Design for Service comes to Service Logic

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Katarina Wetter-Edman is a doctoral student in Design at School of Design and Crafts in Gothenburg, and affiliated with CTF – Service Research Center at Karlstad University. Her research interests cover the relation between design and service marketing/management research with a specific focus on customer involvement in the respective discourse. She is further interested in how to articulate the contribution of design practice experience in service innovation.

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Bo Edvardsson is Professor and Director, CTF-Service Research Center and Vice Rector, Karlstad University, Sweden and Professor II at NHH in Bergen. He is the former editor of Journal of Service Industry Management and a fellow at Center for Service Leadership at Arizona State University and National University of Singapore. He has an honorary doctorate from Hanken in Helsinki and is International Fellow at International Business School of Service Management in Hamburg. His research covers service systems and service logic, service quality, new service development and service innovation, customer experiences and transition from products to service. He has written 12 books and 76 journal articles; the most recent in Journal of the Academy of Marketing Science on service systems.

Stefan Holmlid is Associate Professor in Interaction and Service Design at Linköping University, the director of the Design Research Center at the university, and also partner of the Swedish Faculty for Design Research. His research starts out with the power of designers and users, especially concerning expressive powers of design methods and techniques in service development and innovation, as well as design and value-in-use. He co-founded the Service Design and Service Innovation conference that will be held in Lancaster in 2014 as well as the Service Design in Tourism conference. Currently he is heading the Interaction and Service design research group with two associate professors, two assistant professors, four PhD students and two industrial designers.

Christian Grönroos is Professor of Service and Relationship Marketing at Hanken School of Economics. He is a pioneer and leading scholar developing modern service marketing and service logic as well as relationship marketing and customer relationship management, and one of the proponents of the term service management to describe customer-oriented or market-oriented management based on a service logic in service and manufacturing firms.

Tuuli Mattelmäki DA, associate professor Tuuli Mattelmäki works at the Department of Design in Aalto University School of Arts, Design and Architecture where she also leads the engaging co-design research (ENCORE) team. She has been involved with establishing design for services community and courses at Aalto and worked at Aalto Service Factory as academic community director. Her research interests focus on empathic design, user-centred and co-design approaches and she has published widely on these topics.
Structured Abstract:
Purpose
This article aims to bridge recent work on Service Logic with practice and research in Design for Service to explore if and how human-centered participatory design approaches could provide an ideal source for interpreting existing service systems, proposing new ones and thus realize service logic in organizations.

Design/methodology
This paper compares existing theoretical backgrounds and frameworks from Service Logic and Design for Service studies that conceptualize core concepts for value co-creation: actors, resources, resource integration, participation, context and experience.

Findings
Service Logic provides a framework to understand service systems in action by focusing on how actors integrate resources to co-create value, while Design for Service provides an approach and tools to analyze current service systems in context to imagine future service systems and how innovation may develop as a result of reconfigurations of resources and actors. Design for Service also provides frameworks, competence and tools enabling involved actors to participate in and be part of the service system re-design. Based in this the model Design for value co-creation is presented.

Research implications
The authors bridge service research studies with Design for Service, articulating how Design for Service could be a key factor in realizing Service Logic in organizations. Emerging research questions and potentials for interdisciplinary work are part of our final conclusions.

Originality/value
The paper extends the Service Logic literature by 1) repositioning service design from a phase of development to Design for Service as an approach to service innovation centered on understanding and engaging with customers’ own value creating practices 2) extends the meaning of value co-creation to include collaborative approaches for generation of new resource constellations and through this process achieving value co-creation in designing.

Keywords: (max 10)
Service design, Design for Service, Service Logic, Service innovation, value co-creation

Article Classification: Conceptual paper
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In a Service Logic framework, service is understood as a perspective on value creation where value is co-created by customers and other actors and assessed on the basis of value-in-use in relation to the involved actors’ intentions. Furthermore, value often referred to as being experiential and contextual but there is of lack knowledge about design for service experience. Vargo, Maglio and Akaka (2008 p.151) raise the question: “What approaches do we need to understand the sociotechnical context of value creation?” Chandler & Vargo (2011) argue that it is necessary to deepen our understanding of contexts and its heterogeneous and distinctive nature. One approach is to define a particular context as a set of unique actors with unique reciprocal links among them and access to a set of resources (Wasserman & Faust, 1994; Carrington et al., 2005). The ability to define context uniquely is important because its heterogeneity affects how resources can be drawn upon for service.

The focus on value co-creation and value-in-context brings forward the role of the actors and their resources in a service system. A service system can be described as a configuration of actors, resources and technology designed to enable and direct value co-creation – and innovation – resulting in the intended value-in-context for the involved actors (Spohrer et al., 2007; Edvardsson, Skålen & Tronvoll 2012). Value co-creation is based on how resources are being integrated and used. But Service Logic literature lacks knowledge about design of service systems.

