The customer as cocreator of value
<Experience, value-in-use and value-in-context>

ABSTRACT

Purpose – A crucial difference between traditional ways of understanding value creation ("goods dominant logic") and emerging ones such as service-dominant logic lies in the basis of exchange. The purpose of this article is to investigate value cocreation from the point of view of the customer based on the conceptualization of McColl-Kennedy et al. (2012). The findings of 20 explorative interviews with customers are presented.

Design/Methodology/approach – A comparison between the notions of value-in-exchange and value-in-use/value-in context is drawn describing the corresponding frames of reference for value creation. A qualitative study is presented including 20 structured depth interviews with customers. Data analysis was guided by the systematic approach to qualitative research in the work of Corbin and Strauss (2008) using the computer assisted qualitative data analysis software ATLAS.ti.

Findings – The theoretical and empirical outcome demonstrates that value-in-use/value-in-context and service-dominant logic respectively serve as solid theoretical underpinnings for understanding value cocreation from the point of view of the customer.

Research limitations/implications – The present research provides a starting point for further research on analyzing value cocreation from the point of view of the customer. However, the study employs depth interviews. Depth interviews cannot match a strictly representative sample of a population.

Practical implications – The findings stress that adopting the point of view of a service dominant logic implicates transforming the understanding of value from one based on units of output to one based on processes that integrate resources (Vargo et al. 2008).

Originality/value – The theoretical and empirical outcome demonstrates that value-in-use/value-in-context and service-dominant logic respectively serve as solid theoretical underpinnings for understanding value cocreation from the point of view of the customer. Practitioners as well as a scholarly audience may find new ways of understanding value creation and the changed role of the customer.

Key words – service-dominant logic, value cocreation, value-in-context, value-in-exchange, value-in-use

Paper type – Research paper

Introduction

The creation of value can be seen as the core purpose and central process of economic exchange. A crucial difference between traditional ways of understanding value creation ("goods-dominant logic") and emerging ones such as service-dominant logic lies in the basis of exchange. "Value-in-exchange" and "value-in-use" implicate different ways of thinking about value and value creation. Whereas traditional concepts are based on the notion of value-in-exchange focusing on the exchange of "operand" resources which have traditionally been referred to as end products or goods, service-dominant logic is tied to the concept of value-in-use or value-in-context respectively. Service-dominant logic focuses on the action of so-called operant resources that represent specialized knowledge and skills that can act on other resources, both operand and operant, to create value. Operant resources are regarded as more important in comparison to operand resources (Lusch and Vargo 2009; Vargo and Lusch 2006, p. 43; Vargo et al. 2008). "Service" which is defined as "the application of specialized competences (operant resources—knowledge and skills), through deeds, processes, and performances for the benefit of another entity or the entity itself" is the underlying basis of exchange (Vargo and Lusch 2006, p. 43; emphasis in original). According to service-dominant logic, one of the most valuable resources (i.e. an operant resource) is the customer. Nowadays, customers are no longer regarded as merely destroyers of value, that is "consumers"; they are considered to be cocreators of value (Lusch and Vargo 2009; Vargo et al. 2008).

First, value-in-exchange and value-in-use/value-in-context are introduced describing the corresponding frames of reference for value creation. A comparison between the different ways of thinking about value and value creation is drawn. Second, the outcome of a qualitative study is presented that was undertaken in order to gain empirical insights into aspects of value creation from the point of view of the customer. Findings are described with reference to related scholarly thought. The article finishes with a discussion presenting conclusions and recommendations.

2 Conceptual development

2.1 Value-in-exchange

As scholars describe, a traditionally held view in the literature is that a firm investigates customer needs and then designs a product that the customer has to accept or (if he or she has a choice) can reject; value is added to the offering in the production process through a "value chain". Value is typically intended to increase wealth for a firm. Hence, products are predetermined by the producer with embedded value. Customers are regarded as exogenous to value-adding activities. They are considered as an abstract, isolated entity called "the market" and are the passive recipients of value at the end of the "value chain", merely someone for firms to sell to. Customers and firms are regarded as having completely distinct and separate roles. A firm-centric view of the economy is taken. Consequently, enterprises are categorized as business-to-business (B2B) or business-to-consumer (B2C), putting "business" first. It is commonly assumed that products and "non-goods" (i.e. services) flow in one direction (that is from producer to consumer) in exchange for money. At point of exchange, value is captured in value-in-exchange (i.e. the price) (Lusch and Vargo 2006b; Normann 2001, pp. 16-17, 120-121; Prahalad and Ramaswamy 2004, pp. x, 119; Vargo and Akaka 2009). As exchange is in the centre of interest, the value for customers has to be embedded in what is exchanged, that is in the product itself (Grönroos 2006a). All value on offer for customers is primarily connected with a physical product and its price. As value is understood to be embedded into operand resources it is expected to be captured in the amount of value-in-exchange (i.e. the nominal price paid for them) (Grönroos 2006a). The tangible good consequently is the main focus

