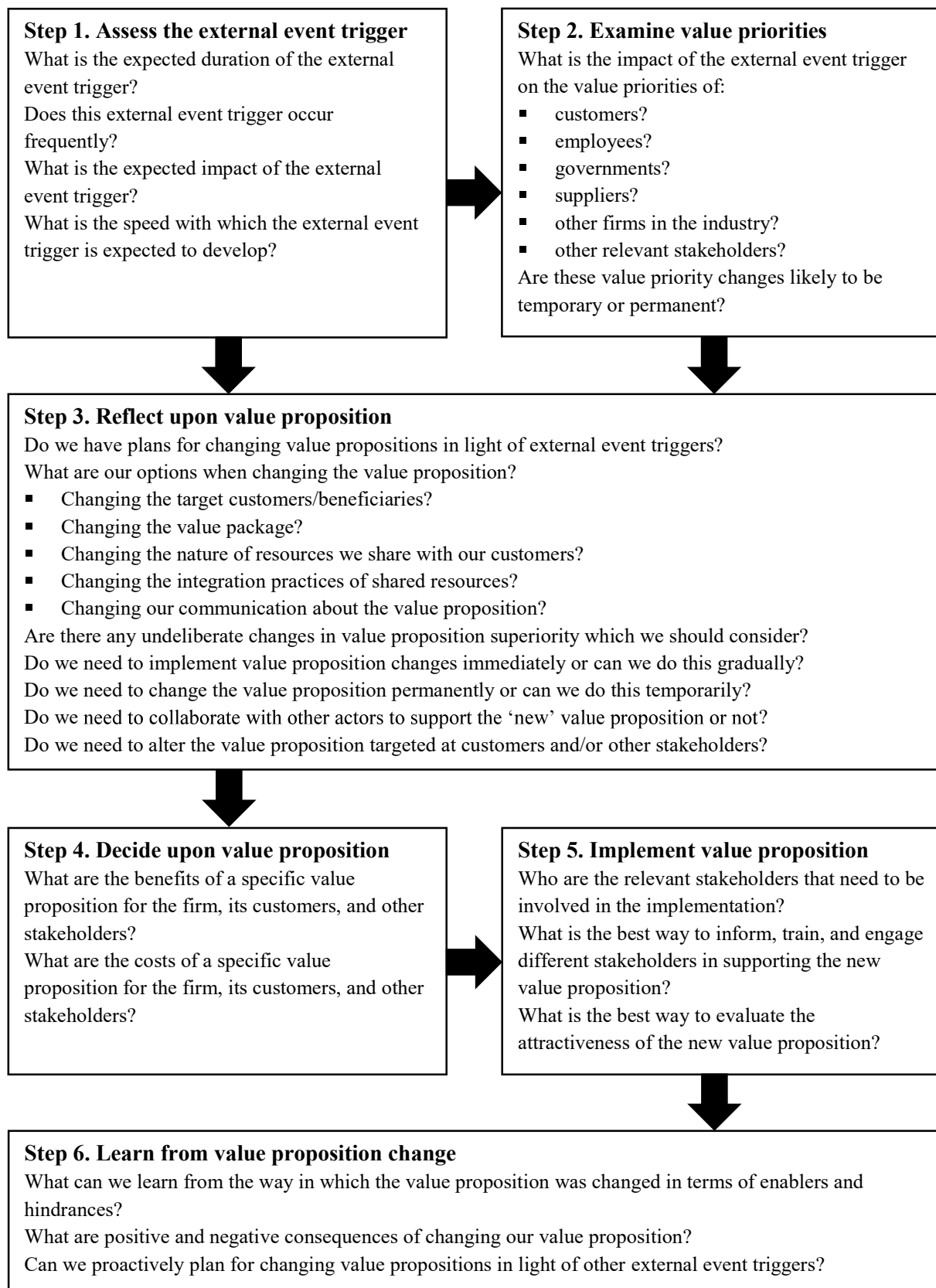


Figure 3. Step-by-step guide





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