This paper aims to further investigate the contribution Design for Service can bring to the debate and applications of Service Logic concepts and frameworks to service system innovation. It suggests how the concepts of experience, context and participation and their applications in Design for Service can be relevant for the translation of Service Logic from an analytical perspective into an innovation practical approach.

Rooted in design tradition Design for Service has since its foundation, been studying value in its experiential dimension, proposing an outside-in approach to service innovation. In such a tradition contextual experiences and human-centered design
have been a much-canvassed topic for well over two decades. The Design for Service research stream focuses on observing and understanding users, at the times and places where value is co-created. Design possesses and applies competences, approaches, tools and methods for understanding customers’ value creating processes and integrating them with the providers facilitating service system processes. As Wetter-Edman (2011) has proposed ‘design practice using design tools and methods might be a way to realize a service logic for the organization’ (p. 100).

The paper is structured as follows: First, the two fields of studies are introduced. Secondly, we identify the key concepts in Service Logic and Design for Service literatures with the purpose to compare and introduce concepts from Design to Service Logic that could help to better understand value co-creation and service system design. Thirdly, the paper elaborates on the way Design for Service theorizes, frames and uses experiences, context and participation to innovate and proposes the concept of value-co-creation in designing. Fourthly, a model Design for value co-creation is presented conceptualizing how Design for Service deepens and extends the conceptualization of value co-creation and innovation in the context of service systems. Finally, four propositions are presented as final interpretation of how Design for Service can contribute to Service Logic. These propositions inform consequent research questions for further studies.

**An introduction to service logic**

In service research, co-creation and value have become central issues during the past decade. The 2004 article by Vargo and Lusch on a service-centered dominant logic of marketing re-introduced the notion of customers as co-producers of value (cf. Eiglier & Langeard, 1975; Grönroos, 1978). Subsequently, the notion of co-creation was emphasized as a key concept of this logic (e.g. Vargo & Lusch, 2008). Value is co-created in social-contexts through customers’ value creating practices or even individually created by the customer (Edvardsson et al., 2011) where the provider acts as value facilitator and only sometimes as a value co-creator (Heinonen et al., 2010). This relatively new emphasis of the customers’ role in value creation and the attention given to value-in-use and value-in-context demands for complementing ways of
understanding the customers, use and context, but also for ways to predict the roles and goals of the actors involved and to initiate joint co-creative design actions between the firm and its customers to finalize the service to be designed.

Heinonen et al. (2010) suggest, “that instead of emphasizing only one type of activity, i.e. customer-company interactions, the focus should be on customers’ activities and different consumption contexts” (p. 542). Edvardsson, Kristensson, Magnusson and Sundström (2012) focus on methods and techniques that support customer integration in service development contexts, mentioning examples of individual design methods (i.e. Living Labs) or methodologies (i.e. Participatory Design).

An analytical approach to value creation, suggested by Grönroos and Voima (2013) aims at predicting the roles and goals of the actors involved, such that it enables decisions about how the actors contribute to value creation. This critical service logic literature suggests to divide the value creation process into a provider sphere (closed to the customer), a joint sphere (where the customer and service provider directly interact), and a user sphere (closed to the service provider), where the customer independently or interacting in his or her social context continues the value creation process. Only the activities in the joint sphere are considered value co-creation (Grönroos and Ravald, 2011). The service provider’s role as value facilitator means that the firm does not create any value as such, but through actions in the supplier sphere creates potential value, which is realized in the customer sphere, and if direct interactions occur, also in the joint sphere (Grönroos and Voima, 2013).

Issues to study here are what actions firms could take to facilitate the design process, and what joint co-creative design actions the firm and its customers could engage in to finalize the service to be designed.

In the following section four key concepts in Service Logic research, that form the basis for conceptualizing value co-creation and service systems - Actors, Resources, Resource integration and Context - will be presented in more detail.

**Value co-creation in service logic**

**Actors** operate on or activate resources in their efforts to co-create value. Actors are referred to as operant resources and put forward as critical for value creation and
innovation (Spohrer et al., 2007). Actors’ knowledge, skills, motivation, role understanding have a major impact on value creation in practice. Actors can refer to e.g. customers, employees/providers, network actors but also e.g. institutions and the media. In this paper the focus is on customers and providers.

The customer’s value creation process is influenced by a wider customer ecosystem, which consists of other customer related actors (e.g., family, friends), beyond the firm’s control, who influence the customer’s value creation process (Voima et al. 2011). Grönroos and Voima (2013) concludes: “The underlying, though never explicitly formulated, view of value creation is of an all-encompassing process, including activities by service providers, customers, and possibly also other actors, which leads to the conclusion that everything is value creation and everyone co-creates value” (p. 144).