of marketing ("goods-centred dominant logic"). Accordingly, "services" are distinguished from goods by non-goods characteristics such as intangibility, perishability, heterogeneity, and inseparability of production and consumption (Zeithaml et al. 1985). During the 1970s, 1980s, and 1990s, "services" marketing research typically focused on differences between the "services sector" and the "goods sector" (Grönroos 2008; Rust 1998). This notion is also reflected by the use of terms such as "distribution", "targeting", "producer", "consumer", "productivity", etc. in both "goods" and "services" settings (Vargo and Lusch 2006, p. 52).

Customers as "consumers" are by definition regarded as destroyers of value (Vargo and Akaka 2009). That is to say the dominant connotations associated with "to consume" are "to destroy", "to use up", and "to waste" (Normann 2001, p. 97). The customer is typically viewed as an operand resource that is a resource to be acted on. Transparency between customers and firms is an exception. A value-in-exchange perspective implies that managers at least implicitly assume that value is embedded in the "products" and "services" a firm offers (Prahalad and Ramaswamy 2004, p. 40; Vargo and Akaka 2009). It is commonly focused on the exchange of operand resources that have traditionally been referred to as end products or goods, natural resources, and money. The market and customers are researched and analyzed; products are produced to meet customer needs. So-called customer-relationship management is usually understood as "targeting" customers, and "owning" customers or "owning" customer relationships. Hence, customers are "segmented", "targeted", "promoted to", "distributed to", and "captured" (Prahalad and Ramaswamy 2004, pp. 119, 133; Vargo and Akaka 2009). The underlying notion of value-in-exchange can be described as a "market to" orientation (Lusch et al. 2007).

2.2 Value-in-use

However, particularly due to technological advance, the information asymmetry between firms and customers apparently is eroding. Customers are increasingly able to access an immense amount of information worldwide. They can inform themselves, share their knowledge, skills, and opinions with others. Hence, they tend to be more knowledgeable, demanding, and networked. Customers are ultimately able to make more informed decisions. They can assess value on their own terms, influence the expectations of other customers, and generally decide for themselves how they want to interact with a firm. Whereas, communication once flowed almost entirely from firms to customers, now customer feedback is continuously increasing. Customers are even able to co-develop innovations for example via customer networks such as virtual communities of innovation. Customers increasingly want to interact with firms. The role of the customer has changed from "isolated to connected", from "unaware to informed", from "passive to active" (Prahalad and Ramaswamy 2004, pp. 2-7, 31, 121, 133).

Consequently, the notion of value-creation has been replaced by the notion of "value-in-use". Value is cocreated with customers and determined by them (Normann and Ramírez 1993; Prahalad and Ramaswamy 2000). Until then, only potential value exists (Grönroos 2006a). Firms can only make propositions about value that can be expected through their offerings and can offer its applied resources as input resources into customers' value creating processes. They can give an assurance that value-in-exchange will be linked with value-in-use. However, firms do not create value on their own. Value is partly created solely by the customer when using what has traditionally been described as goods or services and partly cocreated by the customer and the firm. When creating interactive contacts with customers the firm generates opportunities to cocreate value with them and for them. Interaction rather than exchange is fundamental. The market is seen as a forum where dialogue among customers, firms, and their respective networks can take place. Relative roles of the firm and customer such as supplier, user, collaborator, competitor, or investor converge and may change rapidly. Operant resources that particularly represent knowledge and skills are central. The

customer himself/herself is an operant resource that is a collaborative partner who cocreates value with the firm and determines value. Value is unique to each customer. What firms provide is a complement to the knowledge, resources, and equipment possessed by the customers themselves. Firms apply their knowledge and skills in the production and branding of the offering. Consequently, a "market with" philosophy is advocated. When, in the context of their lives, customers use resources provided by the firm and add resources and skills held by them the value potential of the resources is developed into value-in-use. Hence, cocreation of value is accomplished through resource integration in customer-firm interactions and when a customer is using an offering. It can be seen as a process that creates value for the individual or a larger community. Consequently, value is created at points of interaction between a firm and a customer over time (Grönroos 2006a; 2007, p. 27; 2008; Lusch and Vargo 2006b; Lusch et al. 2007; Prahalad and Ramaswamy 2004, pp. x-xi, 122, 134-135; Vargo and Lusch 2004, 2008b; Wikström 1996). In reality, it is usually difficult to determine when value creation starts and ends (Grönroos 2006b, p. 360). As it is not the customer who might get opportunities to engage himself or herself in the firm's processes but rather the firm which can create opportunities to engage itself with its customers' value-generating processes, customers might even be regarded as the actual value creators and firms as merely cocreators of value with customers (Grönroos 2008).

