

*Service science, S-D logic and network theory.  
Integrating the perspectives for a new research agenda.*

It was in a rainy November afternoon, in Stockholm, in 2007 that the idea started to sparkle in our minds. The after lunch discussion was vivid but its focus was not clear; it happens sometimes when you have the chance of letting the flows of ideas free in order to reach a new starting point. The discussion was about marketing theory, rapidly followed by management, in which discipline advances needed new approaches, new grand theories, renewed paradigms (Gummesson, 2002; Ghoshal, 2005). Intriguing issues such as complexity, system thinking, human behavior, competitiveness, and service systems were addressed, still we were not able to see clearly what was missing. Cultural and behavioral change of customers, globalization of systems and competition, information and communication technology with the Internet and web service, and other changes – all require new marketing and management theory. New approaches to marketing have been brewing for the past three decades challenging the 1960s marketing management and marketing mix (Mele, 2007). These include service marketing and management, relationship marketing and CRM (Customer Relationship Management), and relational and network applications in B2B (business-to-business) marketing. We are left with a fragmented and confusing view. The discipline has reached a turning point calling for more systemic and integrative theory.

Service-Dominant (S-D) Logic and Service Science contributed a synthesis of much that had been developed during the past decades in Northern Europe, UK, France and the US; still there was something missing. And then, far from solving the problem, long distance discussions between Stockholm, Cassino and Naples gave rise to the idea that research and discussion had to address these topics jointly. They needed support from theory that addresses complexity. Network theory and more specifically Many-to-Many Marketing and the Viable System Approach do just that.

Why connecting the themes? The themes are interdependent, integrative one to each other. S-D logic dissolves the divides between goods/services and supplier/customer into co-created service and value. It forms a philosophy for the service science project and its applications in education, theory, and practice in its effort to create hassle-free, innovative service systems. Network theory is a systemic way of thinking and a methodology to go beyond fragmented research in marketing addressing complexity and context with direct application on service systems. The three themes of the 2009 Naples Forum on Service – currently catching the imagination of scholars and practitioners worldwide – represent efforts in that direction.

Service Dominant Logic (S-D Logic, Vargo and Lusch, 2004; 2006; 2008) is a theoretical proposal of marketing discipline that highlights a paradigm shift from goods dominant logic to service dominant logic; following foundations of networked relationships, new value co-creation processes, business interactions, resources integration, the authors attempt a new interpretation in market discipline introducing the dominance of service over products and goods, thus trying to follow an approach considered more faithful and adherent to nowadays competitive context (Rust, 2004) of our Service Economy (Levitt, 1981; Normann, 1997). S-D logic presents its message through ten foundational premises. In brief, these premises put the following to the fore. Service is the fundamental basis of exchange. Note that it is “service” and not “services” as opposed to goods; goods

are merely distribution mechanisms of service. Operant resources are those which do something to something. Both businesses and customers are operant resources meaning that they both act as opposed to the mainstream marketing idea that suppliers do things to customers who just react. The customer is always a co-creator of value. A supplier can only offer a value proposition on the market; the value actualization is performed by users in an idiosyncratic and contextual way. The network aspect is implicit through the statement that all social and economic actors are resource integrators, implying that value creation takes place through interaction in complex networks. S-D logic is based on international findings and openness to continuous improvements and creative developments. According to this view “the goods are no longer the only transaction objects, but they appear as an appliance for services provision. Service is seen as the real protagonist of interactions and transactions”. Service no longer represents a part of an asset or the intangible side of an output product. It “is the service to be really exchanged” (Vargo and Lusch, 2006).

Service Science, Management, and Engineering (SSME), usually just referred to as Service Science, is a global development program run by IBM together with universities (Maglio, Spohrer, 2008a; 2008b; Maglio, Srinivasan, Kreulen, Spohrer, 2006). It is a call for academia, industry, and governments to become more systematic about service performance and innovation. Further, it is a proposed academic discipline and research area that would complement – rather than replace – the many disciplines that contribute to knowledge about service. Its philosophy is in line with S-D logic. The ultimate goal of service science is to apply scientific knowledge on the design and improvements of service systems for business and societal purposes (such as efficiency, effectiveness and sustainability). The concern is that we do not master seamless and reliable service systems at a time when systems are becoming increasingly complex and global, making us increasingly vulnerable to systems sluggishness and failure. Every service system is both a provider and client of service that is connected by value propositions in value chains, value networks, or value-creating systems. Read more on service science on Google but stick to entries from the past six months; the program is developing fast and older entries may be misleading. Service Science is indeed a multidisciplinary “open source” project, based upon pillars represented by computer science, human behavior, organizational theory, industrial engineering, business strategy, management sciences, social and cognitive sciences, legal sciences (Spohrer, Maglio, Bailey, Gruhl, 2007; Spohrer, Vargo, Maglio, Caswell 2008). In terms of Science it investigates what service systems are and how they evolve, and about roles of people, knowledge, shared information and technology, as well as the relevance of customers (as demand) inside production processes (as supply); in terms of Management it investigates how improve efficiency evaluation, relations sustainability and systems relations; in terms of engineering it develops new technologies, adequate approaches to promote information check, measurement and diffusion. Service Science is emerging as a unique field, aimed to discover the complex service systems underlying logic, to establish a common language and a unique system thinking, to nourish productivity, quality, performance, compliance, to improve relationship and innovation rates across the service sector, to develop the skills required in a services-led economy, the knowledge (as intelligence accompanied to and through experience for competitive advantages), and the processes (as key element in organizational skills development).

Network Theory is both a way of thinking in relationships and interaction and a methodology to address complexity and context. It can be used with different degrees of

sophistication: as a basis for verbal treatise (discussion or text), graphics (from sketches of nodes and links to computer generated diagrams), or mathematical applications. Networking relationships were first emphasized in the 1970s, when studies noted an increase in connections among firms characterized by exchange of information, continuity in relations, and increased commitment, trust, and collaboration (Richardson, 1972; Hakansson and Ostberg, 1975). Various terms have been used to describe these voluntary ties among firms and other economic actors, including “heterarchy” (Hedlund, 1986) and “polycentric structure” (Forsgren, Holm and Johanson, 1991); however, the term “network” has now become generally accepted to describe these emerging economic entities (Bartlett and Ghoshal, 1990). Studies of network genesis have identified two basic mechanisms in network development: (i) several enterprises that are inherently involved in a common production process deciding to combine their resources and competencies; and/or (ii) a leader enterprise attracting other businesses to join in its activities. In this regard, several authors have taken a particular interest in the so-called “strategic network approach”, primarily interested in the creation and management of intentionally-formed network organizations featuring a specific set of actors (Polese, 2009). Network theory is a systems approach which in marketing has mainly been applied to B2B marketing but has equal potential for B2C (business-to-consumer) marketing and consequently to marketing in general (Polese, Gummesson, 2009). Marketing is a part of or a perspective on management and to become efficient marketing should be seen in a management context; marketing-oriented management rather than marketing management. Two network approaches will be presented. One is the Viable System Approach (VSA), grounded in systems thinking, a relational based view (RBV) and network theory, postulating every business as a system, immersed in a relational context looking for competitive profiles (viability) through interaction with other actors/stakeholders (Golinelli, 2000, Barile, 2008). The other is Many-to-Many Marketing which is a general marketing approach that describes, analyzes and utilizes the network properties of marketing (Gummesson, 2007). It applies to marketing in general and recognizes that both suppliers and customers operate in complex network contexts.

Last decades have proved that Customer Relationship Management and one-to-one marketing has not succeeded in business practices due to the narrow focus based on the dyadic relationship between a single supplier and a single customer, hence proposing marketing strategies based upon the acknowledgment that businesses interact one with the other within many-to-many networks (Gummesson, 2004). Basically the intriguing suggestion is that no-one can be considered really isolated, starting from individuals (Donne, 1624) and arriving to businesses (Hakansson and Snehota, 1995); in such an interconnected world (Castells, 1996) how could marketers and enterprises elude their network connections attempting strategies unable to capture the power and usefulness of these relationships (Capra, 1997; 2002). Therefore the three key variables of marketing seem to be relationships, networks and interaction according to a Relationship Marketing, which is “interaction in networks of relationships” (Gummesson, 2004).

The VSA is a theory linked with network analysis and based on general system theories, or rather on social analysis interpreting business behavior within a dense pattern of interactions in which the firm, being a viable system itself, immersed in a context, is in contact with viable systems and single components (Golinelli et al, 2001; Barile, 2006, 2008; Golinelli, 2009). It is, hence, a systemic theory, a methodological approach not only

capable of interpreting and directing nowadays business arena, as well as everyday life and decision making processes of organizations, groups and communities, individuals. It proposes a new representation of the behavioral approach to business and relative interactions with its context (the theory), and suggests an interpretation of consolidated and strategic organizational, and managerial models (the practice).

We now have the opportunity to compare different approaches, several points of view, new perspectives enabling a better and wider comprehension of service and system theories (in terms of resource sharing, value co-creation, relationships, interactions, networks, etc.), within nowadays new business frameworks.

More than eighteen months after the first talk about the Forum we can proudly say we were right. More than 240 abstracts from 19 countries in the 5 world continents were proposed, and we were forced into a hard selection of them. About half of them were accepted for presentation, and now the Forum will be attended by more than 150 participants. We feel to thank who believed in the strength of the idea from the beginning, Bob Lusch, Steve Vargo, Jim Spohrer, and Jaqueline Pels; moreover we thank Gaetano Golinelli, Sergio Barile and Paolo Stampacchia for their scientific suggestions and support in making the Forum a reality.

Service has arrived in a new and better shape, more prepared to deal with the contemporary economy. Still this is a starting point: Service deserves more attention on our research agenda!

*Naples, June 2009.*

*Evert Gummesson,  
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## **THE 2009 NAPLES FORUM ON SERVICE: SERVICE-DOMINANT LOGIC, SERVICE SCIENCE, AND NETWORK THEORY**

### **ACCEPTED PAPERS**

We invited papers addressing the three themes of the conference – S-D logic, service science and network theory, and we especially encouraged papers addressing an integrated perspective. The received papers have been organized in the following Forum Sessions:

#### ***S-D logic:***

- S-D logic: empirical evidences;
- S-D logic: contributes;
- S-D logic and co-creation: healthcare;
- S-D logic and network in banks;
- Technology: S-D logic and ICT.
- Value in use and Service;
- Value co-creation: the customer's role;
- Co-creation in public services.

#### ***Service Science***

- Service Science;
- Technology: S-D logic and web 2.0;
- Service Innovation: learning and co-creation;
- Service Innovation: customer's involvement.

#### ***Network theory***

- Viable System Approach;
- Network and value;
- Service networks;
- Value co-creation: network;
- Tourism: network's role.

#### ***Integration and general issues***

- S-D logic: expanding and integrating S-D logic and Service Science;
- Service innovation: different perspectives;
- Resource integration;
- Value co-creation: critical perspectives;
- Tourism and cultural events;
- From product and service to solution;
- Customer and relationships.

Each abstract in this Book of Abstracts highlights: purpose, design/methodology/approach, findings, research limitations/implication, practical implications, originality/value, keywords.

## **Dynamics of cooperation in tourism events: the 2007 America's Cup case study**

*Abstract of: Luisa Andreu, Juergen Gnoth and Rafael Curràs*

**Purpose:** Sport events in tourism destinations can be considered as a networked product. Improved collaboration between tourism firms should therefore help drive positive results. Our aim is to analyze networking effects on perceived benefits of the event and cooperative activities undertaken.

**Design/methodology/approach:** The present study contains a case from the 2007 America's Cup in Valencia, evaluating quantitative research into activities by tourism businesses (accommodation, transport, attraction providers, retail shops and hospitality providers). A survey established the number and type of affiliations, satisfaction levels toward the event, and collaborative strategies that were used during this international event.

**Findings:** Taking into account the level of networking behavior in the business sample (n=66), two groups were obtained using cluster analysis: a 'high' networked group (nhn=11) and a 'low' networked group (nl= 55). Using four items of perceived benefits (overall satisfaction, financial, exposure and awareness) as dependent variables, the HN groups had higher mean values than the LN group. The level of participation in collaboration activities (strategic alliance, package deals with companies, referring customers and business support network) is higher in the HN group.

**Research limitations/implication:** Although the sample size put limitations on some of the statistical tools that can be used for analyzing complex data, a consistent picture emerged from a small but robust sample that echoes many findings in related research.

**Practical implications:** Given the low levels of connectivity between firms, industry organizations are called upon to double their efforts. Discussion and publication of perceived benefits of "networked companies" can trigger an enthusiastic response toward networking among businesses, and promote the use of cooperative measures during the tourism event. The latter can increase fiscal but also other benefits to the destination including the establishment of mechanisms whereby other parameters may be promoted (e.g. social and environmental sustainability).

**Originality/value:** While originating in a 'classical' social network exercise that counts nodes and edges, the study expands this approach by looking at the qualities of the connections in terms of the types and frequencies, as well as the information that is flowing between nodes. The study thereby complements inquiries into perceived and real networks as they exist in tourism destinations and highlights how tourism operators conceive of the benefits of collaboration.

**Keywords:** Business networks; event tourism; cooperation; collaboration

## **Customer participation and its effects on service organisations: An institutional economics perspective**

*Abstract of: Zelal Ate and Marion Bütgen*

**Purpose:** To provide the theoretical underpinning of a better understanding of customer participation in the service transaction and its main implications, from the service provider's point of view.

**Design/methodology/approach:** A conceptual paper, based on an extensive review of the literature.

**Findings:** A definition and typology of customer participation is presented, contributing to a classification of services according to the relevance of active customer involvement in the service delivery. The application of institutional economics (i.e., agency theory and information economics) shows that managerial implications for the service provider are rooted essentially in uncertainty resulting from customer participation in the service production and delivery. The economic implications are analysed with regard to the characteristics and behaviour of the customer. A conceptual framework is offered for the identification and assessment of uncertainty-related economic consequences of service quality, process design and control, and consequent transaction and production costs.

**Research implications:** Future research should test the proposed conceptual framework empirically. In addition, further research could aim at contributing to the reduction of uncertainty about the individual participative behaviour of customers, by gaining insights into the determinants operating on both the customer and provider sides of the equation.

**Practical implications:** Recommendations for the effective management of customer-induced uncertainty by making customers more predictable and more reliable co-producers are offered.

**Originality/value:** This paper approaches the topic of value co-creation in a new and original way: in a service industry, it is not simply the market or customer orientation of a company that determines success but also the company orientation of the customer.

**Keywords:** Services, customer participation, changed customer role, value co-creation, agency theory, information economics, uncertainty, quality, costs.