**Resources** are anything with the potential to create value for the involved actors or beneficiaries. Resources are becoming, which put forward that resources have potential value but value is created only when integrated and operated on (or used). This dynamic view on resources has long been recognized in the literature. Zimmermann (1951) pointed out more than sixty years ago that resources are not; rather, they become. More recently, Pels and colleagues (2009) have characterized marketing as “… a social and economic process, and resources as ‘becoming’, not ‘being’”. Institutions shape how resources are becoming by regulating and shaping actors’ resource integration and value co-creation. Edvardsson, Skålen and Tronvoll (2012) argue that studying service practices is the only way to describe and understand the realization of the intended resource integration. In this service practice, various social and service system related structures, such as norms and rules, co-exist, shape and explain actors’ actual resource integration.

Value is not about knowledge and skills but about using knowledge and skills in a specific context by a specific actor with the intention to create value. Resources enable and facilitate value creation and most often a constellation and integration of resources forms the basis for value creation. Value is created through actors’ resource integration, when the customer and other actors integrate and operate on or apply the
resources of the service company with other resources in their own context (Gutafsson et al., 2012) including the social context (Edvardsson et al., 2011).

Our view of resource integration is built on Mele et al. (2010) who argue that resources have no inherent value in themselves but instead possess important potential value, depending on how they are integrated and operated on, in specific contexts with specific intentions. Resources require integration and application to become valuable to an actor, in a process referred to as resource integration. Mele (2009) emphasizes that the core mechanism of value creation is the integration of resources from several actors in accordance with their expectations, needs, and capabilities. This is in line with Moran and Ghoshal (1999, p. 409) who argue that “it is not resources per se, but the ability to access, deploy, exchange, and combine them that lies at the heart of value creation”.

**Resource integration** refers to the incorporation and application of a customer’s resources within an organization’s resources (Moeller, 2008). S-D logic is basically a value-co-creation framework in which all actors are resource integrators, tied together in shared systems of exchange. Thus, based on this, we see that design plays a key role in enabling and facilitating actors’ resource integration. Vargo and Lusch emphasize this understanding in the ninth foundational premise, “All social and economic actors are resource integrators”. Lusch et al. (2010, p.4) go on arguing that “firms exist to integrate and transform micro-specialized competences into complex value propositions with market potential”. Value creating systems have been described as constellations of resources, a configuration of resources, value networks or service ecosystems (Vargo & Lusch, 2011). Zhang and Chen (2008) argue that co-creation with customers is a systemic process in which resources are integrated and operated on. Customers and other actors possess resources such as knowledge, skills and various enabling operand resources (Spohrer et al., 2007) as well as social norms, rules and roles (Edvardsson et al., 2011) forming the basis for customers’ activities and interactions resulting in attractive (or unattractive (Echeverri & Skålén 2011) value-in-context. Grönroos and Voima (2013) have developed a framework in which resources linked to the providers’, the customers’ and the joint sphere is used to analytically describe value co-creation.
**Context** refers to a specific value co-creating situation when a constellation of resources and actors through activities and interactions co-creates value. Context can refer to physical, social or mental contexts and different actors’ may have very different understanding of the same context with implications for value co-creation. Grönroos and Voima (2013) make a distinction between “social, spatial, temporal, and physical contexts in which usage takes place, and it depends as well on how these aspects of the usage context change” (p. 145). In this paper, we argue that value co-creation takes place within service systems embedded in social systems. In the value co-creation process, human resources such as competence are deployed to integrate and act on other types of resources available in the focal context. The actors and their available resources constitute a value creating service context.
An introduction to Design for Service

Design can be conceived in different ways: as a phase of product development, a professional practice, a methodology or as a mindset rooted in creative and artistic traditions. In this paper we adopt the fundamental concept Design for Service (not design of service, or service design), “accepting the fundamental inability of design to completely plan and regulate services, while instead considering its capacity to potentially create the right conditions for certain forms of interactions and relationships to happen.” (Meroni & Sangiorgi, 2011, p.10). Kimbell (2011) also suggests how “designing for service, rather than service design, makes clear that the purpose of the designers’ enquiry is to create and develop proposals for new kinds of value relation within a socio-material world” (p.49), thus making a connection between Design for Service and Service Logic. We assume that Design for Service is a mindset and competences rooted in creative and artistic traditions, building on a multiplicity of design traditions.

In the last two decades designers and design researchers have approached the service field as a new possible object of design, introducing a creative, human centered and iterative approach to service innovation (Blomkvist et al., 2010; Sangiorgi 2009; Pacenti & Sangiorgi, 2010, Meroni & Sangiorgi, 2011). Further, design based approaches for service innovation include working with user centeredness, multidisciplinary teams, aesthetic and visual competence and creative processes, imply high impact for innovativeness (Kimbell, 2009; Brown, 2009; Holmlid, 2011). Innovation has been approached with a pragmatic experimental attitude towards proposing alternative futures (Edeholt, 2004), and advancing an outside-in perspective to service innovation.