A "service-centred dominant logic" is based on the notion of service as a perspective on value creation rather than a type of offering (Edvardsson et al. 2005; Grönroos 2008). According to this logic, every individual who interacts with a firm is regarded as a customer whether that individual is a human being, a business organization, or a household (Prahalad and Ramaswamy 2004, p. 12). Operand and operant resources closely interact with each other and influence a customer's goals (Arnould et al. 2006, p. 93). In fact, Arnould et al. (2006) suggest a distinction between customer's operant and operand resources based on life projects and life roles. The customer is said to "juggle an evolving set of roles" over the life cycle and across social contexts. Moreover, the customer also pursues a set of life projects (Arnould et al. 2006, pp. 91-92).

It is focused not on selling "products" or "services" but rather on the customers' value-creating processes, where value emerges for customers and is perceived by them (Grönroos 2007, p. 28). Firms have to concentrate on serving customers and their needs (Woodruff and Gardial 1998, p. 131). As a consequence, firms, in particular their marketing departments must enable and support their customers' value-creating activities (Normann 2001, pp. 120-121). They have to learn how customers define a particular value creation process and help them solve use problems that may occur (Woodruff and Gardial 1998, pp. 3-4). Instead of "targeting" customers, firms have to hold dialogues with them. Transparency of information is important (Grönroos 2008; Prahalad and Ramaswamy 2004, p. 133). Nominal prices should merely be understood as a reflection or indicator of the amount of value-in-use that might be attained from a service (Woodruff and Gardial 1998, pp. 138-139). On the firm side, new competences are necessary. Strictly speaking, a service-centred dominant logic focuses on "collaborative competence" (Lusch et al. 2007, p. 9) which is regarded as a primary determinant of a firm's acquiring of knowledge for competitive advantage. A superior collaborative competence refers to a firm's ability to absorb information and knowledge from the environment and other network entities. It enables firms to adapt to dynamic and complex environments. It is crucial to understand how the customer uniquely integrates and experiences service-related resources (Lusch et al. 2007). For instance, firms particularly front line employees have to develop an ability to listen and interpret the customers' intentions and wishes (Wikström 1996).

The customer is regarded as a resource together with whom the firm can create a valued solution that fulfils the customer's needs and solves his or her problems (Grönroos 2007, pp. 28-29). The customer is not merely a receiver with needs to be fulfilled at the end of a "value chain"; he or she is an operant resource, together with whom, in a value-creating process, a firm can create a solution

that satisfies needs (Normann 2001, p. 120). Normann (2001) states: "The market as a sink is replaced by the customer as a source." (p. 21).

2.3 Value-in-context

In order to emphasize that all economic and social actors are resource integrators and that value is cocreated through "personalized experiences" that are unique to each actor (Vargo and Lusch 2008b), Vargo et al. (2008) have coined the term "value-in-context" to underline their extended view of the original notion of value-in-use. They regard value-in-context to be "more descriptive" (Vargo et al. 2008, p. 149). Additionally, the term value-in-use is said to represent a slight goods-dominant logic influence (Vargo 2008).

The importance of "time and place dimensions", as well as the significance of "network relationships" in the creation and determination of value is stressed. Value-in-context is claimed to be "uniquely derived at a given place and time". It is "phenomenologically determined based on existing resources, accessibility to other integratable resources, and circumstances" (Vargo and Akaka 2009, p. 39). As Vargo and Akaka (2009) explain: "Value cannot be created independent of the beneficiary and then delivered." (p. 39) Furthermore, value creation is extended to a larger venue than a firm-customer interaction. Actors such as firm, customer, and suppliers form an interactive and dynamic value cocreation configuration. It is implied that "neither the firm nor the customer has adequate resources to create value, either independently or interactively, in isolation" (Vargo and Akaka 2009, p. 38). It can be seen as "a network-within-network conceptualization of relationships that converge on value creation through a web of resource integration" (Vargo and Akaka 2009, p. 38).