## Stochastic models of resource allocation for services

*Abstract of: Ralph Badinelli*

**Purpose:** In this paper we develop a resource allocation model with general forms of service production functions, which describe the relationship between inputs and outputs of a process of co-creation of value by a service provider and a service recipient. The model development is directed at providing useful policy prescription for service providers and a foundation for research into the nature of resource allocation policies in service industries.

**Design/methodology/approach:** The model development makes use of concepts of probability theory, optimization theory and extant DEA models.

**Findings:** A practical optimization for allocating resources to service processes as well as insights into the complexity of service resource management are obtained.

**Research limitations/implications:** The model presented in this paper is based on constant returns to scale of the service process.

**Originality/value:** To date, service science lacks models for resource management that approach the usefulness of resource-management models for manufacturing enterprises even though the service economy in the industrialized world is larger than the manufacturing economy. This paper initiates a stream of model-building research.

**Paper Type:** Research Paper

**Keywords:** resource allocation, dispatching, service process

## Service Dominant Logic and Service Science: a contribute deriving from network theories

*Abstract of: Sergio Barile and Francesco Polese*

**Purpose:** Scope of the paper is to highlight Service Science, Management and Engineering (SSME) and Service Dominant (S-D) logic peculiarities and proposals with reference to network theories such as the Many to Many approach proposed by Gummesson and the Viable System Approach (*VSA*), an approach proposed and highly diffused in Italy in last decade.

**Design/methodology/approach:** Conceptual analysis based on new developments in SSME and SD Logic with a thesis that really these scientific proposals are coherent one with the other and may benefit inferences deriving from the mentioned network theories.

**Findings:** We found many-to-many marketing particularly supportive for both SSME and S-D logic for it being a theory grounded on networks, on value co-creation and systems, therefore based upon several of the two theories pillars. On the other hand we have noted that also the *VSA*, an interdisciplinary approach grounded in system thinking, resource based theory with strong inferences deriving from biology, sociology and mechanics, for its ample perspective represents an interpretation key of complex phenomena, thus it seems suitable for analyzing service systems for its capacity to look to the whole while not avoiding to respect the single characteristics of every observed reality. SSME and SD Logic are two emerging theories who are focused to the comprehension of Services in general, which can be represented by complex systems in which value is exchanged in terms of service among multiple actors. The *VSA*, asserts that every systems in order to be viable needs to develop among over-systems in an harmonic behavior capable of satisfying critical resources' owners, may contribute to these two discipline development.

**Research implications:** SSME and SD Logic are gradually being integrating one with each other. The research implies that the network theories, and specifically the *VSA*, could support even more this integration contributing with its own scientific proposals. Briefly we believe that the *VSA*'s view on business finalities, value creation, organizations' relations management are strongly coherent with the one proposed or tacitly implied by SSME and SD Logic.

**Practical implications:** For researchers to critically analyze network theories, and in particular the *VSA* proposal and theories, in order to verify if and to which extent they may contribute to scientific advancements in Service Science and SD Logic.

**Originality/value:** Although many contributes have focused upon SSME and SD Logic together, highlighting the strong integration between the two scientific proposals, until now there aren't many contributes that adopt network theories and *VSA* looking for inferences upon the two theories.

**Keywords:** Service Science, Management and Engineering; service-dominant logic; service science; Many to Many, Viable System Approach.

**Paper type:** Research paper/conceptual paper.

## **Governance and viability of franchising networks from a Viable Systems Approach (VSA)**

*Abstract of: Clara Bassano and Paolo Piciocchi*

**Purpose:** To develop a conceptual framework for the viability monitoring of franchising networks as complex systems, capable of ensuring effective and efficient monitoring of structure (adequacy of the components and relations) and system (performance).

**Design/methodology/approach:** From a Viable System Approach (VSA), the franchising, characterized by a network configuration, is qualified as a system in the process of completion where the components of Government and Operative Structure are respectively identified in the focal firm and interconnected affiliate components.

**Findings:** The analysis leads to the definition of a complex system in which the function of government of franchisor takes place on a network of relationship that needs an organization design and the development of a strong structural consonance between the components and a resonance in systemic aims and objectives.

**Practical implications:** Viable System Approach (VSA) re-evaluates the role of the government as responsible for a proper exploitation of the economic structural potential linked to network synergies. High rates of affiliate turnovers are considered as signs of system's instability that will erode its ability of survival.

**Originality/value:** In franchising organizations, the aim of survival should be pursued at the level of the overall network, developing a shared governance based on the objectives of consonance and resonance.

**Keywords:** viable systems approach, franchising network, governance, consonance, resonance, viability monitoring.

**Paper Type:** Conceptual paper

## **The Implications of Service-Dominant Logic and Integrated Solutions for the Sales Function**

*Abstract of: Jasmin Baumann and Kenneth Le Meunier Fitzhugh*

**Purpose:** This study explores the implications of the service-dominant logic (S-D logic) and integrated solutions for the sales function. Buyers are increasingly demanding solution-based products and services instead of attribute-based products and additional services. A service orientation can provide these solutions, and service by its nature requires personal interaction. Sales personnel are in an ideal position to develop offerings with the customer that provide solutions for both parties, but may require them to develop additional skills.

**Design/methodology/approach:** An exploratory qualitative case study based in the house-building market is used to examine the issues and challenges that the S-D logic and integrated solutions presents to sales staff and management.

**Findings:** The study illustrates how far an organization in the house-building sector is able to customize its offering and to what extent sales staff have had to extend their activities in response to both integrated solutions and S-D logic. The study concludes that there are a number of sales activities that will need development to meet the needs of S-D logic and integrated selling.

**Research limitations/implications:** The qualitative approach has produced rich data, further multiple-case research would allow for comparison and generalization of the issues identified in this study.

**Practical implications:** Extends understanding of new marketing paradigms with regard to the sales function and advances the concepts of integrated solutions and service.

**Originality/value:** Identifies practical implications of S-D logic and integrated solutions for the sales function.

**Keywords:** Service-Dominant Logic, Integrated Solutions, Sales Management

**Paper type:** Research paper

## **Incorporate marketing strategy and management: the umbrella of the ecosystem theory**

*Abstract of: Goumaya Ben Letaifa, Michele Paulin and Rabeau Yves*

**Purpose:** This paper proposes to incorporate marketing and management relational theories under the umbrella of the ecosystem theory. The ecosystem theory apprehends relational phenomena integrating the micro, mezzo and macro of an open system and considers the ethical and sustainable elements for its equilibrium

**Design/methodology/approach:** This paper proposes an integrative literature review and discusses current paradigms in marketing and management.

**Findings:** Three major challenges have been identified: (1) the empirical complexity of the social processes (2) the integration of a tri-dimensional vision of the social phenomenon (the “What”), the modus operandi (the “How”) and its context (the “Why”), and (3) the philosophical complexity of envisioning integrative and convergent theories.

**Research limitations/implications:** The ecosystem theory proposes an open vision of the whole network respecting the equilibrium among the economic, the social exchange and the ecology for a long term performance

**Practical implications:** The ecosystem theory provides, for academicians and decision makers, new means of transforming: (1) the thinking process, (2) the research methodology, (3) the empirical representation and (4) the performance measures.

**Originality/value:** This paper is innovative by being the first to integrate several emergent paradigms in a dialectic perspective.

**Keywords:** Ecosystem, Network, Service Dominant Logic, Marketing and Management of Services, Relational Exchange Theory.

**Paper type:** Conceptual/literature review

## Customers “experience-driven” and value proposition in S-D Logic: evidences in a cultural network

*Abstract of: Francesco Bifulco, William Brognieri and Antonio Ilario*

**Purpose:** Traditional/innovative contributions on cultural marketing show a different interpretation about the identification of the benefits that the customer pursue as part of its cultural experience (Pine, Gilmore, 1999). Actually, cultural customer is a co-creator of value and a museum can only offer a value proposition (Dalli, Romani, 2003; Slater, 2006), implying that value creation could takes place only through interaction of these actors in complex networks (Vargo, Lusch, 2008).

**Design/methodology/approach:** Recent approach (behavioural, experiential, socio-relational) show a substantial lack of analysis about needs, behaviour, propensities of cultural consumers. The research hypothesis wants to demonstrate whether and how the cultural consumer experience-driven gives more importance to benefits of psychological and sociological nature than functional nature. The methodology is based on a correlation analysis (Yin, 1989; Gummesson, 1991) led on Italian cultural network (over 500 visitors of seven museums).

**Findings:** The analysis shows how the cultural customer contextualize functional benefits within a broader "value" which includes elements of experiential/relational nature. On the other hand, the museum realities analyzed are distant from that goal based on systematic analysis of demand that could be able to interlink up the benefits expected from its customers with the value proposition proposed.

**Practical implication:** The strong correlation between functional and psychological benefits and an even more significant given to sociological benefits, stresses the need to use advanced managerial approaches that can grasp in a manner consistent these interrelationships between different actors in a S-D logic.

**Keywords:** customers' experience, cultural value proposition, cultural network.

## **Towards a customer orientation approach based on customer competency: a new deal for companies**

*Abstract of: Audrey Bonnemaizon and Wided Bataat*

**Purpose:** Customer orientation is one of the most critical business success factors; therefore most companies are seriously concerned about learning from their clients in order to improve and adapt their offers to their target and thus co-create value with them. In this paper we discuss the notion of co-creation, at the heart of Service-Dominant Logic as well as the concept of customer competence as supposed by this notion.

**Design/methodology/approach:** In order to examine these issues, a longitudinal ethnography research (3 years) based on participant observation and in-depth interviews with employees in a French business energy supplier “EDF Group” was the best means to understand how do managers in the energy sector consider their customers: are clients represented as active actors or as passive actors within their own consumption experiences.

**Findings:** The key findings illustrated that, although the internal insights showed new trends emerging in the customer practices thanks to Web 2.0 that gives the consumer the feeling of empowerment, professionals in the energy sector still considering him as an incompetent customer not capable to co-create value with suppliers in terms of usages, instrumental and cognitive aspect of his consumption.

**Research limitations/ implication:** our research focused on one case study. We observed and analysed marketers discourse in only one company which does not reflect the entire reality in the French energy sector.

**Practical implication:** The fact of taking into account the competence developed by the customers can lead the marketers to focus on the requested skills or behaviours in order to understand how to get a huge profit from the company offer by targeting the competent customers.

**Originality/value:** this paper discuss the notion of “competent customer” as defined by the company and the use of ethnography to study marketers practices.

**Keywords:** Customer orientation, competence, co-creation, energy suppliers, customer, S-D Logic

## **Empirical Evidence about the Service Dominant Logic**

*Abstract of: Roderick Brodie*

**Abstract:** To date the discourse about the S-D logic has been largely theoretical with the main focus on providing a foundation for an integrating general theory. Little attention has been given to empirical evidence in theory development. This paper shifts the focus to the empirical arena by examining implications Contemporary Marketing Practices (CMP) programme. A synopsis of the S-D logic is provided followed by a discussion about the use middle range theory as a bridge between general theory and empirical findings. This is followed by an examination the implications the CMP research findings. The paper concludes by considering implications for further research.

**Keywords:** S-D logic, empirical evidence, middle range theory, general theory, marketing practice

## **Role of local banks as potential primary stakeholders in community-type destinations**

*Abstract of: Federica Buffa, Mariangela Franch and Umberto Martini*

**Purpose:** Analysis of the role of rural credit unions in the local financial system and their position as potential primary stakeholders in community –type destinations.

**Design/Methodology/Approach:** *Theoretical background:* community-type destinations as network characterised by relationships to be understood through the network approach and stakeholder theory. *Research hypothesis:* The capability of the territory to define an integrated tourist offer depends on intensity and structure of relationships among enterprises, public bodies and local communities that manage only a part of the resources and participate with distinct roles, capacities and power. In community destinations the local credit system has a fundamental role, since it funds enterprises and takes part in local development projects. The rural credit unions are cooperative banks that – by statute – foster economic and social development of the territory.

*Field research* conducted in Trentino (a typical community-type destination) investigated if there exists a link between the role of the rural credit unions and the development of the tourist offer, to test if they are primary also stakeholders for the tourist development of the territory.

**Findings:** Rural credit unions are primary stakeholders for the development of traditional economic activities. In the development of the tourist offer they have mainly a financing role. Signals of change in role are perceivable within the network: from financier to partner in the planning of initiatives and support activities of the tourist development.

**Research limitations:** Results are limited to the first step of a research over a single area of the territory.

**Originality/Value:** Possible re-positioning of local banks in the network and of tourist development projects.

**Keywords:** Network, primary stakeholder, local banks, community-type destinations, local development

**Paper Type:** Conceptual Paper

## **Contracting in the Context of Solution Selling**

*Abstract of: Ferdinand Burianek and Ralf Reichwald*

**Abstract:** Integrating products and services into customized solutions helps firms to gain competitive advantage (Tuli *et al.*, 2007). For delivering effective solutions a close relationship and interaction between buyer and seller is needed. Therefore, organizational mechanisms for controlling opportunistic behavior and coordinating the resource pooling have to be implemented, in particular formal and relational contracting (e.g. Klein Woolthuis *et al.*, 2005; Macneil, 1978; Poppo and Zenger, 2002). Based on three in-depth case studies in the B2B-context (Yin, 2008) this paper shows firstly what key elements formal contracts should have and which relational norms are relevant when shifting from selling pure products or services to selling solutions. Secondly, it is illustrated how the complementary relationship between formal and relational contracting contributes to the management and success of solution selling. As empirical research on inter-firm contracts is relatively sparse (De Jong and Klein Woolthuis, 2008), the findings help to provide a better understanding of the relevance and the required structure of contracts, especially when firms undergo the strategic shift to providing solutions.

**Keywords:** Solution, Inter-organizational Relationships, Formal Contract, Relational Contract, Control, Coordination

**Paper Type:** Case Study

## **Deriving a new approach for business ethics from the Service-Dominant Logic of Marketing**

*Abstract of: Nia Choi*

**Purpose:** If the goal is an ethically responsible business environment, then the basic principles of business and economics must be redefined.“ The purpose of this paper is to find a new approach for business ethics based on a new logic of economic thought which can integrate economic and ethical thinking. Assuming that the Service-Dominant Logic of marketing is this new logic it will be examined regarding its implications for and contributions to business ethics.

**Design/methodology/approach:** This paper substantiates the contribution of the Service-Dominant logic to business ethics by concretizing its underlying core values respectively its idea of business. According to these identified core values an approach for business ethics is developed which can be understood as a philosophical extension of the Service-Dominant Logic.