Studies have suggested the analogy between the design of service interactions and the field of Interaction Design, justifying the adoption of tools and concepts from this field (Pacenti, 1998; Sangiorgi, 2004; Holmlid, 2005). The focus on service interactions has then expanded to include issues related to e.g. co-production, public service reform, organizational and social change. Design for Service is therefore also concerned with studies on co-design, design for social innovation and
transformational change (E.g. Vaajakallio 2011; Jegou & Manzini, 2008; Sangiorgi, 2011).

Lately, ongoing debates on the emergence of open source and open innovation paradigms (Chesbrough, 2006, Leadbeater, 2008) as well as co-creation (Sanders & Stappers, 2008), are affecting the traditional role of designers as a profession in general. Designers working for service are increasingly described as ‘facilitators’ of co-design and co-creation processes.

Although research into value creation is limited in Design, we can still identify different levels where designers are considered to contribute to value creation. Central concepts to value creation in and for Design are: a human centered design approach, a participatory approach, user experience, and contextual understanding. Below these four intertwined concepts underpinning Design for Service will be presented in more detail.

**Value co-creation in Design for Service**

**Human centered design** focuses on making solutions usable and pleasurable for the humans involved in performing the solutions. The term ‘human’ is used in favor of the more commonly encountered ‘user’, because the ‘human-centered’ approach considers the importance and role of a larger network of actors, not only users, who are directly or indirectly involved in the service provision and use (Rizzo 2010; Meroni and Sangiorogi, 2011). As described in Meroni and Sangiorogi (2011), a human-centered design approach consists of the capacity and methods to investigate and understand people’s experiences, interactions and practices as well as their values and dreams. This understanding is the starting point of a service innovation process. Experiences and interactions can be related to the service delivery and use, but they can also refer to staff’s work practices and experiences or more general interactions and experiences of stakeholders interacting with each other to provide the solution.

On another level a human centered design approach refers to the capacity and methods to engage people in the design and transformation processes, which can vary from the adoption of participatory design techniques where users and staff become co-designers, toward co-creation approaches, where users become conscious and
active participants in service delivery processes (Meroni & Sangiorgi, 2011; Holmlid, 2009).

Richard Buchanan (2006) argues that Human Centered Design is about the fundamental principles of human existence, such as human rights and human dignity. For Sabine Junginger (forthcoming) claims how a “human-centred design approach can therefore not ignore the social, political, ecological and economical contexts in which individual interactions take place”. This means that a human centered design approach not only considers the immediate value for an individual use, but needs to consider what a service provision means and represent for society and the environment as a whole.

**Participation** in design is considered as a source for value co-creation for different reasons. Value co-creation is happening during use as a result of service interactions, but also during designing (Holmlid, 2012), as a byproduct of participatory approaches centered on people’s resources, ability and willingness to engage in change processes. Moreover, participation is bi-directional in the sense that users participate in activities of the designers, and designers participate in activities of the users.

People are considered as precious resources and as experts of their own experiences having the potential to contribute as co-designers (Sanders & Dandavate, 1999; Sleeswijk Visser et al., 2005). Setting the human being at the centre, Design assumes that every person uses resources (physical, cognitive, social, etc.) to achieve goals. These goals might be articulated or unarticulated. In participatory design processes individuals are therefore regarded as carrying important resources to achieve the goals of an innovation/design process (Ehn & Kyng, 1987). Some approaches are based in theories of play where users and other stakeholders are engaged and encouraged to share their experiences as well as being part of co-constructing possible futures. This is reflected in Design for Service, where actors, in particular users, are regarded as being resourceful, as well as knowing how to use resources, and transform them in order to achieve aims and goals (Holmlid, 2009). A participatory approach therefore co-creates value by supporting people to integrate these resources in the design process to generate more effective and meaningful solutions (Holmlid, 2012).
Participation is also considered as connected to ‘empowerment’ and a mean to democratize processes of innovation (Björgvinsson et al., 2012). In the practice of Design for Service, such goals for emancipation are common (Holmlid, 2009). Participation is thought of as a continuum that moves from consultation to co-production (Bate and Robert, 2007) but only when it is pushed to its extremes it can be linked with more “transformative” aims. An increase in participation can lead to more appropriate and accessible services, while increasing social capital and people’s self-confidence and health-enhancing attitudes (Popay, 2006). Design for Service is defined as transformative when it aims at building and leaving the capability and capacity for lasting change (Sangiorgi, 2011).

**User experience** is a key source for directing and evaluating Design for Service. In Design for Service ‘user’ has substituted the marketing word ‘customer’. Focusing on experiences can work as a lever for organizations to shift from an inside-out to an outside-in approach to innovation that also can be transformational (Sangiorgi, 2012).

User experience is a multifaceted concept. The contextual understanding of user experience and their emotions is at the center of Design for Service as experiences shape the way people perceive situations and make decisions (Goleman, 1996). Central for Design for Service is the adoption of approaches such as Empathic Design and Design for Experience (e.g. Leonard & Rayport, 1997; Koskinen et al., 2003). These approaches view user experiences from an anthropological point of view, where users are described as individuals, with rational and irrational motivations and emotions as well as everyday routines and dreams that can inform design (Fulton Suri, 2003; Sanders & Dandavate, 1999). Experiences are also dependent on the social context as Battarbee and Koskinen (2005) explain; drawing on symbolic interactionism, she introduces the concept of co-experience, where individual experiences and their qualities are affected by the situated dynamics of social interactions.