Hence, Maglio et al. (2009) define a service system "as a dynamic value-cocreation configuration of resources, including people, organizations, shared information (language, laws, measures, methods), and technology, all connected internally and externally to other service systems by value propositions" (p. 399). Service systems include "internal (e.g., own, employees), private (e.g., friends, stockholders), and market-facing (suppliers, other economic exchanges) systems and resources" (Vargo et al. 2008, p. 150). They engage with other service systems to cocreate value for themselves and others. The service provided by one service system (e.g., a firm) represents one part of the resources that have to be integrated to create value for another party (e.g., a customer). Service systems depend on the resources of others to survive. They modify and integrate resources to create value, and value is derived and determined in context. The ultimate aim is to sustain and increase survival and well-being of service systems. Hence, the degree of realization of this aim may serve as a measure to determine the amount of value (Vargo and Akaka 2009; Vargo et al. 2008). Vargo and Lusch have called these resource-integration networks "service ecosystems", that is "loosely coupled systems of service systems" (Vargo and Akaka 2009, p. 38, 39; emphasis in original).

The notion of value-in-use/value-in-context provides theoretical underpinnings for what has become known as service-dominant logic (S-D logic). The service-dominant logic is a collaboratively developed, pre-theoretic logic intended as providing a foundation for a general theory of social and economic exchange, synthesizing fragmented logics and different views (Vargo and Akaka 2009). S-D logic is also regarded as an appropriate philosophical foundation for an emerging discipline called "service science" that is "concerned with the evolution, interaction, and reciprocal cocreation of value among service systems" (Vargo and Akaka 2009, p. 32).

2.4 Cocreation of value

The notion of value creation in a customer's environment and the notion of value for customers as value-in-use are not completely new approaches to value creation. However, as scholars mention, in the economics and business economics literature they have for a long time been overshadowed by the notion of value-in-exchange (Grönroos 2008; Vargo et al. 2008).

Value-in-use occurs even though there may be no value-in-exchange. However, value-in-exchange is a function of value-in-use and theoretically only exists in case value-in-use can be created. If customers cannot make use of an offering which implicates that value-in-use is zero or merely low for them, they will probably be dissatisfied. Dissatisfied customers are less likely to become loyal customers. Hence, for firms in the long run no or low value-in-use means no or low value-in-exchange. Consequently, value-in-use can be regarded as more important than value-in-exchange for both firms and customers (Grönroos 2008; Vargo and Lusch 2006, p. 49).

It is barely possible to objectively evaluate the exact amount of value creation taking place. As scholars stress value is a concept that is difficult to define and to measure. Certain value constellations cannot be measured in monetary terms. Value is always determined by the beneficiary and hence subjective. It usually comprises an attitudinal aspect (Grönroos 2008; Normann 2001, p. 109; Vargo and Lusch 2008b).

Value may also be negative (Grönroos 2008; Normann 2001, p. 109; Vargo and Lusch 2008b). According to S-D Logic, value is defined in terms of "an improvement in system well-being" (Vargo et al. 2008, p. 149). It can be measured in terms of a service system's adaptiveness or ability to fit in its environment (Vargo et al. 2008).

Prahalad and Ramaswamy (2004) mention four "building blocks" of cocreation of value (pp. 23-31):

- **Dialogue**

Dialogue implies that customers and firms share and exchange knowledge and skills. Both parties have to provide input on an equal basis of interaction. It involves shared learning and communication. Customers may also interject their views of value into the value creation process for example by engaging with firms and other customers through social media such as online networks, message boards, online word-of mouth (see also Oetting 2009), and blogs.

- **Access**

Traditionally, firms focused on creating and transferring ownership of products to customers. Access however implies that customers can experience value regardless of ownership. They may have access to experiences at multiple points of interaction without ownership. For instance, firms may provide access to data and virtual knowledge bases. Furthermore, customers may enjoy holiday time-share homes and commercial car sharing.

- **Risk assessment**

Traditionally, particularly due to information asymmetry, firms were said to better assess and manage risks of "goods" and "services" than customers. Marketing communication was mainly focused on articulating benefits, largely ignoring risks. Nowadays, however customers as cocreators of value demand more information. They want to know and debate potential risks thus being able to make better informed risk-benefit trade-offs. As a consequence, customers may also bear more responsibility for dealing with those risks.

- **Transparency**

Firms have traditionally benefited from information asymmetry. That asymmetry between customers and firms is increasingly eroding. Particularly due to technological advance information has become easily accessible. Hence, firms can no longer assume that price and cost structures are masked. Transparency of information is necessary to create trust between institutions and individuals.

Payne et al. (2008, p. 86) provide a process-based framework for cocreation where the customer's value creation process is defined as "a series of activities performed by the customer to achieve a particular goal." It is stressed that the customer's ability to create value particularly depends upon the amount of information, knowledge, skills and other operant resources that can be accessed and used (Payne et al. 2008).