**Findings:** It is found that for business ethics relevant core values of the Service-Dominant Logic have not been yet made explicit by scholars, but it is seen necessary to do so to concretize the potential of the Service-Dominant logic regarding business ethics. By making these core values explicit a new, simple, and distinct business ethics approach can be derived.

**Originality/Value:** This paper offers a new approach to business ethics based on the Service-Dominant Logic. This Service-Dominant Philosophy for Business Ethics can guide practitioners in their business actions.

**Paper Type:** Conceptual paper

## **Understanding Technology Adoption within the Service-Dominant Logic Paradigm**

*Abstract of: Ethel Claffey and Mairead Brady*

**Purpose:** Information and communication technologies (ICT) have revolutionised the marketplace though gaps exist in relation to marketers' ability to understand the distinctive behavioural processes behind consumers' adoption of technology-based services. Traditional consumer behaviour models focus on the "goods-centered" dominant logic (Sheth and Sisodia, 2006). A more appropriate model for understanding today's consumer is one which takes a service-dominant view where the consumer is a co-creator (Lusch *et al.*, 2007).

**Design/methodology/approach:** This research suggests a new model for understanding consumers' technology acceptance of technology-based services. It integrates Parasuraman's (2000) taxonomy of technology readiness (TRI) and a modified Unified Theory of Acceptance and Use of Technology (UTAUT) (Venkatesh *et al.*, 2003) by hypothesising that TRI's personality traits are antecedents to technology acceptance. This study will measure the relationship between the dimensions of the TRI and levels of UTAUT while taking into account moderating variables such as age.

**Findings:** Based on the research to date, hypotheses have been developed which will be verified with the support of a major mobile phone network operator by measuring technology readiness aligned to acceptance and use during longitudinal research of technology-based service beta-trials with actual consumers.

**Originality/value:** This research will provide a deeper insight into the behavioral processes behind consumers' adoption of technology-based services and will enhance marketers' knowledge about their consumers' readiness to interact with new technology based services.

**Keywords:** Service-dominant logic, technology acceptance models, technology readiness

**Paper Type:** Conceptual paper

## Exploring the interactional value creation

*Abstract of: Daniela Corsaro*

**Abstract:** There is substantial evidence that relationships matter, both in b-to-c and in b-to-b markets. Recognizing the relational nature of markets leads to some problems in the conceptualizing of value creation.

S-D Logic emphasizes the centrality and complexity of value co-creation. If value is idiosyncratic and is always determined by the beneficiary, we need a more developed value concept that takes into account the role of interdependence and interaction.

In this paper we address some issues on value in business markets that may contribute to develop a more robust conceptual framework. We have chosen business markets as in these relationships for the parties are amplified.

We report findings from a study of 25 key informants involved as customers or suppliers in 14 relationships. The study was aimed at identifying various elements that actors claimed to be of value when dealing with each other in the ICT Security business.

We provide evidences on the relativity, subjectivity, dynamicity and context dependent nature of value creation, which should be accounted for when we conceptualize the interactional value creation.

**Keywords:** interaction, S-D logic, solution, problem, value, customer.

**Paper Type:** Viewpoint.

## Using Importance-performance analysis in evaluating tourist satisfaction. The case of Campania.

*Abstract of: Alessandro De Nisco, Angelo Riviezzo and Maria Rosaria Napolitano*

**Purpose:** to propose the Importance-Performance Analysis (IPA) as a tool for evaluating tourist satisfaction. Although the relevance of IPA as instruments for the measurement of quality perceptions is well documented in the marketing literature (Ennew et. al, 1993; Slack, 1994; Matzler et al., 2003), still there is a lacking of research that provide empirical application to tourism destination management apply such. Our paper attempts to fill in this gap by proposing the *Importance-Performance Analysis* as a valuable and “demand-based” tool to ensure the continuous, dynamic and multi-perspective process of “review and validation” of tourism destination management practices

**Design/methodology/approach:** by reviewing the service management and tourism destination literature, we propose a definition of the “tourism destination product” and emphasize how IPA can be used to analyse the tourists perceptions. The theoretical framework is enriched by a survey carried among a sample of 1.936 tourists in the Region of Campania.

**Findings:** our results provide a clear guidance for the implementation of a tourism destination management policies in Campania, by identifying the main area of intervention.

**Research implications:** our study addresses a gap in the academic literature by using the IPA as an alternative evaluating paradigm of tourism satisfaction evaluation. Further research could refine our framework by investigating the impact of the selected variables on tourists’ attitudes and behaviours.

**Practical implications:** our study proposes a handy tool both for the *ex-ante evaluation* and the *ex-post evaluation*. As well, it could be used as a benchmarking tool.

**Originality/value:** the study has significant implications both for practitioners and for academics. It provides an original framework for further research and for factual implementation.

**Keywords:** Importance-Performance Analysis (IPA), Tourist Satisfaction

**Paper Type:** Research paper.

## Goods for sale: create service with just one click

*Abstract of: Massimo De Santo, Paolo Napoletano and Francesco Polese*

**Purpose:** Given the complexity of the overall scenario in our globalized world, day after day it becomes more evident that the key of success resides in discovering *interactions*. Using a *biochemical* analogy, we can compare markets with the *primordial soup* where molecules fight to survive. Some ones actively interacted to *evolve* in more competitive organism, some others passively stay at the window and are doomed to be swept away. Following this analogy, we believe that Semantic Web technology, also called Web 2.0, can play the role of *activating enzymes* and we will discuss such a view by analyzing the case of a virtual network of heterogeneous Italian firms, which conduct a market service-centred behaviour implemented through a web based service system.

**Design/methodology/approach:** In the framework of a nationally funded research project called ABACO, firms in the Campania Region belonging to *tourism, cultural heritage* and *food* industry have been identified, and their use of Internet services, was assessed. We noticed that, even though each homogeneous group of firms may be considered a local network, these organizations lack of horizontal integration fostering a single value co-creation network built around tourism attraction forces.

While it was not possible in the past, nowadays Semantic Web technology can be viewed as a smart *automatic “activator”* of services keeping its fuelling from both the availability of goods and the use of sophisticated knowledge mining tools.

We are experimenting that this could be accomplished through an integrated ICT service system based on a network configuration for the co-creation of value, where co-exist both suppliers and consumers of services in order to create a virtual network of three areas. It is a semantic web-based service oriented architecture, in order to allow interoperability, where each product can be considered as a service. Each firm can easily participate to the virtual network by uploading its goods descriptions into the system database, which are then used by the system to create related services.

A customer of this system can be a real person who is interested in buying services or a firm's owner who is interested in either selling or buying goods as services. But the power of the system is to strengthen every actor capacity to co-design, co-produce and hence co-create value within the system, enabling the SD Logic issues with ICT solution based on semantic web models.

**Implications and Practical inferences:** For entrepreneurs to better design their communication and interaction systems and to realize more effective business relations. For researchers to better understand the ICT solutions enabling value co-creation in a real time participating process.

**Findings:** It is found that semantic web based architectures can easily allow firms to participate to a market place driven by service dominant logic.

Heterogeneous firms can be integrated in a virtual network where the dominant logic for creation of value is the service exchange. Each firm can easily participate to the network by using a web-based application: services can be created with just one click.

**Originality/value:** Semantic Web service oriented architecture can be used for creating virtual networks of firms where the co-creation of value can be obtained by following the service dominant logic.

**Keywords:** Viable System Approach, Service System, network, interoperability, World Wide Web, service oriented architecture.

**Paper Type:** Case study

**Resource integration management in networks' value creation  
an empirical analysis of high quality tourist offer in southern Italy**

*Abstract of: Valentina Della Corte and Roberto Micera*

**Abstract:** The new competitive environment has generated an increasing recourse to cooperation in tourism, almost aimed at local development (Beccatini, 1991; Putman, 1993; Cappellin, 1998). Particularly, the paper will value the strategic elasticity and flexibility degree in inter-firms networks, and the advantage of taking part to a network, also in terms of systemic resources and competences (Gulati, Nohria, Zaheer, 2000; Gulati, 2007). This overview, starting from the typical resource-based theory (Barney, 1991) setting, is also its progress, because it gets reference to both "owned or controlled" resources and competences (Wernerfelt, 1984; Barney, 2002) by firms and to those anyway "available" for firms involved in a network (networks interactions and relationships). This is with the aim of developing offers able to create a higher total value than individual one, in a continuous interactive relationship with clients.

It is fundamental to understand the need or the opportunity of aimed governance and leadership choices. In this direction, the paper will analyze co-plan patterns for the development of network's strategies, focusing on the concept of value, generable by resources and competences integration. A new model of touristic inter-firms networks management will be proposed and applied empirically on quality tourism areas of Southern Italy, characterized by high level quality in offer. The study will deepen the process of planning, building and development of an interregional Product Club for a set up of integrated hospitality offer of excellence, aimed at sustainability of Southern Italy's tourism.

**Keywords:** resource, cooperation, network, quality, knowledge, destination image

## **Strategic active and proactive role of citizenship in tourist and cultural events**

*Abstract of: Valentina Della Corte, Iris Savastano and Alessandra Storlazzi*

**Abstract:** The aim of this paper is to analyze the main strategic factors in tourist and cultural events' creation and implementation. The issue will be examined taking into account the role of socio-institutional actors, in order to develop a shared governance configuration, characterized by a concrete involvement of local citizens in the process. In this direction both Service-Dominant Logic (Ballantyne and Varey 2008, Lusch and Vargo, 2006, etc.) and Network Theory provide significant theoretical frameworks in the analysis of modern cultural and tourist development processes, based on the involvement of host community.

The underlying concept is that in event planning and organization more actors are involved and each of them plays an active role for the event's success. These actors have been defined as "groups or people that can either influence or being influenced by the event's existence" (Reid, Arcodia, 2002: 492). From this point of view, Service-Dominant Logic becomes the main framework to analyse and point out host community's involvement in the process of valuation of local traditions, ambience and knowledge of the territory, as essential factors in both tourist and cultural offer. Network theory is adopted in order to study and to show the complex net of relations among the various actors in the participating and knowledge sharing logic. The paper aims at verifying the real strategic importance of above shown factors in event planning and organization, in order to get to some important managerial implications that can be useful both in event management and in relative governance choices.

**Keywords:** Networks, interaction and relationships and Service innovation

## **S-D Logic and the Open Innovation Paradigm: Marketing for un-embedded technologies**

*Abstract of: Lola C. Duque and Fabrizio Cesaroni*

**Purpose:** During the last decade, firms have been modifying their innovation management processes to generate, implement and exploit new technological knowledge. A gradual shift from a closed to an open model of innovation has been the recurring pattern of this change. Following the new open innovation paradigm, firms have to revise their overall strategic orientation and to adapt their managerial procedures accordingly. We state that the perspective suggested by the New Service-Dominant (S-D) Logic can offer a useful guideline to firms in the implementation of an Open Innovation (OI) model.

**Design/methodology/approach:** We analyze the OI paradigm through the lenses of S-D Logic by emphasizing aspects that are common to the two perspectives, like the customers' participation in value creation, the complex networks of interaction among actors, and the difference between value proposition and value actualization.

**Conclusions and Implications:** This paper presents three main contributions. First, by means of the S-D Logic mindset, we characterize the bases of the OI paradigm. Second, for each of the ten foundational premises that depict the S-D Logic, we provide instantiations arising from firms that have explicitly or implicitly adopted the OI paradigm. And finally, we move a step forward and discuss how suggestions provided by the S-D Logic can be put in practice within the context of OI to help firms co-create more value with their customers, and to exchange and to capture the value created.

**Keywords:** S-D Logic, Open Innovation, Value creation, Networks

**Paper Type:** Conceptual paper

## **Drivers of Participant's Satisfaction and continuance intention in Virtual Communities**

*Abstract of: Lola C. Duque, Charlotte Gaston-Breton and Nora Lado*

**Purpose:** Participation in Virtual Communities (VC) has dramatically increased during the last few years, opening up the possibility of extensive research in marketing. In line with this new challenge, this research aims at explaining the participant's motivation, satisfaction and loyalty with VCs.

**Design/methodology/approach:** Literature in social communities leads us to a first set of hypotheses about the impact of six main experienced benefits on satisfaction level and participants' continuance intention. Two other sets of hypotheses are elaborated, for the first time, to test the impact of VC type (i.e. size and member composition), usage (i.e. frequency and duration) and participant socio-demographic (i.e. gender) and psychographic (i.e. personal values) profiles. The proposed hypotheses are contrasted empirically with a sample of 1136 Spanish undergraduate students.

**Findings:** The results demonstrate that the hedonic and social experienced benefits of "emotional attachment", "relationship" and "identification" are positively related to satisfaction and continuance intention. The experienced benefits, the satisfaction and the continuance intention are specifically driven by VC size, VC usage frequency and the participant's value orientation. The other factors (i.e. gender, contact composition and duration of the participation) are explaining mostly the benefits experienced by the participants.

**Originality/value:** Our study contributes to identify empirically and for the first time the main experienced benefits that lead to satisfaction and loyalty with the VC. We particularly propose a new classification of motives to participate based on experienced benefits in order to avoid any confusion between motives to join, motives to participate and motives to maintain the participation.

**Keywords:** Virtual community, Motivation, Satisfaction, Loyalty

**Paper Type:** Research paper

## **Marketing Evolution: The Time and Place for Service-Dominant Logic?**

*Abstract of: John Egan*

**Purpose:** This paper reviews issues surrounding the debate on Service-Dominant Logic.

**Design/methodology/approach:** Following Vargo and Lusch's introduction of Service-Dominant Logic (S-DL) in 2004 there has been considerable, largely positive, discussion on its value in the development of marketing thought. This conceptual paper assesses its impact and the claims made on its behalf.

**Findings:** The paper notes the influence of resource advantage theory, core competence theory and relationship marketing in its inception and that a key to S-DL's widespread acceptance is that it implies reorientation rather than reinvention. It welcomes its reiteration that marketing is so much more than a functional area, its promotion of the value co-creation concept and recognition of the importance of service-centred view of exchange. The paper, however, suggests a note of caution in the assumption that marketing has room only for a single dominant logic in a pluralistic marketplace of contradictions and multi-paradigms. It suggests marketing is an evolutionary process determined by its time and place. Whatever the value of continuing research in S-DL it challenges that this should not be at the expense of other avenues of enquiry.

**Originality/value:** This paper is designed to widen the S-DL debate and introduce a note of caution to the adoption of generalisable theories in marketing.