In Design for Service individual user experiences are part of and emerging from service interactions that are at the core of any design process. This leads to a second aspect of user experience that is closely connected to activities and processes of value co-creation in service performance. These are sometimes referred to as Experiential
Qualities or Use Qualities (Arvola et al, 2011; Holmlid, 2002). These qualities are induced through activities, and as phenomena tied to an experiencing, and often proactive, subject. User experiences are thus subjective as well as an invisible phenomenon that emerges at a specific point in time, triggered by previous experiences and expectations, influenced by context, functions and time (e.g., Mäkelä & Fulton-Suri, 2001).

A third aspect, which links Design for Service with other design disciplines, is viewing user experiences as the direct perception of an object, an action, or a space (Alexander, 1970, Alben, 1996). This is sometimes referred to as “look and feel”, and concepts such as affordances or signifiers (Gibson, 1977; Norman, 2008), counterform (Holmlid & Hertz, 2007), and service moment (Koivisto, 2009) are used to understand design in service. In Design for Service this view is important when specific processes, touchpoints and resources that users will integrate in use, are designed.

Design research has been looking for ways to capture knowledge of user experiences and context from the ongoing streams of action and consciousness (Mäkelä & Fulton-Suri 2001). Design probes (Mattelmäki, 2006) and design games (Vaajakallio, 2012) are two of such techniques. Storytelling and different forms of written and visual narratives have been used as means to elicit these reconstructions of what happened in the past (Bate and Robert, 2007). Visualizing and sharing these stories in forms of films, video sketches, stories, blogs or emotional journeys, have a powerful capacity to engage people in co-design processes that are centered on people’s lives (Evenson, 2011; Tan and Szebeko, 2009).

In design, context has traditionally been regarded as everything that surrounds the object that is designed, and can be approached either through representing the context or viewing it as inseparable from actions. In Design for Service, two conceptualizations occur, that the service is the context, or that service is happening in a context. The first conceptualization relates Design for Service to other design disciplines. One advanced way of approaching this is through contextual design (Beyer & Holtzblatt, 1998) where a set of modeling tools are used to describe the
service as context, in order to achieve good design of the specific, often material, resources of the service.

In the second conceptualization, which is the dominant in Design for Service, a basic understanding of context comes from the concept of ‘servicescape’ (Bitner, 1992) or of ‘service interface’ (Pacenti, 1998), which is where the service interactions take place. In advancing this understanding service is regarded as a situated activity where value is co-created by proactive stakeholders integrating physical and cognitive resources to achieve goals.

The role of contextual understanding in Design for Service then is to widen the focus from a specific interest in the interaction with a specific product and to understand what role this product/service plays in the users’ lives. For understanding the users’ context designers often move into the context of the users aiming to gain empathy through deep understanding of latent needs, dreams and expectations and use this as a starting point for the creative process, as, for example, in empathic design methods or experience prototyping (e.g. Koskinen et al 2003; Kouprie & Sleeswijk Visser, 2009; Buchenau & Fulton Suri, 2000).

As a support for this, service in Design for Service has been understood as a situated activity. Some research relies on theories of embodied, situated or distributed cognition (Blomkvist & Segelström, 2013), where context e.g. can be viewed as part of the mediated activity, or as external representations in the activity. Service moments (Koivisto, 2009) describe the experience of a context based on a sequence of touchpoints, whereas service ellipsis (Holmlid, 2011) is founded on all situated activities across stakeholders that help designers focus on contextual factors important during specific parts of a service performance. Other researchers rely on socio-cultural theories to deal with the concept of context in Design for Service (Kimbell, 2012; Tonkinwise, 2011; Scott & Bakker 2012). Sangiorgi (2004) uses Activity Theory to describe both user and organizational contexts and their interactions during service encounters. As a counter measure to creating an infinite regression of contexts within contexts, Design for Service ultimately views context as emerging from people’s life and the service ecologies they participate in.
In sum Design for Service is as a human centred approach for understanding and interpreting existing value co-creating situations with purpose to propose future value co-creation systems.

Service Logic and Design for Service share a set of concepts, although seen through complementary perspectives. In the following sections we will compare these concepts focusing on the ones of experience, context and participation and their role in understanding future value co-creation.
A comparison

In the previous section an overview of the respective discourses was given. A set of key concepts relevant for value co-creation within each respective area was presented with similar but not identical meaning and grounding (see Table 1).