McColl-Kennedy et al. (2012) define customer value cocreation as "benefit realized from integration of resources through activities and interactions with collaborators in the customer's service network" (McColl-Kennedy et al. 2012, p. 370). This study is based on the definition by McColl-Kennedy et al. (2012).

2.5 Literature review

Several scholars have researched forms of value cocreation (see also McColl-Kennedy et al. 2012 for an overview). For instance, as early as in 1980, Toffler introduced the concept of prosumption which implies that customers can fill the dual roles of producer and consumer (Toffler 1980). Normann and Ramírez (1993) declare that the goal of business is not to create value for customers but rather to mobilize customers to cocreate value. Firat and Venkatesh (1993, 1995) argue for the reversal of roles of consumption and production as customers take on more active roles in production. Postmodernism is said to provide a basis for understanding a greater consumer role in production as well as consumption. Woodruff and Gardial (1998) present a managerial based discussion of value-in-use and value determination techniques. Prahalad and Ramaswamy (2000, 2004) analyze the changing roles of customers from passive audience to active players. Value is claimed to be embedded in personalized experiences. It is stressed that firms can achieve a competitive advantage by leveraging customer competence. Normann (2001) introduces the principle of density: Bundles of activities put together in one legal structure are said to be unbundled, allocated to the most suitable actor, and rebundled by the firm and a customer in cooperation.

During the 2000s, Italian scholars have introduced a multidisciplinary approach linked with network analysis and based on general systems theory the so-called "viable system approach" (VSA). The viable system approach is seen as a new behavioural approach to business and relational interactions in its contexts. It analyzes business behaviour within interactions. A firm is regarded as a viable system and part of a context of other viable systems and components with whom it interacts. Its final goal is survival (Barile and Polese 2010; Polese et al. 2011). Vargo and Lusch (2004, 2008b) present the service-centred dominant logic for marketing as a foundational shift in worldview. They suggest ten foundational premises as basis of the emerging logic, potentially replacing the traditional goods-centred paradigm. The customer is claimed to be always a cocreator of value. Service is regarded as the fundamental basis of exchange. Gummesson (2006) presents many-to-many marketing in contrast to one-to-one marketing. He suggests many-to-many marketing as a foundation for a grand theory of marketing. Xie et al. (2008) provide a conceptual model for exploring customer's participation in value creation through prosumption. Grönroos (2008) discusses differences between value-in-exchange and value-in-use. He provides ten service logic propositions. Payne et al. (2008) suggest a process-based framework for understanding and

managing value cocreation. They provide a definition of the customer's value creation process. Cova and Dalli (2009) declare that working consumers are the primary source of value. It is stated that customers perform immaterial work but are not usually able to exploit the tangible benefits obtained from their labour. Based on an empirical study, Chan et al. (2010) conclude that customer participation enhances customers' economic value attainment and strengthens the relational bonds between customers and employees while also creating job stress for employees. The effects of customer participation on value creation is claimed to depend on the cultural values of both customers and employees. McColl-Kennedy et al. (2012) define customer value cocreation and suggest a typology of customer value cocreation practice styles based on empirical studies in the context of health care.

Notwithstanding, although it is commonly considered to be a research priority to define the customer's role in cocreation of value (e.g., Ostrom et al. 2010; Prahalad 2004), research has been mainly conceptually based. Hence, this study is intended to provide an empirically-based contribution to the development of S-D logic in terms of cocreation of value.

3 Qualitative Study

Qualitative research might particularly be useful in order to gain insight into customer value phenomena (cf. Woodruff and Flint 2006). Accordingly, an own qualitative research was undertaken to examine customer value cocreation and service-dominant logic respectively.

Central to the notion of value-in-use/value-in-context and hence service-dominant logic is the idea that value is not embedded in a physical product. Rather, the total cocreation experience is of relevance. Consequently, the following research questions motivate the study:
- How do customers perceive what has traditionally been described as goods and services?
- Do customers differentiate between what has traditionally been described as goods and services in terms of value creation?

3.1 Method, sample, and interview format

A structured depth interview methodology was used in order to gain an exploratory understanding from the customer's perspective (Hudson and Ozanne 1988). The depth interview was expected to be helpful in gaining a better understanding of customer value cocreation, focusing on aspects that are relevant and important to customers, and ensuring that important themes are not overlooked. A general interview guide approach was used to increase the comprehensiveness of the data (Patton 1990, pp. 283-284). Hence, some topics and issues to be covered were specified in advance based on a prudent review of the literature. This is in line with scholarly literature that argues that the advantages of a solid literature review, followed by a critical undertaking and distancing outweigh possible threats, such as misleading preconceptions and biases (e.g., MacCracken 1992, pp. 29-32).