**Key Words:** Service-Dominant Logic, Service, Relationship Marketing

**Paper type:** Conference paper

## Confronting the IMP Network Approach and the S-D Logic of Marketing

*Abstract of: Fabiana Ferreira and João F. Porença*

**Purpose:** This paper explores the relationship and the interface between the Service-Dominant Logic of Marketing and the IMP Network approach to business markets.

**Design/methodology/approach:** The IMP's network and the Service-Dominant Logic approaches are presented in order to show convergence between both literatures.

**Findings:** The paper shows the differences and the overlapping issues of the two marketing approaches. At a first glance the two approaches seem "opposing" approaches: an American perspective centred on a transactional view of consumer and services markets and an European perspective focused on a relational approach to industrial and business markets. We link the two bodies of the literature by emphasizing the interplay between goods and services. Our analysis shows that services play an increasingly important role in manufacturing supply chains. It highlights that the managing process of services to create value with partners and to develop relationships with clients may be compared to the implementation of the network approach.

**Practical implications:** Relationships emerge as important coordination mechanisms where the focus is no longer products and transactions but, the capabilities and chains of activities within and across the firms' boundaries, where service is always present.

**Originality/value:** Confront the SD-L and the IMP network approach. The literature about the transition from goods to services is in an early stage. The paper contributes for this discussion and enlarges the service concept.

**Keywords:** Business services; IMP Group; Network approach; Service-Dominant Logic.

## **When S-D logic Meets Web 2.0: An Integrative Framework for a Service-Based Web**

*Abstract of: Gary Frigidis and Konstantinos Tarsbanis*

**Purpose:** The service dominant (S-D) logic has been developed as a novel conceptual framework for the creation of value that emphasizes the role of the customer. The purpose of the paper is to explore for business practices that are compliant with the S-D logic and to contribute in the development of new business models that adopt the S-D logic. Relating the S-D logic with particular business practices will help in the dissemination of S-D logic and the establishment of a new service-based economic paradigm.

**Design/methodology/approach:** This paper relates the S-D logic to the business models of the Web 2.0, a term that is used to describe the business and human activity that takes place currently on the Web. The paper analyzes the relationship between the S-D logic and the Web 2.0 with the intention to outline a conceptual basis for the development of service-based business models.

**Findings:** S-D logic and the Web 2.0 are both based on similar customer-oriented and collaborative concepts on how to interact with customers and how to create value. The comparison of the foundational premises of the S-D logic with the key properties of the Web 2.0 reveals that the Web 2.0 complies well with the S-D logic. Based on this, we outline a framework for a service-based Web that adopts the S-D logic and transfers the customer-oriented, participative and collaborative spirit of the Web 2.0 to other domains of business activities, beyond social interaction and the creation of content.

**Originality/value:** The paper addresses the need to explore for business models that are based on the S-D logic. In this effort, we integrate concepts of the Web 2.0 with the S-D logic, which both aim at changing the traditional business mindset to quicken business innovation.

**Keywords:** S-D logic, Web 2.0, customer-oriented, value co-creation, business model, serviced based economy

## Co-Production Process Quality Management for Service Systems

*Abstract of Louis E. Freund and Stephen K. Kwan*

**Purpose:** The objectives of this paper are to propose an expanded strategy for process quality management in co-production settings and to demonstrate how applications of this strategy can lead to more effective process quality control than traditional methods. In addition, the paper has the objective of assuring that the variations in human factors that can influence the success of co-production encounters are fully considered in setting performance targets for the elements of service systems.

**Design/methodology/approach:** This paper will provide a brief review of statistical process control techniques and discuss their applications in both manufacturing and service sector organizations to date. The concept of co-production will be introduced with emphasis on how this feature of service delivery complicates the application of these traditional models. In addition, the quality of a service is often reflected by the so called “gap” between what the service provider planned to deliver and what the customer expected to receive. Other gaps are also discussed, and a theoretical model for combining statistical and experiential quality components using a multi-variate approach is presented. The paper concludes with examples of how this model can be applied, and recommendations for future research.

**Findings:** To be discussed

**Research implications:** Quality in services has been addressed in a variety of ways, ranging from direct applications of statistical process quality control models developed for manufacturing systems to surveys of customer satisfaction with their service experience. Each approach offers some insights, but no single approach has been able to span the domains that statistical process control and customer opinions of their experience represent. An integrated systems approach is proposed in this paper, linking these seemingly disparate approaches to quality assessment. Our intent is to provide direction for future research and development in the area of co-production process quality management.

**Practical implications:** The integration of both system performance and customer satisfaction in quality control of the service system provides insight into how managers can reduce the gap between what the service provider planned to deliver and what the customer expected to receive. The reduction of the gap would potentially lead to a more effective process control and higher customer satisfaction.

**Originality/value:** The integrative approach taken by the authors extends the existing body of research in the area of customer service quality management. Its practical applicability is expected to be appealing to service systems managers.

**Keywords:** Service Quality, Co-Production Process, Management of Service Systems, Service Systems.

**Paper type:** Research in Progress

## Service Systems and Requisite Variety

*Abstract of: Phil Godsiff*

**Purpose:** This conceptual paper will explore the application of an aspect of systems theory, the Law of Requisite Variety, (LRV), to service organisations.

**Design/methodology/approach:** The notion of a system has a strong history through the works of, inter alia, Forrester, Checkland, and Beer; in searching for theory to provide substance to service systems research each can provide valuable insights. Systems theory is the study of complex adaptive wholes; the focus is on the whole rather than the parts and Systems can be studied in at least two ways: their state – what are their properties and their dynamics - how they behave. The LRV, introduced by Ashby and developed by Beer in his examination of viable systems, concerns the behaviour of systems. The LRV states that the organisation must be able to deal with, by matching, the variety introduced by the external environment, in the case of service organisations this is the customer, in order to remain viable. Understanding the nature of customer variety and how to deal with it is important for service organisations since variety provides both a challenge and an opportunity. This paper seeks to explore and operationalise variety in a service context.

**Findings:** Some examples of how customer and supplier variety could be operationalised are shown; a new service systems model is proposed building on the LRV, systems concepts and on current developments in service classification.

**Originality/value:** To further the use of systems thinking in service science and to explore how the LRV could be applied.

**Keywords:** Variety, Law of Requisite Variety, Viable Systems, Systems Thinking, Service

## **Framework and Model for Successful Service Solution Design – An Organisational Design / Dynamic Capabilities Perspective**

*Abstract of: Gudergan Gerhard*

**Abstract:** The transformation to solution provision is characteristic for today's economy and value based solution systems are becoming the basic unit of exchange. The purpose of the paper is to provide a new theory and framework for the value creation of industrial companies and to provide managerial guidelines to successfully implement solution systems. The term solution system is introduced to describe the characteristics of interaction and relationships. An interdisciplinary research framework is developed based on the strategic management and organizational design theory to explain success factors in solution configuration. In particular, elements from the resource based view, organisational structure and coordination theory are integrated. A causal logic is developed including organizational design variables, measures for resource configuration capability and business performance. Structural equation modelling is applied for model development and analyses of empirical results. The predictive power of the model is demonstrated.. Organizational variable can be considered to be main success factors on innovation with solution based offerings. However, non-intuitive results of this research provide evidence to designing new organizational concepts. A concept is proposed and managerial recommendations for designing service based solution businesses more successfully is provided. The overall approach demonstrates the general need for interdisciplinary research in service science which led to new theoretical and practical knowledge as presented in this paper. A new framework could be developed based on an eclectic research approach which enhances the existing research in services.

## **How does service-dominant logic affect firm performance?**

*Abstract of: Siegfried Gudergan, Ralf Wilden and Ian Lings*

**Abstract:** Both S-D logic and the dynamic capability views of firm performance stress the importance of value creation through resource combinations and reconfigurations; one emphasizing the role of customers in co-creating value and the other the deployment of dynamic capabilities in creating a suitable resource base that influence firm performance. The purpose of this paper is to examine the role of S-D logic within a dynamic capability conceptualization of firm performance. Building on a synthesis of the S-D logic and dynamic capabilities view a set of hypothesis is developed. Those are tested using 231 usable responses from an online survey of senior managers. The method employed for testing the hypothesized effects is PLS. The results suggest that S-D logic does not have a direct effect on firm performance. The effect is mediated through the organizational resource base on the one hand and the deployment of dynamic capabilities on the other hand. According to our findings the organizational resource base drives firm performance with S-D logic not having a significant effect on firm performance. The organizational resource base is affected by the technical quality of the organization's dynamic capabilities and their deployment as well as S-D logic; all being statistically significant effects. Furthermore, S-D logic has significant and positive effects on the deployment of dynamic capabilities; namely, on each of the frequency, timing and speed of deployment. Consequently, we conclude that understanding the role of S-D logic within organizations and its impact on firm performance requires depicting an organization's deployment and technical quality of its dynamic capabilities as well as its resource base. These findings have implications to theory as they suggest that studying S-D logic independently may result in imprecise explanations of organizational performance. Practitioners can benefit from these findings as they provide a basis for some initial guidelines to strategically manage S-D logic in environments that are characterized by significant levels of change.

**Keywords:** Service-dominant logic, dynamic capability deployment, organisational performance

**Paper Type:** Research

## The resource creation system and competitive advantage

*Abstract of: Harrison Jeffrey*

**Purpose:** This paper explains a model of firm resource creation based on systems theory, stakeholder theory and service-dominant logic.

**Design/methodology/approach:** The resource creation cycle is founded on the idea that firm resources (financial, human, physical, organizational, and knowledge based) are highly interdependent. Creation/utilization of resources in one area of the firm influences creation/utilization of resources in other areas. Furthermore, each resource area is linked to both internal and external stakeholders through the services they provide. In essence, resources are co-created through cooperative processes that link internal and external stakeholders. Trustworthy behavior and distributive, procedural, and transactional justice facilitate cooperative processes. Systems theory, stakeholder theory and service-dominant logic are used to develop the model.

**Findings:** This model of resource creation and utilization is consistent with the perspective that internal and external stakeholders co-create valuable resources that lead to competitive advantage and thus superior long-term performance.

**Originality/value:** Resource-based theory is important to a variety of business disciplines. The prevailing logic that dominates the resource-based literature is that competitive advantage is associated with possession of resources that are rare, valuable, nonsubstitutable and inimitable. While there is empirical support for this perspective, it is limited in its application and its practical significance (by admission of some of its best known advocates). The resource creation cycle offers an alternative, but complementary, perspective that may better explain how valuable resources are created and why some firms seem unable to achieve sustainable performance in spite of valuable resources they possess.

**Keywords:** Competitive advantage, resource-based view, stakeholder theory.

## **Towards co-creation of service research projects – A method for learning in the network**

*Abstract of: Minna Halonen, Katri Kallio and Evelina Saari*

**Purpose:** How to combine research knowledge across disciplines is a big question when studying and developing services in industry and public organizations. This paper presents a new kind of workshop process aiming at co-creation in a research network. We piloted the process at VTT Technical Research Centre of Finland during January – May 2009.

**Design/methodology/approach:** We combined foresight and organisational learning methods, namely roadmapping and developmental impact evaluation. During the workshops VTT researchers and the management were enabled to create a shared understanding of service research strategy at VTT. The workshops were designed to facilitate dialogue between the users of the research, potential collaborators such as universities, the funding agencies and societal actors in the field of service science.

**Findings:** Although, the need for such a way of acting is often stated, it is rarely achieved in practice. Thus our method is a concrete way for managing future-oriented networking across organisational borders as a basis for continuous learning and innovation.

**Practical implications:** The process is a potential embryo for a new kind of research culture towards learning in the network, shared and transparent planning of project proposals.

**Originality/value:** For the first time the methods of foresight and learning organisations are combined. Furthermore, the process builds up a network and its research strategy from below, from above and together with customers and collaborators.

**Keywords:** Service research, co-creation, networking, workshops, foresight, organisational learning, roadmapping, developmental impact analysis, methods

## Co-Evolution of a Virtual Experience Environment: the Machinima Community

*Abstract of: Tracy Harwood and Tony Garry*

**Purpose:** This paper reports on research which aimed to investigate the nature and characteristics of a virtual ‘experience environment’, and examines the perceived benefits of those participating in the value creation process within the network.

The paper explores the application of this business model framework to a virtual community so as to derive a deeper empirical understanding of the relationship between the value themes proposed within the model.

**Design/methodology/approach:** The investigation used a mixed method qualitative research design (eg., Geertz, 1973; Strauss and Corbin, 1990). Data was collected in three phases: participant-observation (Fletcher, 2002); interviews with key informants (McCracken, 1988); and, blogging sites to support convergent findings. Content analysis was used to reduce data to key themes (Krippendorff, 2004; Weber, 1990) and develop a conceptual map of the value creation process.

**Findings:** Findings show how producers and consumers actively build and maintain relationships with each other to co-create value in a reciprocal learning mode (Vargo and Lusch, 2004) within a virtual community. From one firm’s perspective, the approach taken has led to the evolution of their business model that now incorporates consumers as service developers and providers whereas co-created value from consumers’ perspectives enables them to extend their visibility as artists in an increasingly complex experience environment.

**Practical Implications:** Implications of the findings suggest how producers and consumers may collaborate to co-evolve the experience environment.

**Research Implications** The business model framework provides scope for flexibility and innovation within each of the components identified and provides a tool for the assessment of value creation and capture for both individuals and firms involved in this process.

**Originality/value:** The paper provides insights into the challenges firms face in identifying, capturing and sustaining collective created value without alienating the individuals responsible.

**Keywords:** Business model framework; co-creation; co-evolution; virtual community

**Paper type:** Research paper

## **Managing customer participant through customer education**

*Abstract of: Mohamed Hassan Temerak, Sally Hibbert and Heidi Winklhofer*

**Abstract:** Customer education is widely acknowledged as a means to enable co-creation (Zeithaml et al., 2004; Dellande et al., 2004; Auh et al., 2007). Despite the burgeoning body of research in this area, the literature is fragmented with no overarching model that draws together the conceptual and empirical scholarship on the relationships between customer education, participative behaviour and the mediating factors. This paper draws on two streams of literature – customer education and co-creation – that interconnect on this issue but, as yet, are not well integrated. It works towards an overarching theoretical framework that will foster greater synthesis of research in this area as it continues to evolve. In conceptualising the model we evaluate the psychological process that ensue customer education and promote to customers' readiness and willingness to participate in the firm's value-creating activities, responding to repeated calls for better understanding of these mediating variables (Meuter et al., 2005, Groth, 2005, Yi and Gong, 2008). This discussion acknowledges the central role of customer role readiness and perceived behavioural control but proposes that a customer's trust in the organisation and satisfaction with the service provider and, over time, satisfaction with his or her own performance are also important mediators. We also address the distinction between customer co-creation and citizenship behaviour (Groth, 2005) and their respective antecedents. Finally we conceptualise the process of customer education and participation with the firm as a dynamic process in which educational experiences evolve over time.