<table>
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<tr>
<th>CONCEPTS</th>
<th>DESIGN FOR SERVICE</th>
<th>SERVICE LOGIC</th>
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<tbody>
<tr>
<td><strong>Actors</strong></td>
<td>From ‘user centred design’ to ‘human centred design’</td>
<td>Resource integrators</td>
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<td></td>
<td>Focus on experiences and practices of users and staff</td>
<td>Social actors</td>
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<td></td>
<td>Staff and users as co-designers</td>
<td>They possess knowledge and skills</td>
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<td><strong>Resources</strong></td>
<td>Anything that enables actions to achieve aims</td>
<td>Knowledge and skills (integrate and operate)</td>
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<td>(integration)</td>
<td>Capabilities of people as key resource for designing</td>
<td>No inherent value, but it depends on the context</td>
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<td>and aims</td>
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<td><strong>Context</strong></td>
<td>Service as a context for design</td>
<td>Value is assessed in context</td>
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<td>Context as the emerging service</td>
<td>Context is a resource constellation that is</td>
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<td>Service as a situated activity</td>
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<td>Context as emerging from people’s lives</td>
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<td><strong>Participation</strong></td>
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<td>Participation as empowerment and potentially transformative</td>
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<td><strong>Experience</strong></td>
<td>Experience is a key source and anticipated outcome for designing</td>
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<td>Experience is influenced by the social context</td>
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<td>Experience is explored and understood through narratives and empathy</td>
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Table 1: A comparison of key concepts relevant to describe value co-creation in Design for Service and Service Logic studies
Within Service Logic literature emphasis is put on the situativity of value co-creation as it manifests only when actors’ resources (knowledge and skills) are integrated within a specific context or situation to achieve a certain goal. Resources are relevant when they can be used and be integrated by actors in their activities, which are only in part controlled by organizations. Questions in Service Logic arise on how to better understand how actors contribute and engage in value co-creation in specific contexts and how to design for future value co-creation.

In the following section we will focus our attention on the concepts of ‘participation’, ‘experience’ and ‘context’ to highlight possible contributions to Service Logic. Wetter-Edman (2009) has previously suggested that the understanding of context and experience within service dominant logic and design thinking shares common ground. The above overview shows that there are similarities; in the importance acknowledged to the concepts as well as the understanding of them both as situated and individual. However there are also important differences. There is found to be dynamic tensions between how these concepts are understood and applied and we will argue that design holds alternative, complementary and productive perspectives for innovation within a Service Logic framework.

**Experience, context and participation**

Although *experience* is fundamental in understanding value creation in Service Dominant Logic, Vargo and Lusch avoid using ‘experience’ in the 10th foundational premise and instead state that ‘value is determined phenomenologically by the beneficiary’ (Vargo and Lusch, 2008 p.7). In a comment they state experience to be idiosyncratic, experiential, contextual and meaning laden (ibid.), stressing the notion of a more subtle understanding of experiences departing for the first-person point of view. This view on experiences connects to the views on users and the methods developed to understand their needs and desires within Design for Service that takes the situation and the context of use as the starting point. However, there are, as seen above, multiple perspectives in Design for Service of understanding user experiences and context.
Firstly, from an anthropological point of view users and their experiences are looked upon as emanating from individuals whose routines and dreams can inform design. Secondly experiences are triggered by previous experiences and expectations, influenced by context, functions and time. Thirdly not least important, user experience takes into account the direct perceptions of an object, action or space “the look and feel” of an interaction. Design for Service views experiences as inseparable from the individual(s) and situated in time, and interprets and articulates the experiences as design materials for imagining future possibilities.

In service logic literature context is seen as a resource constellation that is available for the customer to co-create value. In previous service research context has mainly been considered as a concept within the so-called experiential service sector and that it can be controlled within the provider sphere. Within Service Logic, attention is on resources as becoming, and resource integration as shaping value-in-context in a social system. Then, to understand and manage the contextual situation cannot be limited to the service provider sphere.

In Design for Service context is dominantly understood as where the service interactions take place and is regarded as situated activity from the user perspective. Thus the understanding of context is in line with Service Logic, but within Design for Service the aim is to develop contextual understanding in order to explore the role of context in proposing new service systems.

The Design for Service perspective focuses on the actual processes and methods of how to achieve an understanding of the user experience in context, rather than on the character of experience per se. The reason for this understanding is to inform and inspire further development process. Practical tools have been developed to explore and understand the context of use, the various dimensions of experience and not least to use this contextual understanding for innovation purposes. As discussed by Stigliani and Ravasi (2012) the contribution of Design lies in the attention design professionals pay to the specific situation at hand. Thus the focus in design research is on methods and tools as well as on theories that can inform the exploration of specific use situations.
Design for Service approaches are based on empathy as a way to connect with user experience and emotions. This is often supported by the use of participatory design methods where the designers take part in the user context and activities using various kinds of prototyping techniques, or they invite users to take part in the design process thus setting the conditions for value co-creation in designing.