A purposeful sampling strategy (Lincoln and Guba 1985, p. 102; Patton 1990) was used in order to account for variety (MacCracken 1992, p. 37). As data from different groups of respondents was used, data triangulation was applied (cf. Denzin 1978). Theoretical sampling was applied until redundancy in information was reached. The sample finally consisted of 10 women and 10 men, representing a wide range of ages, professions, and social backgrounds. This is in line with similar qualitative research that indicates that sample sizes of eight to twelve respondents may be sufficient for generating themes (Kvale 2007, p. 44; MacCracken 1992, p. 17; Schouten 1991).

Two interviewers were involved in the research project. Hence, an investigator triangulation was used (cf. Denzin 1978). The interviewers subsequently met and discussed the interviews to identify points of interest on which to focus during subsequent interviews. The interviews were conducted face-to-face, wherever the interviewee felt most comfortable, in the native language of the respondents in order to capture the original subtleties of meaning (Corbin and Strauss 2008, p. 320). A consent form providing information regarding consent and participation was made available (Lincoln and Guba 1985, pp. 253-256). Each participant signed the consent form and received a copy of it.

The interviews commenced with a brief explanation of the purpose of the study. To initiate discussion, each respondent was then asked to think about the general meaning of services and goods to them. A general discussion of modes of service provision followed. Despite the semi-structured format interviewers remained flexible and situational. They decided sequence and wording of the questions depending on the course of the interview. Interviewers were particularly free to ask further questions to illuminate emergent themes.

A factsheet was used to record factual information such as demographic information, time, date, and place of the interview. Also, any special conditions or circumstances that might have affected the interview were documented. In addition, a post-interview comment sheet was used to write notes after the interview that detailed feelings, interpretations, and other comments.

After all interviews were completed, member checks were conducted, whereby data, analytic categories, interpretations, and conclusions are tested with members of those stakeholding groups from whom the data were originally collected (Celsi et al. 1993; Lincoln and Guba 1985, p. 314; Miles and Huberman 1994, pp. 275-277). Emergent themes were presented to several key informants; these informants were asked if the quotes attributed to them were taken in their proper context. All interviews were tape-recorded and subsequently transcribed.

3.2   Data analysis

Data analysis was performed using the data analysis software ATLAS.ti. following some procedures suggested by Corbin and Strauss (2008) and Glaser and Strauss (1967). The aim of these analytical techniques is to build theory that is grounded in data (Corbin and Strauss 2008, p. 1). Scholars widely recommend the use of software programs to qualitative data analysis (QDA). Software such as ATLAS.ti is said to contribute to creativity by being able to facilitate different views of data and relationships. The analysis might be more consistent and the findings more reliable because of a higher degree of structuredness of the research process in comparison with more traditional paper-based approaches (Corbin and Strauss 2008, p. 315).

Coding of each interview followed procedures suggested by Corbin and Strauss (2008), and Ely et al. (1994). In particular, grouping of indicators, fragmenting of cases, categorization and comparison of findings were performed in line with Corbin and Strauss (2008, p. 195), Ely et al. (1994, pp. 145-147), and Spiggle (1994).

3.3 Findings

Three major aspects were derived from analysis of the depth interviews. Each of the three aspects will be discussed briefly in the following paragraphs. Samples of respondents' comments were translated into English using back translation (Brislin 1980, p. 431; Corbin and Strauss 2008, p. 320; Harkness 2003, p. 41).

In case distinguishing features between "services" and "goods" were named, respondents mentioned characteristics typically also found in the literature. Particularly, "tangibility/intangibility" was frequently mentioned: "First of all, you can grasp products. They exist physically and services don't exist physically." (Male, 25-34 years old) Another respondent explained: "I think products are something material whereas a service represents work that is done for me." (Male, 18-24 years old) Furthermore, what has traditionally been described by literature as "perishability" was named as demonstrated in the following quote: "I think the major difference is the difference of storage. You can't store a service (. …) A service is fulfilled and is gone." (Male, 18-24 years old) In addition, a human factor was often referred to as a distinguishing feature: "I think a product is in no case human. It is dead material and services are (…) service for people." (Female, 65-74 years old) Another interviewee described: "A product is what I can buy and a service is what another person offers as service." (Female, 18-24 years old) Another respondent explained: "A service is something where somebody does something for someone else." (Male, 25-34 years old) Some interviewees particularly mentioned "friendliness", as demonstrated in the following quotes: "Well, I think in case of services a certain friendliness is requisite." (Male, 45-54 years old) and in contrast: "A product that I buy need not has to be friendly." (Female, 18-24 years old)