## From Customer Perceived Value (PERVAL) to Value-in-Context Experience (VALCONEX)

*Abstract of: Anu Helkkula, Minna Philström and Carol Kelleher*

**Purpose:** Many customer perceived value measurement scales, such as PERVAL, seek to examine value as a linear process, where value is perceived in pre- in- and post-service consumption phases (Sweeney and Soutar, 2001). In addition, such scales examine how previous customer experiences of the same type of products or services influence customer perceived value and focus on the deductive measurement of predefined value categories without a longitudinal perspective (Rescher, 1969; Flint, Woodruff and Gardial, 2002; Zeithaml, 1988; Holbrook, 1994). This paper outlines an alternative phenomenological framework, (VALCONEX), to examine value-in-context experiences.

**Design/methodology/approach:** The VALCONEX framework inductively examines lived and imaginary value-in-context experiences in the context of Web 2.0 and public service organisations.

**Findings:** The research findings indicate that previous experience of different types of service, together with imaginary experience, impacts on current and future value-in-context experiences. In service settings, customers and service managers experience and co-create value with service providers and other beneficiaries and the pre- in- and post- service consumption phases become dynamically intertwined.

**Research limitations/implications:** The paper provides empirical evidence regarding the nature of value-in-context using the phenomenological approach in S-D logic.

**Originality/value:** The VALCONEX framework was found to supplement more traditional customer perceived value approaches, particularly in service innovation and development settings, by examining how customers' and service managers' value-in-context experiences are dynamically intertwined in a cyclical rather than in a linear way.

**Keywords:** S-D logic, value-in-context experience, customer perceived value, phenomenological approach

**Paper type:** Research paper

## Managing Network Services

*Abstract of: Charles Hofacker and Margherita Pagani*

**Abstract:** Network services represent a growing category of exchange. The category is growing due to the ease with which electronic networks can connect people, groups or businesses. For example, MasterCard connects shoppers with merchants, mobile telephone companies connect callees with callers, Google connects site owners with searchers and Facebook connects friends with other friends.

In network services, the firm hosts a platform that enables service, but the core benefits of that service are actually provided by other clients, i. e. nodes in the network. Such services therefore present unique managerial challenges. For one thing, the presence of externalities complicates decision-making. For another, since the customer provides service, customer heterogeneity creates heterogeneity in the provision of the service.

In this presentation we hope to establish two contributions that we believe clarify these managerial challenges and unify thinking about all such network services. First we propose a typology of network services based on the structure and capabilities of the nodes and arcs. Node capabilities may include the ability to store, retrieve, search, filter, display, or perform a node-to-node electronic service. Arcs serve to deliver service benefits and are characterized by a specific mapping or topology, as well as being either directed or undirected.

Our second contribution is to present empirical data that illustrate how consumer heterogeneity interacts with node capabilities to create critical strategic issues for marketing managers of network services in the context of electronic social networks.

## **How Can we Co-Create if We Cannot Communicate?**

*Abstract of: Joans Holmqvist*

**Purpose:** In order for the consumer to participate successfully in the co-creation of value, he/she must be able to communicate with the company. The service literature has taken a common first language between the company and consumer for granted, but this is not always the case. The purpose is to examine to which extent consumers prefer being served in their first language, and the implications in different kinds of services.

**Design/methodology/approach:** Building on the service literature and the foundational premises of the service-dominant logic in particular, four hypotheses on how language influences co-creation of value in different kinds of services are proposed. The hypotheses are tested with data gathered from 373 respondents in multilingual countries.

**Findings:** Native language use has a strong influence in services, and this influence differs considerably depending on the nature of the service. Even when both parties are able to communicate with each other, there is still a significant preference for native language use among all consumer groups. The importance of second language competence is weaker than expected.

**Research limitations/implications:** The findings provide a first insight into how the lack of a common first language between the company and the consumer influence the value-creation process.

**Practical implications:** The study suggests that the language aspect of value co-creation is strong across different markets, but highly dependent on the type of service.

**Originality/value:** The paper is the first to empirically address how language influences bilingual consumers from a service perspective.

**Keywords:** Service-dominant logic, language use in services, service encounters, language

## **Emerging trends in value-creating processes: co-creation through corporate finance and S-D Logic**

*Abstract of: Carmelo Intrinsic and Andrea Moretta Tartaglione*

**Purpose:** This paper wants to provide a share to demonstrate the validity of S-D logic in terms of the financial complexity that characterizes firms and the superiority of the ethical finance, compared with the traditional approach focused on the profit and on creating value for shareholders.

**Design/methodology/approach:** The approach is based on the analysis of the theoretical contributions, underlining their limitations and demonstrating the superiority of one compared to the another

**Findings:** The paper demonstrates the need for heightened sensitivity towards ethical finance. The affirmation and diffusion of ethical finance in stock markets may be the solution in overcoming eventual limitations connected to the S-D logic approach in terms of acquiring financial resources for firms within a context that places more importance on stakeholder value;

**Research implications:** In acknowledging S-D logic as a more ethical approach, even from the financial point of view, this paper then represents a basis for further elaboration on the topic in order to research interpretive models that are more able to articulately unite ethical finance with the burden of having a shortage of financial resources.

**Practical implications:** A new measurement method based on the rectified version of the Balance Scorecard, in which the four perspectives interact not only amongst themselves, but also with the value proposition for which it generates a continuous improvement process fueled by the outcome of performance measures that indicate the degree of customer satisfaction achieved in each perspective.

**Originality/value:** The value of this paper is the analysis of all implications regarding corporate finance in view of the S-D logic approach, not only from the functional point of view, as corporate finance is understood as a method to verify and control the degree in which the consumer accepts the value proposition (feedback) , but more importantly, for the effects this new mindset may have in some value drivers, such as capital cost;

**Keywords:** Corporate finance, ethical finance, cost of capital, feedback, shareholders, stakeholders.

**Paper type:** This paper is a *theoretical paper*, since the author suggests a new theoretical approach for the corporate finance.

## **Creating brand value at the service encounter – a front line personnel perspective**

*Abstract of: Isberg Sofia*

**Purpose:** The aim of the paper is to explore how emotional value propositions associated with brand promises can assist in creating value at the service encounter. Focus is on how front line personnel experience the practice of service encounters.

**Design/methodology/approach:** A qualitative case study was conducted in a large Swedish insurance company. In addition to studies of internal documents 20 interviews with front line personnel were carried out. Links between stories told by the respondents were categorized and common themes were identified.

**Findings:** Front line personnel's possibilities to create value based on emotional value propositions and brand promises are influenced by organizational processes. Culture and heritage supports the new brand promises and act as positive moderators. However, reward and measurement systems make front line personnel focus the service encounter around sales without discussing the value propositions and the brand promises.

**Research limitations/implications:** The findings are limited to a single case and therefore should be considered for exploratory analysis and not for generalization. Future research should include a wider range of service companies.

**Practical implications:** This study shows that internal and external brand building need to be consistent with organizational processes for the creation of value.

**Originality/Value:** Little research has been conducted on service encounters and the role of employees in creating brand value. This study is unique in offering empirical evidence on the role of internal brand building and organizational processes in facilitating creation of brand value at the service encounter.

**Keywords:** Emotional value propositions, Service encounters, Front line personnel, Service brands

**Paper type:** Research paper

**Performance Management of the Service Relationship: a new tool ?**  
**The example of the service relationship of a Health-care professional – CPAM**

*Abstract of: Muriel Jougleux, Laurance Bancel-Charensol and Penelope Codello-Guijarro*

**Purpose:** One of the main particularities of service activities, is the existence of interactions between the person providing the service and the customer in the conception and the production processes (Eiglier and Langeard 1987, Bitner *et al.* 1990, Vargo and Lusch, 2004, 2008). The question of the evaluation and the performance management of a service relationship – taken here as the totality of interactions with the contact employees during the production of service - is rarely dealt with as such in management science literature. Taking into account the stakes of service relationships for companies, what are the defining criteria of the performance of encounters and service relationships? How can they be evaluated and improved? The question of the existence and content of a system of performance management of the service relationship remains to be answered.

**Design/methodology/approach:** A research conducted in a CPAM (Caisse Primaire d'Assurance Maladie – National Health insurance office) gave us the opportunity of approaching this question. In a first stage we used a detailed exploration and comprehension of the field under study: observations and 50 semi-guided interviews with all hierarchical levels and production units. This exploratory study led us to mobilize an action research (David *et al.*, 2001) with an inter-service working group at the CPAM over a period of 18 months. This device enabled the research workers to elaborate a theoretical framework for the question of the management of the service relationship which dwelt on numerous interactions between the field under study and the available theoretical literature.

**Findings, Research and managerial implications:** First, we present a grid showing a theoretical analysis of a service relationship in an organization, which is used to analyse the interactions of the CPAM with one particular client, the Health-Care Professional. Secondly, we analyse the issues and methods of managing this service relationship, highlighting the complementarities, but also the contradictions observed between the point of view of the units (local and operational performance management) and that of the organization in its totality, represented by the management (strategic performance management). Finally, the managerial implications of the research are highlighted and a performance management tool proposed.

**Keywords:** Service relationship, performance management, interaction, National Health Insurance Office

**Paper type :** research paper

## **Designing an intelligent service model for diagnosis-focused professional service**

*Abstract of: Henri Karppinen and Janne Huiskonen*

**Purpose:** To introduce a conceptual model of intelligent service for a multi-staged and diagnosis-focused service system, which is especially common in healthcare and social sector services. The model focuses on decision-making related to proactive and adaptive process flow control, emphasizing the state of the service process (load), customer needs and flexible resource utilization.

**Design/methodology/approach:** The research is based on service process-related problem analysis conducted in four different healthcare development processes in Finland. The action research methodology with full action research cycle has been applied in all development projects in order to receive the true image of the complexity related to service processes.

**Findings:** As findings of the study, we present a conceptual model of 'intelligent service' that focuses on the elements of proactive process control, control-related decision-making and service system coordination. A future research agenda related to 'intelligent service management' is also discussed.

**Research limitations/implications:** The conceptual nature of the intelligent service model is a limitation of the study, but it aims at creating new kind of theory related to service management, along with other researchers and studies.

**Practical implications:** As practical implications of the study, we introduce a list of common problems related to diagnosis-focused service processes and how the 'intelligent service model' would reduce the effects of these problems.

**Originality/value:** The study has significant originality/value because of the interdisciplinary perspective in which operations management, service system design and viable system elements are combined in order to manage diagnosis-focused, customer and labour intensive service processes more efficiently.

**Keywords:** diagnosis-focused service, service process control, healthcare

**Paper type:** Conceptual Paper

## **The effectiveness of socializing service customers**

*Abstract of: Kiane Goudarzi*

**Purpose:** This paper examines the organizational socialization of service customers (OSSC) concept. As Customers co-produce the service they consume the article suggests that service organizations should socialize their customers -viewed as partial employees- to develop a strong relationship with them. The OSSC has received limited attention in the literature. The objective of the paper is to clarify the OSSC concept and to prove its effectiveness as a relationship marketing strategy.

**Design/methodology/approach:** Toward this end, the paper: (1) proposes a measure of levels of socialization of service customers to the organization, and (2) shows its effectiveness as a relationship marketing strategy by studying its importance in a model that includes: trust to the organization and to the employee, the identification of the customer to the organization and finally the propensity to buy in the organization. The quantitative analysis is based on the response of 3704 visitors of IKEA stores in France. It uses Structural Equation Modeling.

**Research limitations/implications:** The external validity of the research can't be guaranteed.

**Practical implications:** Socializing customers contributes to improve the profitability of companies, the service transaction and the long term relationship with clients. The article suggests managers to socialize their customers by clarifying customer role, integrating customers in the social network of the organization and by making values, history and culture shared with customers.

**Originality/value:** Using sociological and interdisciplinary approach in service marketing can enrich our understanding of the dynamics of the service provider-customer relationship.

## The “Resources Processes Outcomes” Approach –Resource Integration at the Centerpiece of a Market Oriented Theory of Marketing

*Abstract of: Micheal Kleinatenkamp and Michaela Haase*

**Purpose:** For some time there is an academic debate in progress on the content of services marketing and of marketing in general. This discussion has got new impulses by the service-dominant logic (S-D logic) suggested by Vargo and Lusch’s (2004) highly recognized article. This debate has also opened up again the question of what is or should be marketing theory about. The protagonists of the S-D logic are founding their ideas on different concepts and theoretical approaches; in addition, they argue that SDL is not a theory yet but that they are still operating on a pre-theoretical level.

The purpose of the paper is to add another theoretical viewpoint to this discussion that has mainly been developed in Germany during the last two decades: the “Resources Processes Outcomes” approach (RPO approach). The basic idea of the RPO approach is that in market transactions suppliers as well as customers integrate resources that lead to certain outcomes providing value for both sides. For this reason, customers and suppliers have to interact in order to combine property rights, tangible or intangible resources, and information.

**Design/methodology/approach:** The paper presents the RPO approach and its theoretic origins. As the analyses of production, intra-organizational transactions or knowledge processes etc. belong to the proper domain of business economics the RPO approach has worked out in more detail the connection of its conceptual framework with that of the new institutional economics. In this way it connects production and transaction as well as market and organization.

Beyond this background the basic constructs of SDL and RPO approach and their understanding are compared. Three main differences can be identified:

- Unit of Exchange: service (SDL) vs. combinations of property rights and resources (RPO approach)
- Goods: Distribution mechanism (SDL) vs. possible part of a combination of property rights and resources (RPO approach)
- Resources and actors: resources are resources because they render services (SDL) vs. resources are resources because of the action opportunities opened up by them. Actors are to realize the action opportunities (RPO approach).

**Findings:** The RPO approach has in common with the S-D logic the conviction that a distinction of products and services is inexpedient and that customers are always co-creators of value. Beyond that, the RPO approach provides a “micro-analysis” of the resource integration by means and throughout transactions. It spells out how the S-D logic’s basic concept of service can be translated into a theory of production.

**Research implications:** Without an understanding of “organizational life” an adequate understanding and analysis of markets and market processes cannot be achieved. One important reason for this is that organizations or their agents are the main actors on markets. How organizations act and interact on markets depend on the manner they prepare themselves for this matter and get involved in processes of learning and change. Marketing theory needs to address economic organization (or made orders), and economic organization provides the linkage between what is “inside” and “outside” of organizations. Marketing theory without reference to such a “full fledged” economic organization cannot tap its full potential.