The Experience Based Design (EBD) approach developed in collaboration with the NHS Institute for Innovation and Improvement and Think Public in UK is one example (Bate & Robert, 2007, Bate & Robert 2006, Baxter et al., 2009): "EBD is a user-focused design process with the goal of making user experience accessible to the designers, to allow them to conceive of designing experiences rather than designing services. Experience is designated, as how well people understand it, how they feel about it while they are using it, how well it serves its purpose, and how well it fits into the context in which they are using it’’ (Bate & Robert, 2006 p.308). The EBD approach was developed during a project to improve patient experience in the Head and Neck Cancer Service at Luton and Dunstable Hospital. In this project patients and hospital staff were engaged together in the analysis and evaluation of their own emotional journeys as a way to inform ideas generation for service improvement. In this case the experience of participating was described as empowering by both patient and staff, which resulted in value co-creation as a byproduct of co-design.

Another example is the service design firm live|work working with the insurance company Gjensidige (Polaine et al., 2013), which has been labeled as ‘Customer Experience Governance’ in an article in Financial Times (Manning & Schadler 2012). Facing the challenge of a service sold as a product by a siloed organization, live|work conducted user research (site visits and interviews) with a small sample of users (customers and employees) privileging qualitative over quantitative data. User experience was elicited by direct contact with both clients and staff through visits and interviews. Participation was achieved through co-design workshops with staff using tools like service blueprinting, concept sketches and experience prototyping (Polaine et al., 2013). This resulted in e.g., the introduction of tools guiding the daily operations increasing satisfaction and decreasing dissatisfaction dramatically (Manning & Schadler 2012). A specific insurance policy project targeted at aged 20-
30 increased the number of customers in this hard to reach segment by 30% (livework.co.uk).

We can thus see how the primary tension lies in where the two discourses put their emphasis. Design for Service applies methods and tools that are fine-tuned and close to user practices as a way to inquire and make sense of their experiences and the context in which they take place. Service Logic provides instead a mindset that brings the focus on experience and the context for value co-creation. In addition Service Logic provides an analytical framework for articulating what resources are involved and where value co-creation happens in existing service systems.

**The importance of complementary understanding of Context and Experience for future value co-creation**

This analyses shows that Service Logic provides an analytical framework to interpret and understand service systems and innovation (focusing on the present), while Design for Service provides a theoretical and practical approach to analyze current service systems and imagine future service systems to innovate (with a focus on the future) (see fig. 1). The design space and contribution in the Service Logic field is related to how designers frame, use and interpret service experiences and contexts (with their resources and actors) to innovate service systems moving from the present to the future. In this space design integrates an attention for and evaluation of value co-creation in use (present) with a focus on the role of value co-creation in designing, engaging service actors (stakeholders) in the co-creation (via co-design and prototyping) and negotiation of future service configurations.
Service Logic provides a framework to understand service systems in action by focusing on how actors integrate resources to co-create value, while Design for Service provides an approach and tools to analyze current service systems in context to imagine future service systems and how innovation may develop as a result of reconfigurations of resources and actors. Design for Service also provides frameworks and tools enabling involved actors to participate in and be part of the service system re-design. Thus, the involved actors will learn their new roles and what is expected from them as value co-creation actors in a changed service system. Design for Service is actor and activity centered as a basis for designing and contextualizing service processes in which resources are integrated and value is co-created. A main challenge is how to create the necessary change in existing service systems, which was discussed by Tax and Stuart (1997) with a focus in particular on the new roles the participants need to enact.

In Design for Service value co-creation is described as part of design activities, when actors (customers, employees and partners) participate and integrate their resources in designing for service, and as part of use activities when actors access and operate on resources to achieve their goals. In both design and resource integration and value co-
creation activities, actors’ experiences in context are key resources to evaluate current provision and imagine future service system designs. Participation, experience and contextual understanding represent potential areas where Design for Service contribute to Service Logic by widening and deepening the understanding of resource integration, value co-creation and how value is assessed and experienced by actors in different contexts.

Design for Service is focused on developing different and new ways to engage people in design processes and to learn about their experiences and stories to inform new solutions which often are reconfigurations of existing service systems, sometimes the creation of new service systems enabling value to be created in new and better ways for the involved beneficiaries. In Design for Service this is called co-design, where resources are configured in a collaborative and creative way by the involved actors for future integration in use. The process of co-designing leads to actual value co-creation during the design process so called *value co-creation in designing*.

In Design for Service there is limited research into actors’ resource integration and value co-creation. Service Logic and service system concepts and frameworks represent in this sense a significant source when describing what Design is acting on, as well as the outcome of the design process. The outcome is not the service but an intended service or a value proposition and an aligned service system with a configuration of resources and actors enabling customers to co-create value for themselves, in line with the service promise or value proposition (Edvardsson and Tronvoll, 2013). By using a Service Logic lens in the analyses of the present service systems the scope of Design for Service can both be clarified and broadened.

We conclude this section by suggesting four propositions: three stating Design for Service contribution to Service Logic, and the fourth proposition stating Service Logic’s contribution to Design for Service.