Notwithstanding, throughout the interviews a clear consensus among respondents in terms of distinguishing features between "services" and "goods" could not be identified. Furthermore, it was found that numerous respondents struggled to distinguish between what has traditionally been described as goods and services, as demonstrated in the following quote: "It is still difficult for me to distinguish between products and services (. …) I could not formulate the distinction between the two with such clarity and precision as some other persons might do." (Male, 18-24 years old) Another respondent said:

> Probably, it is somehow a little bit mixed. So that a service firm advertises a product or something like that that you cannot grasp somehow. Well, these are terms everybody has different connotations with. A product need not necessarily be a cup or something that I can grasp. Rather, an insurance is also a product somehow that somebody sells to me. (Male, 25-34 years old)

Interviewees frequently talked about "service products" or stated that "The service firm offers products." (Female, 25-34 years old) Furthermore, it was often declared that "services" and "products" are similar, as demonstrated in the following quote: "I think, services and products are quite close." (Male, 35-44 years old) Another interviewee described: "In my opinion, services can also be products." (Male, 25-34 years old)

This is in line with literature that implies that physical products (i.e. "goods") and "intangible" "services" can hardly be distinguished. More or less standardized criteria, such as the IHIP characteristics (intangibility, heterogeneity, inseparability of production and consumption, perishability) (Zeithaml et al. 1985) are said to frequently fail to discriminate between them accurately (Gummesson et al. 2010). In fact, various goods have morphed into offerings that resemble what has traditionally been described as services (Moeller 2008). Scholars such as Shostack (1977) stress that there are few, if any, pure "goods" or "services". According to service-dominant logic, all market offerings are regarded as service offerings (Lusch and Vargo 2009). Tangible goods per se are seen as conduits of service provision; their function is to enable service

(Vargo and Lusch 2006, p. 45). They are understood to represent an accumulation of past knowledge and activities. They can be regarded as "frozen knowledge" (i.e. "frozen operant resources") that is made available to actors for their present and future value-creating activities ("storehouse of value") (Lusch and Vargo 2006a, p. 409; Normann 2001, pp. 115-116). A tangible good can be regarded as a platform that provides access to an inventory of past activities in frozen form. This accumulated knowledge stimulates the user by giving him or her a "code" for value-creating activities (Normann 2001, p. 119).

Furthermore, throughout the interviews it was mainly stressed that the outcome is of importance and not the distinction between "goods" and "services", as one respondent stated: "I think, you should not differentiate between goods and services as both are quite close." (Female, 25-34 years old) Another interviewee mentioned: "Eventually, from the point of view of the customer, it is probably rather irrelevant whether it is a service or a good. Rather, it is about what I as a customer can attain." (Male, 25-34 years old) Another respondent explained:

> The water or the milk that I buy serves in principle to satisfy a need that is called thirst. The haircut that I buy also serves in that sense merely to satisfy a need that is (…) appearance or social community. The product or the service is in that sense merely a means to an end. I don't buy milk for its own sake. Rather, I buy the benefit that is associated with that good or the product or the service. That's as I see it. A milk standing on a shelf would be useless in case I would not consume it. (Male, 18-24 years old)

This is in line with fundamental notions of value-in-use. S-D logic's foundational premise (FP) 3 contains the same idea by rejecting the common distinction between what has traditionally been described as goods and services. It is stated that both derive their value through use; that is the service they provide (Vargo and Lusch 2008b). Accordingly, as other scholars stress, finished products are rarely the customer's desired solution. People typically buy physical products because they provide some kind of service. It is stressed that physical products render a service and "services" render a service. Offerings consequently provide a complex combination of the two traditional roles (Kleinaltenkamp et al. 1997; Lovelock and Gummesson 2004; Normann and Ramírez 1993). In fact, many firms have already shifted from being primarily a manufacturer of "goods" or "services" to being a "solution supplier" offering "solutions" based on their expertise in addition to pure goods or services (Prahalad and Ramaswamy 2004, p. 145). "Products" or "services" are gradually more considered just one resource among others in a "bundle of resources" with which customers interact (Grönroos 2006a). American management author Michael Hammer declared: "The product you sell is only one component of your business." (Smart 1996, p. 45)

4   Discussion and Implications

Certain criteria are mentioned by Glaser and Strauss (1967) for assessing grounded theory studies (pp. 237-250).