**Practical implications:** On the basis of the RPO approach’s findings normative propositions for the development of adequate governance structures for marketing activities (transaction designs) can be derived.

**Originality/value:** The paper elaborates the linkages between market and organizational aspects of institutional-economic analysis that have not been considered so far. It thus provides a starting point for an institutional-economic theory of the firm.

**Key words:** institutional economics, property rights theory, S-D logic, service(s), theory of the firm

**Paper type:** Full paper

## Methods for New Consumer Involvement

*Abstract of: Tanja Kotro*

**Abstract:** New business practice and theory are blurring the boundaries of producers and users. Consumers are active in intertwining with the service they use.

In the empirical case studies presented in this paper it is seen how 1) both the provider of service and user community actively take part in what constitutes the value of the service and 2) people working within the business companies are simultaneously users and consumers themselves, which make the distinction into producers and users problematic. In this paper, it is also noted how difficult the theorizing of new business logic with the old terms is, how it is done in related fields of study and how empirical findings link to what Vargo and Lusch (2008 a; b) suggest to be the service-dominant logic.

## The Concept of Infra-Services: A Definition and Research Agenda

*Abstract of: Fredrik Lagergren and Matti A. Kaulio*

**Purpose:** Described as the world's largest machine, large technological infrastructures embrace us with its services. Those infrastructure-based services enable communication, energy utilization, financial transactions, transportation, etc. In this paper we will label those services *Infra-Services* and argue that Infra-Services is a special class of services which falls into the intersection of the wide service domain and the domain of industrial/technology management.

The specific aims of this paper are (i) to demarcate, define and illustrate what we refer to as an Infra-Service and (ii) to present a research agenda for research on Infra-Services, Infra-Service Firms (ISF) and Infra Service Industries.

**Design/methodology/approach:** The paper is based on selected literature, illustrated by examples from companies in Media, Telecom, Energy, City Network, Railroad industries.

**Findings:** In the Findings section future research activities linked to: de-regulation, industry transformation, firm organisation, technology shifts, innovation vs operations and Europeization will be discussed.

**Research and Practical Implications:** The research implication is a research agenda. The practical implication is that it will identify important issues for future Service Science research on Infra-Services based on a managerial perspective.

**Originality/value:** The novelties of the paper are:

- the approach to focus on a specific category of services – Infra-Services
- to link service research to past research on large infra-systems and
- to include analysis of “back-office organizations” and operations from the field of industrial/technology management

## **All activities are interpretive: The end of the debate about service characteristics?**

*Abstract of: Teemu Laine, Jari Paranko and Petri Suomala*

**Purpose:** The paper aims to clarify the concept of service at the product level with the help of the fundamental elements of any business process, such as inputs, activities and outputs. The terminology used in this paper has previously shown its applicability for analyzing a variety of different products and processes, e.g., under the ideologies of Activity-Based Costing (ABC) and Activity-Based Management (ABM).

**Design/methodology/approach:** The paper presents a conceptual analysis supported with empirical examples representing different types of products both in business-to-business and business-to-consumer settings.

**Findings:** Service is proposed to mean any activity done for the customer. The activities result in changes in goods, people, information, capital, energy and/or other changes in the state of affairs. The customer and the supplier are free to choose how to interpret the scope and the content of the process at hand and, more particularly, whether to place emphasis on the plain output and/or the underlying activities. Consequently, the juxtaposition between the goods and services needs no longer to exist. Additionally, certain characteristics of service suggested in the pre-dominant literature become questionable. Co-creation of value with the customer, for instance, seems to be an interpretive concept which is neither exclusive to services nor should it be concluded as a characteristic of every product/process.

**Originality/value:** As a complement to the strategy-oriented service logic stream, the paper operates at the level of a single product and/or the underlying process. Its analytical power stems from the explicit connections to the widely accepted business terminology. Importantly, the paper offers a basis for further studies contributing to the understanding about the elements of profitability in various business settings.

**Keywords:** Service, Service Characteristics, Product, Activity, Profitability.

**Paper type:** Conceptual paper.

**“Multichannel customers’behaviour in critical situations : is co-creation possible or impossible? The case of french utility’s customers**

*Abstract of: Marie-Claude Louyot, Bernard Cova and Audrey Bonnemaizon*

**Purpose:** This paper questions the concept of co-creation, at the heart of the ‘Service Dominant Logic’, through a critical analysis of the “multichannel customer” representation. It thus highlights the customers’ difficulties in front of the numerous channels proposed by the company to interact with it. Its principal contribution is in the critical review of some presuppositions of marketing approaches like ‘market with’.

**Design/methodology/approach:** Based on the method of critical incidents (interruption of service, overbilling, etc) and on a protocol of introspective story telling analysis of a french utility’s customers, this exploratory research, carried out in 2008, seeks to show the shift between the multichannel customer behaviour presupposed by the company and the customer practices.

**Findings:** First, the study highlights the existing gap between the ‘multicanality’ of the customers presupposed by the company and their ‘monocality or’ uncanality’ practices. On one side, the company supposes that a channels multiplication facilitates and reinforces the relationship without taking into account competencies or incompetencies of its customers to use them. On the other side, customers have competencies/incompetencies unrecognized by the company or don’t activate the required competencies. Moreover, they criticize the hegemonic posture of the company as well in relational terms as in organizational ones to resolve their problems: they thus prefer to delegate to third parties the management of their relationship dysfunction with the company.

**Research limitation/implication-** The research process focuses on critical situations and not on the daily interactions between the customers and the company.

**Practical implications:** The research results oblige practitioners of ‘functional’ brands, characterized by a total intangibility of their offer to question on the specificity of their customer relationships. In order not to obliterate some potentialities associated with multichannel strategies, it looks necessary to re evaluate grid of analysis of customer competencies, taking into account of the customer mental models whereas only the organizational ones.

**Originality/value:** From a theoretical and practical point of view, this paper aims at proposing a critical and original reevaluation of multichannel approaches. From a methodological point, this research uses the method of the introspective story telling enabling to highlight the fact that the customer goes beyond the narrow framework of the interaction with the company and involves external third parties creating their own multichannel strategies when brands don’t succeed to create shared references to communicate.

**Keywords:** introspective storytelling, co creation, service dominant logic, critical incident, customer, ‘multicanality’, ‘monocanality’, competencies, shift

## The co-creation of brand meaning networks by customer discourse

*Abstract of: Helge Lobler and Marko Hahn*

**Purpose:** The paper is going to demonstrate how customers' discourses create and change brand meaning. Customer's discourse creates and forms "meaning networks" (MN). These MN are valuable sources to identify brand meaning as customers see it.

**Design/methodology/approach:** We look at the creation/construction of meaning from a social constructivist perspective and show how brand meaning is socially constructed and changed. We show what brand meant to customers before and after a discourse. We use repertory grid interviews, discourse analyses and multidimensional scaling. In the experiment we had 14 participants who were all students of University of Leipzig, 7 female. We first did a repertory grid interview with each using 5 brands as elements for each. In a second step we formed two groups out of seven participants one group had three and the other group had four females. Then these groups discussed about the five brands. After the discussion we did a second repertory grid interview with each participant. These data indicate firstly how close one brand is to the other brands secondly they indicate how close the customers are to the brands and thirdly they indicate how close the customers are to each other. This procedure allows us firstly to show how customers co-create the meaning of brands. Secondly we show how networks of customer change the meaning of brands. We thirdly show how these networks differ according to different brands saying that brands are networks of meaning. In a space of meaning created out of the repertory grid interviews customers (=participants of the experiment) and advertisements can be positioned to analyze the relationship (1) between different advertisements, (2) between advertisements and customers and (3) between different customers. We also show how a discourse changes the network of a group of customers anchored by a specific brand.

**Findings:** We have several findings: The first is that brands mean different things before and after a discourse between customers. We demonstrate how the meaning has changed throughout a discourse. Secondly we demonstrate how the meaning of brands changed throughout the discourse as each participant perceived/construed it. Thirdly we found that throughout the discourse customer create/form networks of meaning which we call "meaning networks". The experiment showed one general way how these networks emerged throughout the discourse. Whereas participants of our experiment were spread out in the meaning space more or less randomly before the discourse they formed two subnets during the discussion one very close to the brand meaning and one relatively far away from the brand meaning. This happened in both groups and to all brands. The close network of meaning now can be used to identify the customers' perception/construction of brand meaning.

**Research implications:** We found it very valuable and helpful in analyzing networks to dispense with the idea of frequency of contacts in marketing. The frequency of contacts is typical used in network analysis but it seems to us that relationships in networks are mainly not based on the frequency of contacts but on the feeling of closeness. So we used distance instead of frequency as the basis for the networks we analyzed. This different approach combined with the repertory grid technique allowed us to visualize networks of meaning instead of networks of contacts. We think in Marketing networks of meaning can be of additional value compared to networks of contact because contact is not what drives customer but meaning can drive them to make buying decision.

**Practical implications:** Marketers more and more realize that they are not the only one who creates brand meaning. They realize that customers also co-create this meaning. We propose a tool/a procedure how marketers can identify customers who are important for brand meaning and how these customers co-crete the meaning. It makes clear how and what customers understand thus what it means for them. This can help to focus the communication strategy and so save money.

**Originality/value:** We analyzed how customers create networks of meaning not networks of contacts. By doing so we dispensed with frequencies of contacts as main data for the analysis of networks. Instead we used distances to analyze the relationships and so the networks. We think that distances=closeness are more appropriate to analyze relationships and networks because people naturally don't use frequencies of contacts (how often) to describe their relationships but they use closeness (he is a close friend of mine).

**Key words:** Co-Creation of meaning; Networks of Meaning; brand meaning networks; repertory grid technique.

## **Inter-organizational Dynamics in Sponsorship Alliances The case of the Royal Swedish Opera**

*Abstract of: Ragnar Lund*

**Purpose:** To understand inter-organizational dynamics in sponsorship alliances. More specifically the study aims to analyze the role of inter-organizational learning in sponsorship alliances.

**Design/methodology/approach:** A longitudinal case study based on interviews and direct observations was conducted over a 3 year period with the Royal Swedish Opera (RSO) and three of its sponsors.

**Findings:** Knowledge sharing is related to outcome in a sponsorship alliance. The study discusses pre-conditions for knowledge sharing such as: motivation, knowledge sharing systems, prior knowledge, skills, power structures, trust and transparency. Applying a network perspective, the study discusses how learning takes place both between the sponsors and between the RSO and its sponsors. Resource adaptations resulting from one relationship increase the value of the program for new sponsors.

**Research limitations/implications:** Recent studies suggest an alliance approach for the analysis of large scale sponsorship relationship. This study particularly focuses on knowledge sharing and inter-organizational learning in sponsorship alliances.

**Practical implications:** As arts sponsorship is moving from a passive donor recipient position to mutually beneficial marketing alliances, new research and management approaches are needed.

**Originality/value:** The study provides a deeper understanding of sponsorship as a marketing alliance. The results show how knowledge sharing is related to co-creation of value in a business relationship.

## Service-dominant logic and retail convergence

*Abstract of: Elisa Martinelli*

**Purpose:** The paper aims at linking the Service-Dominant Logic to the process of convergence, stating that retailing could be a privileged context of analysis of the new approach on service orientation.

Grocery retailers are increasingly enlarging their value proposition beyond core-products, offering financial services, mobile services, cars, utilities, etc.. In so doing, they are releasing themselves from the traditional approach based on products (“groceries”) to the new one based on service, offering “service packages” able to give customers convenient and simple solutions to their everyday lives problems, in a short time.

**Design/methodology/approach:** The paper is mainly conceptual in nature. It will discuss the proposed theme reviewing both bodies of literature, but also supporting the discussion through provision of examples of the service exchange in retail organizations. This will be performed collecting information from secondary sources (business magazines, retail companies reports and web-sites, press releases, etc.).

**Findings:** The paper will state that the new service orientation is a crucial driver of the retail convergence process. Moreover, grocery retailers are becoming a fundamental actor of the service exchange, able to aggregate and integrate value propositions for and with customers through projecting and managing networks of business partners.

**Originality/value:** The paper contributes to the debate on the Service-Dominant Logic, fostering the continuing dialog around it and also proposing another step forward thanks to the integration of the literature on convergence.

**Keywords:** Service-Dominant Logic; convergence process; grocery retailing ; integrated solutions.

**Paper type:** Conceptual paper

## **Customers as Resource Integrators: Styles of Customer Co-creation**

*Abstract of: Janet Mccoll-Kennedy, Shepen L. Vargo, Tracey Dagger and Jillian C. Sweeney*

**Purpose:** Drawing from S-D logic this paper builds on the proposition of customers as resource integrators, identifying six styles of customer co-creation, and linking customer co-creation styles to outcomes.

**Design/methodology/approach:** A theoretical framework is proposed linking customer co-creation styles to outcomes. The research is based on twenty in-depth interviews and four focus groups of patients across a wide range of cancers, gender and length of treatment with oncology patients at two different clinics.

**Findings:** Six styles of co-creation are identified. They are “Team Manager”, “Isolate Controller”, “Partner”, “Spiritualist”, “Adaptive Realist” and “Passive Compliant”. Individuals who exhibit an “Adaptive Realist” style tend to demonstrate high quality of life, on psychological, existential and support dimensions. In contrast, the lowest quality of life was evidenced by those exhibiting “Passive Compliant” and “Isolate Controller” styles.

**Practicality:** Our findings provide insights into which customer co-creation styles offer greatest patient outcomes.

**Research limitations/implications:** The present research provides a starting point for further research on modelling the relationship between customer co-creation styles and outcomes.

**Originality/value:** This is the first study to operationalize co-creation, relating co-creation to co-production, and demonstrating a direct relationship between co-creation activities, co-creation styles and outcomes. Furthermore, the research develops theory, building on S-D logic.

**Keywords:** S-D logic, resource integrators, customer co-creation styles

**Paper Type:** Research Paper

## **Alternative Logics for Innovation: a call for service innovation research**

*Abstract of: Cristina Mele, Maria Colurcio and Tiziana Russo Spina*

**Purpose:** The aim of this paper is to frame innovation within S-D Logic and Service Science and propose a framework in order to launch a call for service innovation research.

**Design/methodology/approach:** Through a review of the literature, we analyse innovation using different approaches such as goods-dominant logic, S-D logic, and cognitive-relational studies as a transitional view.