1. *Design for Service explores existing service systems* to understand them from the perspectives of actors, their value co-creation activities, experience and
assessment of value-in-context in order to project/imagine new future service systems.

2. *Design for Service provides approaches* (set of tools, competences and a mindset) for understanding actors and how their experiences are formed in contexts as a result of how resources are integrated and operated on. In particular, how re-configurations of resources in context may come about through engaging the involved actors using empathic tools and techniques.

3. *Design for Service extends the meaning of value co-creation* to include not only market-facing resources but also public and private resources in different practices (i.e., tools and approaches). The approach is to use co-design for the collaborative generation of new resource constellations and accordingly become a part of the generation of new service systems. The effect of participation is then called *value co-creation in designing.*

4. *Service logic provides a theoretical framework* for understanding and analyzing Design for Service practices and contributions. The main contributions from Service Logic literature to the Design for Service field are: resource integration, value co-creation and a systems foundation to describe and analyze how attractive value and experiences can be created for the involved actors.

**Contribution and Discussion**

As described in this paper in recent years the perceptions of the concept ‘value’ and how it is created have shifted from a focus on units of output (in terms of the attributes of goods and services) to a focus on ‘value-in-use’ (Vargo and Lusch, 2004, 2008; Lusch and Vargo, 2006) and ‘value-in-context’ (Vargo, 2008). According to this changed perspective, ‘value’ is understood as something that is co-created with customers and often experiential in nature. The role of the supplier is to be a ‘value facilitator’ by offering resources (such as goods, services, information, and so on) that the customer integrates and operate on to co-create value. Understanding users, experiences and context have therefore a key role to evaluate services and their value co-creation activities. Vargo, Maglio and Akaka (2008:151) formulated this as “What approaches do we need to understand the socio-technical context of value creation?”

Service innovation is thus not only about developing new and ‘better’ resource configurations, but also about how such resource configurations can be made
available for and used by customers in specific service systems. In many instances, this will require changes in both the customer’s and the provider’s roles or new combinations of existing resources. In other words, the challenge is to both understand customers and to reconfigure and mobilise existing resources (for example, knowledge, experience, and motivation) within service systems. Knowledge on how to use understanding of existing experiences to imagine and design future service offerings and their resource configurations is also missing in Service Logic studies.

With this paper we have proposed Design for Service as an approach to understand existing socio-technical contexts of value creation. We have further argued that Design for Service holds perspectives, tools and methods based in creative and artistic knowledge and practices suited for innovating within a Service Logic. Design for Service highlights the embodied character of experiences and context, situatedness of activity and aesthetic competence both for understanding of and for proposing new service systems.

The comparison presented in this paper has broadened and deepened the knowledge about the possible contributions Design for Service brings to Service Logic. It also confirms what previous research has suggested – design practice and research hold a complementary (to service logic) approach to development of new service (e.g., Wetter-Edman 2009; Kimbell 2011).

**Challenges and Concluding remark**

The ambition with this paper is to bring to quite separate research areas closer to one another by showing the similarities but also the tensions and thereby the possibilities in connecting the two. One obvious challenge is the diverse epistemological foundation they rest upon. Tronvoll, Brown, Gremler and Edvardsson (2011) recently discussed the epistemological foundations in Service Research prompted by the increased multidisciplinarity as well as the change in focus implied by service-dominant logic. Among the four paradigms found (positivistic, hermeneutic, dialogic, and monologic), the positivistic position has been dominant. The scholars suggest a
need to broaden the paradigmatic positions as a means to enrich and extend the service research discipline. Similarly, Johansson and Woodilla (2008) discussed the paradigmatic positions of design discourse in relation to research in organization/management and design management concluding diverging knowledge and thought domains. The study presented in this paper confirms that there are different domains of thought and knowledge but also argues their potential to for mutual contribution and there is a need to view the respective discourse in a constructive light.

**Further research**

Based on the four propositions suggested earlier we recommend further research in the following directions:

1. *Design for Service explores existing service systems*: Current studies of design practice in Design for Service are highly descriptive while Service Logic is rather conceptual. We recommend that further empirical research is needed for developing theoretical frameworks that are relevant to design in practice to better design for value co-creation.

2. *Design for Service provides approaches for understanding context and experiences*: Empathic methods are tailored to the specific demand of resource integration and value co-creation at hand, and the effects thereof are well known. However, what principles that underpins this tailoring, and how empathy actually is used in Design for Service is largely unknown.

3. *Design for Service extends the meaning of value co-creation*: We recommend further research into ways to support firms to engage with the customers’ own value creation activities, in a way that co-design processes become co-creation of value as part of the customers’ total value creation process; on another sire other interesting questions relate to what actions should be kept in the provider sphere, and what should be co-created, and which parts of the firm’s design process should be opened for co-creative activities.
4. Service Logic provides a theoretical framework: How can this theoretical framework shed further light on the contribution of Design for Service in Service Logic and yet maintain its practice based character?

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