- **Fit**

The theory must fit the substantive area in which it will be used. It must correspond closely to data in order to be applicable in daily situations.

A close correspondence of the developed theory to reality was ensured by sticking as close as possible to statements and comments made by interviewees.

- **Workability**

The theory is expected to provide a "workable understanding and explanation" to the people of the substantive area.

As a consequence, concepts and conclusions were carefully developed to facilitate the understanding of the theory by both customers as well as managers. It was intended to provide a bridge between the theoretical thinking of scholars and the practical thinking of ordinary customers, so that both may understand and apply the associated theory. Moreover, to ensure that the theory is not divorced from reality, some interview respondents were asked to comment on the findings. It was commonly stated that the developed theory actually mirrors reality and is comprehensible.

- **Relevance**

The theory must address relevant issues in the "substantive area of interest".

A good grasp of the theory may enable managers to identify customer value dimensions. That may encompass components or features of what has traditionally been described as goods and services as well as experiences.

- **Modifiability**

The theory must be flexible enough to (1) make several changing situations understandable, and (2) to be readily reformulated, particularly in case it does not work in application. The theory has to serve as a guide to multi-conditional, changing daily situations. It has to be continually adjustable in application.

To ensure adaptability to multiple situations and contexts as well as modifiability it was developed at a generalizable level. Diverse types of service offerings as well as respondents with various backgrounds were examined. Moreover, the theory was developed in a rather abstract way using general conceptual classes to be modifiable.

Contrasting value-in-exchange and value-in-use/value-in-context demonstrates theoretical linkages between value-in-use/value-in-context, value cocreation and service-dominant logic. Through 20 exploratory interviews it is found that customers tend to perceive what has traditionally been described as goods and services as similar. Although certain distinguishing features were referred to, a lack of consistency in terms of criteria is apparent. Furthermore, many respondents at least implicitly struggled to distinguish between "goods" and "services". Numerous interviewees actually questioned the sense of a distinction. In terms of value creation, customers typically seem not to differentiate between what has traditionally been described as goods and services. Rather, the outcome is claimed to be of importance. That is in line with the notion of value-in-use/value-in-context and service-dominant logic respectively that argue that all market offerings are regarded as service offerings (Lusch and Vargo 2009; Vargo and Lusch 2004, 2006, 2008c). Value is fundamentally derived and determined in use that is the integration and application of resources in a specific context (Vargo et al. 2008). Hence, it is demonstrated that value-in-use/value-in-context and service-dominant logic respectively serve as solid theoretical underpinnings for understanding value cocreation from the point of view of the customer.

Adopting the point of view of a service dominant logic implicates transforming the understanding of value from one based on units of output to one based on processes that integrate resources (Vargo et al. 2008). Edvardsson et al. (2005) conclude in a study based on a literature review and the views of 16 leading scholars in the service marketing field that "service is a perspective on value creation rather than a category of market offerings". It is stressed that "the focus is on value through the lens of the customer" and "cocreation of value with customers is key and the interactive, processual, experiential, and relational nature form the basis for characterizing service". (p. 118). Managers have to shift from thinking about value as something produced and sold to thinking about value as something cocreated with the customer and other value-creation partners (Vargo and Lusch 2008a). Firms need to know how to enhance the process customer cocreation of

value to ensure that the maximum amount of value-in-use/value-in-context is attained. Therefore they have to gain insight into a customer's desires, preferences, needs, and wants. As "goods" and "services" are typically seen by customers as merely means to desired end states, firms have to recognize the diverse aims customers want to accomplish that is the ultimate goals (i.e. the service) that are being strived for (Woodruff and Gardial 1998, p. 55). S-D logic has implications for all types of firms regardless whether they have traditionally been described as "goods" firms or "services" firms (Vargo and Lusch 2006, p. 50). It may serve as a theoretical base for identifying customer value dimensions and formulating appropriate strategies to satisfy needs.

However, it should not be neglected that some scholars such as Grönroos (2008) and Stauss (2005) argue that although the service marketing context and a service logic should be considered as the norm and not a special case, goods-based concepts and models may still be useful in certain situations. Some customers may still focus on the resource they buy ("goods" or "services") and not on the manner in which it can be used and create value. In fact, in such particular situations, developing a market offering based on a goods logic may be more adequate (Grönroos 2008).

All in all, the present research provides a starting point for further research on analyzing value cocreation from the point of view of the customer. However, the study employs depth interviews. Depth interviews cannot match a strictly representative sample of individuals of a population of interest. Moreover, merely some aspects of customer cocreation of value were part of the analyis. Hence, more research is needed.

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