**Findings:** We outline the main elements of each approach and develop a framework with a focus on their differences in terms of drivers, outcomes, processes, and actors' roles. Innovation within goods-dominant logic is analysed in terms of new product development and new service development. In both of these research streams, innovation is seen as an output (a new good or a new service), coming out from an organisational internal process where the firm is the main actor, protecting its knowledge with an owner and secret approach. The cognitive-relational approach provides a different perspective on innovation in which the drivers of the process are *knowledge*, *competencies*, and *relationships*. The firm is still the main innovator, with the key users and partners acting as sources of *knowledge* that is used to produce superior value for the recipients. Recognising the role of resource-based view, S-D logic moves the focus to value-creating innovation. This is an 'open' innovation process in which all actors in the network can mobilise their resources to become co-innovators and co-producers of value.

**Research implications:** Our theoretical findings represent a good basis upon which further studies of innovation can be undertaken. We call for the development of models and innovation patterns within S-D logic and Service Science.

**Originality/Value:** Innovation is a key theme in service systems and service science. However, studies are widely based on a goods-dominant logic, even when the offering is itself a service. This paper offers a new and wider perspective on innovation to frame the phenomenon in S-D logic as a basis for further studies.

**Key words:** Innovation, value, knowledge, relationship, service

## Co-create value innovation as a resource integration process

*Abstract of: Cristina Mele, Maria Colurcio and Tiziana Russo Spina*

**Purpose.** S-D logic and service science are reframing the conceptual landscape of business. From these perspectives, performing business means for firms to act as resource facilitators and integrators, connecting service systems via value proposals. The aim of the paper is to analyse innovation as a value-creating process occurring through many-to-many resource integration. The article will argue for a merging of innovation, S-D logic, and network approaches.

**Design/methodology/approach.:** A case study has been carried out. First, we selected a highly innovative firm and focused on conception of and approach to innovations. In detail, we investigated six innovation projects within three main research streams. Then we identified the innovation projects' networks. The problem of network boundaries (who and where) was handled by focusing the study on the main actors involved in the innovation projects. By studying the interaction and integration process that takes place between the network's partners, we have been able to highlight innovative patterns, resource contribution to innovation, and the value co-creation process.

**Findings.** Innovation is a *network affair*, carried out through interaction and with an integration process in which several actors participate as advocated S-D logic. This changes the traditional vision of innovation, in which the supplier is the innovator and the customer a user or source of innovation. Customers and other stakeholders become the real co-innovators, and the innovation process is developed by continuous interactions among stakeholders through which they develop, exchange and integrate resources and co-create value. Partners and networks are seen as a set of potential resources that are to be matched through new value proposals and that need actualisation to create new value in use.

**Practical implications.** A company or a service system should develop the innovation process, managing the contribution of the network's members and considering both B2B and B2C/C2B (as well as C2C) interactions part of an integrated, complex context (many-to-many). Innovation development should be framed as an open process in which all of the network's actors can mobilise resources and be co-innovators, co-producing value innovation as a step toward creating value for themselves and for the others. To develop open innovation, managers should draw on the potential of resources, competencies, and talent—not only inside the firm, but above all, from the residents of its ecosystem.

**Research implications.** There is a clear need to develop further researches where innovation is framed as a resource-integrating process. Studies could widen the unit of analysis from *firm* to *network* and from *dyadic* to *multiple* actors, and enlighten us further as to the antecedents and implications of the interaction and integration process.

**Originality/Value.** Framing innovation with S-D logic allows companies and other service systems to move the locus of innovation from product to value, supporting service flow and transforming their understanding of value from a vision based on units of the firm's output to one based on processes that integrate resources.

Innovation is a key theme in service science. This paper offers a wide perspective on innovation to frame the phenomenon using a service-dominant logic, highlighting the role of the network in developing value-creating innovation (processes and results) as instrumental to increasing stakeholder value.

**Key words:** Innovation, stakeholder value, SD logic, service systems

**Value co-creation in a UK air defence availability contract. – Opportunities from multiple client perspectives and diverse cultures**

*Abstract of: John F. Mills, Valerie Crute and Glenn Parry*

**Purpose:** This study investigates the client value aspirations from multiple client constituencies in a large, industry provided, air defence availability contract and identifies their status: covered by the contract, implicit in the contract, and outside the contract.

**Design/methodology/approach:** The case draws on 22 provider and 6 client interviews conducted during 2008, one year after contract outset.

**Findings:** Client value aspirations documented in the contract were incomplete from the perspective of Royal Air Force end users resulting in an unexpected and ambiguous environment for front-line industrial providers. An environment where changes to plans were frequent and sudden, unexpected additions to the contract were the norm, and working outside the contract seemed essential to satisfy the on-base client.

**Originality/value:** The study confirms previous advice for service providers to fully understand the value propositions of their clients and amplifies the importance of this advice when dealing with multi-faceted, public sector, organizations. It also suggests how needs outside contracts can be understood as additional services from both client and provider that, jointly recognized, may lead to improved mutual understanding, respect, and value co-creation.

**Keywords:** Public sector, Defence, Service contracts, Value Co-creation, Customer/Client value

## **The role of local banks' network in the modern banking system: an Italian case study**

*Abstract of Michele Modena and Vincenzo Formisano*

**Purpose:** Based on the network theory, the study examines how a network between Italian local banks has improved the members' performance and strengthened the quality and innovation of their corporate and retail banking services.

**Design/methodology/approach:** By focusing on economic interactions and financial performance, the paper reports and analyses the results of a banking network established in 1984 among 40 Italian small banks.

**Findings:** In order to describe the role that a network could play in the current banking arena, the paper identifies two main findings based on recent empirical result of an Italian local banks' network. First, it argues that bank network improve the economic performance and corporate decision of the members. The second finding is the network's ability to reinforce the competitive positioning of local banks in the distributing process by improving quality and adding innovation to the banking products and services.

**Practical implications:** The study provides both theoretical and practical insights into the opportunity of a local bank to follow a network strategy.

**Originality/value:** This study provides empirical evidence of how a bank network – considered as a collection of local banks (nodes) and links between the nodes – can be a useful strategy for small financial intermediaries to enhance their role and support their competitive advantage in the modern banking system.

**Keywords:** Network; integration; banking industry; service innovation.

## Co-creating value in retailing: the Eataly case

*Abstract of: Francesca Montagnini and Roberta Sebastiani*

**Purpose:** The purpose of this paper is to explore *value co-creation* with customers and its impact on company's value propositions, stressing the centrality of supplier-customer interactions based on the customer experience dimensions in the *acquisition moment*.

**Design/methodology/approach:** In the first part of the paper we present a critical literature review focusing on the linkages between the S-D Logic and its recent evolution and the experiential marketing contributions. Subsequently we adopt a case study approach to examine Eataly, an innovative business model in retailing, and its value proposition. A quantitative analysis of 300 questionnaires submitted to Eataly customers during December 2008 completes the frame, aiming at exploring the customers perceptions about the interaction with the company .

**Findings:** At present, retailing is going through a phase of strong redefinition of business formulas, in order to maximize the opportunities of interaction with customers by developing service solutions aiming at supporting the value creation process. In this framework, Eataly represents an innovative case, a brand-new retail formula that entered the Italian food market two years ago, bridging "retailment" and "edutainment" concepts in order to enhance the value co-creation experience with its customers.

**Originality/value:** We made an effort to examine more in depth the value co-creation process as regards two main topics: the alignments between the company's value proposition and the actual customer value perception and the experiential side of the value co-creation process.

**Research limitations/implications:** The results of our analysis represent a starting point in order to better understand, in a dynamic perspective, implications and limits retail companies are facing in the development of their value propositions, through an experiential perspective.

**Keywords:** value co-creation; retail; innovative business model; service logic

**Paper Type:** Research paper

## **Creating value: the case of iPhone's launch on the French market**

*Abstract of: Christina Moreno and Madeleine Besson*

**Abstract:** Major theoretical contributions have recently advocated a paradigm shift to a “new dominant logic for marketing”, integrating customer-to-customer interactions and balancing “high tech and high touch” services. In this paper we attempt to illustrate the relevance of such a framework to understand the take-off of mobile value-added services after the launch of the “iPhone” on the French market.

A case study has been conducted over the last two years which includes: a quantitative analysis of the French mobile services market between 2006 and 2008, a qualitative study among 20 mobile users and the analysis of web interactions within two communities related to Apple brands from 2003 to 2009 (Mac4ever, Iphon).

Our analyses suggest that (1) an important gap existed between the value proposition made by traditional French telecommunication operators and the consumers' needs before the iPhone was launched, (2) Apple has been able to embed new communication skills in a user-friendly and efficient device that allowed the market to take-off in 2008, (3) customers' networks play a major role in the value creation of mobile services.

This study provides insights as to the co-creation of value by three stakeholders (the operator, the brand of the device and the customers' community) and stresses the role of the latter. Consumer-to-consumer interactions create value not only through the sharing of technical advice but also by sharing experiences and dreams about the brand.

**Keywords:** case study, value creation, brand community, service marketing, mobile services, iPhone.

**Paper type:** Case study

## Measuring Service Dominance in Statistical Systems

*Abstract of Petra Németh and Zoltán Kovács*

**Abstract:** Researchers have hard times when they attempt to give a real picture about the services. There are many classification systems for goods/activities/ services/ professions/occupations/ ... The problem is that they serve specific purposes which don't fit the variety of enquiry of analysts. Since data in statistical systems are hardly utilized and there is no way to carry out extensive additional surveys it seems that we have to satisfy a limited set of information. The purpose of this article is to give a methodology in order to avoid or to reduce the problems coming from the situation described above.

This article has two highlights: 1. Authors present an attempt to break out the limitations of statistical systems. The new method is based on a set theory and Boolean approach. Instead of using only "identical" relations it uses "contain", "does not contain" relations. 2. The paper will contain examples for this approach and the way of interpretation this kind of results in the case services.

Results show that this kind of flexible approach gives a more realistic and useful picture of services alone or 'embedded' in other products, activities, etc. Other conclusion is that the problem of classification and coding are the problem of setting goal of investigation, so the term 'service' might cover different meanings.

This paper is original in the method of measuring service dominance with 'contain', 'doesn't contain' theory.

**Keywords** Boolean approach, NACE, ISCO

**Paper type** Research paper

## **Business model design: conceptualizing networked value co-creation**

*Abstract of: Suvi Nenonen and Kaj Storbacka*

**Purpose:** A common thread in the modern marketing theories, such as service-dominant logic (Vargo and Lusch, 2004) and viable systems approach VSA (Golinelli *et al.*, 2002), is the notion value co-creation: the locus of value creation is no longer perceived to reside within firm boundaries but value is considered to be co-created between various actors within the networked market. The evolution of value creation, from value creation by the manufacturing firm to value co-creation in a network, necessitates a corresponding change in the concepts used to depict value creation. The present research investigates business models as a broader conceptualization of value co-creation that captures this change.

**Design/methodology/approach:** The topic is approached by a combination of literature review and interactive research (Gummesson, 2002a), including interactions with managers from 12 international companies.

**Findings:** Business models are defined as configurations of twelve interrelated elements, covering market, offering, operational, and management viewpoints. The effectiveness of a business model in value co-creation is defined by the internal configurational fit between all business model elements and the external configurational fit between provider's and customers' business models.

**Practical implications:** A firm can radically improve the value co-creation by designing business models that have high degree of internal and external configurational fit.

**Originality/value:** For a scholarly audience the article contributes to the discussion on value co-creation by providing a conceptualization of the business model construct depicting the value co-creation in a network. For a practitioner audience it offers ideas for improving business performance through conscious business model development.

**Keywords:** Business model, value co-creation, systems theory, network, configuration

**Paper Type:** Research paper

## Insights into co-creation of professional service offerings

*Abstract of Julia Nevmerzhitskaya, Leena Aarikka-Stenroos and Elina Jaakkola*

**Purpose:** The purpose of this paper is to describe and analyze how the concept of professional service offering is defined in traditional marketing literature and in service-dominant literature, and to suggest new way to understand professional service offering based on S-D logic.

**Design/methodology/approach:** The topic is approached by theoretical analysis and conceptual development. A literature search was carried out in order to find definitions and dimensions of the service offering concept.

**Findings:** The analysis of the professional service offering concept and its dimensions shows that when S-D logic is applied, the offering creation is a diagnosis and a problem-solving process. Offering is defined as a diagnosis formulated through interaction and a proposition of application of the professional expert skills and the customer knowledge in interaction to create optimal value-in-use potential for the customer. Offering definition is a dialogical process that integrates both the marketer's and the customer's resources.

**Practical implications:** The practical aim of the article is to bring tools and ideas to design and market professional services in a more successful way. For professional service firms this paper provides new understanding of professional service offering as a complex interactive problem-solving process. Instead of creating the professional service "product", service providers should illustrate the potential value-in-use for customer through interactive marketing tools and tangibilizing the offering.

**Originality/value:** This paper contributes with a discussion on what a professional service offering is, and describes the offering concept through S-D logic perspective as a customer-centered interactive problem-solving process.

**Keywords:** professional services, service-dominant logic, service offering

**Systems thinking and Service-Dominant Logic in Service Science: Evidence from the delivery of Outcome-based Contracts in the Defence industry**

*Abstract of Irene C.L Ng., Roger Maull and Nick Yip*

**Abstract:** Two outcome-based defence contracts are studied in the attempt to better understand the provision of services in maintenance, repair and overhaul (MRO) environment that is contracted on the *outcome* of the equipment, rather than the provision of equipment. The nature of the contract changes the dynamics of the delivery, bringing complex issues such as customer behaviours and involvement to the forefront, with both customer and firm focused on value co-creation and co-production, rather than each party's contractual obligation. We uncover four areas that are crucial in the understanding of value co-production in service delivery and analysed them through a systems approach combined with the application of the service-dominant logic, both considered as the theoretical underpinnings of service science.

**Keywords:** Systems thinking, Service science, Outcome-based contracts, Value co-creation, Service-Dominant Logic

## Customers as partners in radical service innovations

*Abstract of: Hanne Westh Nicolajsen and Ada Scupola*

**Purpose:** The main purpose of this paper is to investigate customer involvement and related challenges in radical service innovations in engineering consulting services

**Design/methodology/approach:** The paper uses a case study approach and so called rich descriptions to investigate customer involvement, roles and related challenges and conditions in radical service innovations.

**Findings:** One main finding is that customers can engage in radical service innovations in engineering consultancy services and may play a decisive role. In doing this they most likely take on all the three user involvement roles defined in the literature of New Service and New Product Development. Also a number of conditions are found to be necessary in order for this collaboration to succeed. The conclusion is that another understanding and handling of the customer/supplier relation is needed along with a need for ongoing collaboration where creativity and trial and error are crucial. These needs require new ways of communicating and interacting between customer and consultants.

**Research implications:** The existing knowledge on user involvement in innovation is too limited. Radical service innovation pose some of the same challenges as seen in new product development and new service development however additional challenges are revealed. In addition our study indicates that while customer involvement where the customers contribute as user or a resource might stand on their own, the role as developer in our case would not function without the two other roles on top. This might be a specific case relating to radical service innovation or might be a more profound issue. In our case we found the three roles highly mixed and mutually reinforcing one another.

**Practical implications:** Working with user involvement in radical service innovation are demanding a changed approach to the relationship between service provider and customer including new, more collaborative ways of interacting.

**Originality/value:** This article is original because it generates new insights into conditions and challenges in radical innovations in engineering consulting services on the base of an in depth case study of an engineering consultancy.

**Keywords:** engineering consulting, knowledge intensive business services, ad hoc innovation, service innovation, radical innovation, customer involvement, case study.

**Paper type:** Research paper

## **New Roles of Inter-firm Relationships in Service Developments: The Case of the Japanese ICT Industry**

*Abstract of: Kenichi Nishioka and Chieko Minami*

**Purpose:** This paper examines R&D activities in ICT (Information Communication Technology) and aims to identify the key factors that lead to innovative change in service development.

**Design/methodology/approach:** The explanatory case study of Japanese ICT industry is used for this research with using both primary and secondary data. The theoretical framework focuses on resource related theories including S-D logic and recent discussions about coordinating abilities in buyer-seller relationships.

**Findings:** The findings of the research are as follows: 1) As developments within web technology have led to standardised interfaces and platform functions, services are now being offered by integrating modularized service components; 2) Additionally, there is a new emphasis on the role of inter-firm relationships in integrating external resources from the supply side. The results imply that the characteristics of provider-user interactions have changed due to the modularisation of services.

**Research implications:** The findings imply that services in ICT industry can be offered by integrating modularized components in a same manner as physical goods are. The concept of service modularisation leads to a new way of developing services.

**Practical implications:** The standardised ICT platform-based web-related technology made the services into the sets of service modules. As a result, ICT service developers' tasks are mainly focused on selecting and integrating service modules with configuration tasks to meet customer demand, instead of integrating physical goods. Service providers are expected to develop higher integration abilities to create value for the user companies, required to manage the reorganised inter-firm relationships.

**Originality/value:** The study provides application of S-D Logic to R&D activities in ICT, contributes to developing studies of service developments by considering importance of inter-firm relationships.

**Keywords:** Service Development, ICT, Information and Communication Technology, Inter-firm –relationships, Japan

**Paper type:** Research paper

## **Matchmaking of healthcare - supporting the patient (customer)**

*Abstract of: Lars Nordgren*

**Abstract:** As healthcare lacks incentives and systems for matching capacity between various care providers and for coordinating episodes of care, the result is capacity management that is difficult and uncertain. Long waiting and lead times between efforts entail increased risks for the patient and contribute towards expertise being utilized inefficiently. The organising of hospital care can be likened to a bureaucracy, which has not adapted its organization of work in order to be able to assume the overall responsibility for the process of patient care. There is also a lack of agency in coordinating resources for the benefit of the patient.

The productivity concept which was used in manufacturing industry, is problematized, because it is misleading for healthcare as it does not involve the contribution of the customer

The defective matching and use of a misleading productivity concept forms the departure point for outlining the possibilities of developing service productivity adapted to healthcare with the support of the concepts of value creation, the yield management method and matching, and the agent perspective. Building on the developed view on service productivity the head point is outlining the condition for a matching system in order to better match the available capacity both in and between healthcare units in order to meet and support the value creating process of the customer (the patient), with the aim of eliminating queues. An overall aim for the providers should be to match the value creation process of the customer.

**Keywords:** service productivity, value creation, matching, yield management, agentship

## **The role of social relationships in network management: Creating trust in network through management functions**

*Abstract of: Katri Nykänen*

**Abstract:** This research paper identifies the creation of trust as the main challenge in managing networks and concentrates on interpersonal trust while accentuating the role of social networks in service production system of elderly health and social care services. The research is qualitative in nature and collected through action research in an elderly care service system in Finland. A framework of trust creation, maintenance, and development through the four network management function is presented based on the theoretical and empirical findings. The contribution of this paper lies in the linking the functions with trust-based on action research. Action research as method has allowed the researcher to create and test how to enable trust through network management functions. The findings of this paper are both theoretical and practical. The practical experience has raised the need to process trust in two parts; initial and evolved. This division has been discussed earlier in the trust literature, but not combined with network management literature. The proposed network management function framework provides network managers with tools for managing in network through trust and commitment.

**Keywords:** Trust, network management, action research, social and health care services

## **Retailers and Media as Resource Intermediaries**

*Abstract of: Anu Norgraan and Jennina Halkoaho*

**Purpose:** This theoretical paper examines the role of resource intermediaries in value creation. We discuss the role of retailers and media as important actors between the selling firm and the consumer, influencing and participating in the process of resource provision and use.

**Design/methodology/approach:** We integrate three different approaches to resources in order to gain a more comprehensive understanding of the role of intermediaries in value creation. Industrial network (IMP) research approaches resources from an interaction perspective, stressing resource ties and interfaces between companies. Resources are also a central concept in the Service-Dominant (S-D) logic of marketing. Both these perspectives focus on how resources are used and combined to provide value, or “services”. Consumer Culture Theory (CCT) again focuses on understanding the social and cultural roles that products play in consumers’ lives. According to this perspective, the services and products that firms provide are operant and cultural resources for consumers to use.

**Findings:** Resources are not always directly available for customers, but are mediated through markets. In fact, customers often interact more with retailers and advertisements, than with the producing firms. Therefore, the ultimate presentation of the product is thus not only in the manufacturer’s hands. We offer a conceptualization of the role of retail and media intermediaries in creating and managing the product, its meanings and value.

**Originality/value:** This paper builds understanding on the notion of resources, particularly when it comes to the interacted nature of the concept and the role of intermediaries in the creation of resources and value.

**Keywords:** resources, co-creation of value, intermediary, retail, media, conceptual paper

## **A second chance at life? Analyzing customer value in the medical industry**

*Abstract of Angela Paladino and Roberto Aguiari*

**Purpose:** This case reviews how a specialist medical organization in Europe has been able to build sustained positive market value by simultaneously focusing on a market orientation as well as a resource orientation.

**Design/methodology/approach:** The case study draws on market orientation, the resource-based view and customer value theories and uses interviews, internal company documentation and secondary research.

**Findings:** The case provides an analysis of how an organization has adopted elements of market and customer strategies to survive in an intensely competitive knowledge-driven industry.

Findings show that effective differentiation for medical equipment is required to increase client adoption levels and the likelihood of purchase (by medical specialists and patients). From the case, it is apparent that the success of specialist medical devices depends on attention to customer value, as well as product and service quality. These are each driven by facets of resource and market orientations.

**Originality/value:** This study provides support for emerging research which demonstrates that a dual focus on the resource composition of an organization, as well as to a lesser degree, the focus on the provision of customer value are able to drive innovation and financial performance. It shows that organizations cannot limit their focus on one strategic orientation to be successful.

**Keywords:** medical innovations, market orientation, resource-based view, resource orientation, innovation performance, financial performance.

## **Organising (for) service innovation: formalisation versus creativity**

*Abstract of: Kristina Palm, Lucia Crevani and Annika Shilling*

**Purpose:** The purpose of this paper is to problematise and discuss the potential tension between formalisation and room for creativity in the context of service-intensive companies.

**Design/methodology/approach:** In this paper we present and compare two studies on challenges with organising (for) innovation in service-intensive companies. One of the studies reviews the contribution of previous studies to the understanding of managing and organising innovation in service companies. The other is an explorative interview study focusing on how people working in service-intensive organisation in Sweden reason about innovation and the role of co-workers in the innovation process.

**Findings:** We identify four aspects worth attention in further studies: 1) How can service-intensive companies find a balance between formalisation and room for creativity when organising for innovation?, 2) How does the manufacturing industry influence the service industry in terms of processes, methods and vocabulary related to organising (for) innovation?, 3) How is individual and collective creativity conceptualised and what difference does this have for the organisation (for) innovation in service-intensive firms? and 4) What happens with innovation when the service delivery process is being formalised?

**Research implications:** Future research on organising (for) service innovation needs to focus on the potential tension between formalisation and room for creativity.

**Practical implications:** Service-intense organisations that strive for innovation are being enlightened on the potential tension between formalisation and room for creativity and its possible effects.

**Originality/value:** The value with this paper is that it shows a knowledge gap in the understanding of organising (for) innovation that needs to be filled.

**Keywords:** Creativity, formalisation, organising, service innovation and tension.

**Paper Type:** Research paper, literature review.

## **Knowledge sharing in innovative modular service offerings**

*Abstract of: Sara Pekkarinen, Paulina Ulkuniemi and Satu Nätti*

**Purpose:** How can the use of modular service offerings increase inter-firm knowledge sharing between the customer and knowledge intensive service firm?

**Design/Methodology/Approach:** The paper builds on value co-creation and knowledge sharing in projects utilising modular service offerings of the knowledge-intensive organisation. An elaborative case study conducted in customer projects related to engineering, procurement, and construction management services show how knowledge sharing between the service provider and customer organizations can be developed by using the modular service offering.

**Findings/Results:** With the innovative service offerings provided, the case company's value provision is generated from its expertise as well as its capabilities in knowledge sharing (explicit and tacit) with its customer. The model enables the transparency of elements included in the service offering easing the customer's buying process. From the service provider's perspective the use of the modular service model justifies pricing decisions according to required resources and provides a tool for managing human resources by enhancing communicating the customer promise.

**Conclusions based on findings:** The service provider has to find out the way to tackle the prevalent challenge of transforming tacit, complex and embedded knowledge explicit and modular.

**Implications:** The paper will contribute to the discussion about the role of the customer and value co-creation in the b2b relationship and create new information of the challenges of professional knowledge modularisation and sharing. The study offers an useful framework for future research on modularity in service innovations and inter-firm knowledge sharing in professional relationships.

## **Mechanisms for Resource Integration in Business Networks**

*Abstract of: Linda Peters and Andrew D. Pressey*

**Purpose:** The purpose of this research is to understand how operant resources, such as knowledge, are developed and shared in business-to-business networks. In particular, we examine how contingent factors such as social integration mechanisms, power, and regimes of appropriability influence the networks' willingness and ability to generate operant resources. We apply a cognitive theoretical approach, which seeks to understand the structures of cognitions in individuals, in a network context. We address both the ninth and tenth SD logic foundational premises in this study, in that we consider both the issue of resource integration in the network and the phenomenological nature of value co-creation.

**Design/methodology/approach:** An exploratory in which semi-structured depth interviews were conducted with 27 design team managers involved in the construction of two different major construction projects. We also asked each respondent to draw a "network picture" (their subjective mental representations of their relevant business environment) of the project.

**Findings:** We find evidence that the phenomenological nature of value creation and the sense-making activities of network members have important implications for resource integration in the network. In addition, such resource integration may be moderated by important contingent factors.

**Research Limitations/implications:** While this study cannot be generalised to other network settings, it does present guidance for future research.

**Practical implications:** A better understanding of how to facilitate operant resource creation in business networks.

**Originality/value:** The application of cognitive network theory to the understanding of resource integration and value creation in networks.

**Keywords:** Cognitive Theory, Networks, Resource Integration, Value Co-Creation

**Paper Type:** Research paper

**Governance models in the local transport industry:  
an empirical research on tariff integration systems**

*Abstract of: Mario Pezzillo Iacono, Gianluigi Mangia, Ernesto De Nito and Paolo Canonico*

**Purpose:** The aim of this research is to analyse governance models for tariff integration systems in the local public transport sector both in Italy and in some regions of Europe. In particular, it aims to study and compare coordination models chosen by the key players, their role (especially that of the political policy-driver) and the degree of decisional centralization/decentralization within the network.

**Design/methodology/approach:** For this purpose ten case studies (AMT Barcellona, CRTM Madrid, Formula Torino, Metrebus Lazio, Pegaso Toscana, Sitam Milano, Stib Bruxelles, Stif Parigi Ile-de-france, Stimer Emilia Romagna, UnicoCampania) will be presented and compared in the paper. Data was collected through direct (semi-structured interviews and structured questionnaires) and indirect sources (analysis of internal documents).

**Findings:** The analysis brings to light two organizational models for governance: the focal organization and the agency model. Features and implications of these two models will be outlined.

**Practical implications:** The intention of this paper is to provide strategic and operative considerations for designing governance structures for tariff integration systems.

**Keywords:** Network Theory, Governance, Local Public Transport, Inter-organisational Integration.

## Facets of management in service network relationships – exploring the leadership role

*Abstract of: Agneta Planander*

**Background:** Alliances and networks as collaborative organizational forms constitute a more complex context – in comparison with more traditional hierarchal organizational forms – and have consequences for the management as well as for the employees in their everyday work.

**Purpose:** To present a research study in progress discussing the leadership role and relations in a service network, focussing on how the prerequisites and content of the leadership role is changed when working in a network form of service organizations. The study also discuss whether there is a significant difference between the leadership role within conventional industrial business network compared to leadership in service networks.

**Design/methodology/approach:** The research is an explorative study based upon two case studies involving in-depth interviews and observations. The study is conducted from a social constructivist/interpretive tradition and draws on social network and leadership theory.

**Findings:** The study will describe and discuss important social/cultural aspects as well relational aspects of the leadership role in service networks.

**Practical implications:** The research will have an impact on leadership and training programmes in service firms.

**Originality/value:** Aspects of leadership are seldom discussed in the service-dominant logic literature and in the mainstream of network theories used in the service literature. This study will enrich the service literature, mostly based on a marketing perspective and seeing the network as an exchange of resources, with various dimensions of leadership. This is important for a deeper understanding of the field.

**Keywords:** Leadership role, Service networks, Collaborations

## **Introducing Interactional Value Co-Destruction in SDL: A Theoretical Framework**

*Abstract of: Loïc Ple, Ruben Chumpitaz and Jacques Angot*

**Purpose:** This article aims to demonstrate that Service-Dominant (S-D) logic should take into account the risks of value co-destruction, whereas it has essentially focused on value co-creation so far.

**Design/methodology/approach:** This paper makes a critical review of the co-creation and value-in-use concepts. It then introduces the concept of interactional value co-destruction by service systems, which are configurations of resources connected to other systems by value proposition

**Findings:** We show how interactions between different service systems can result in a value co-destruction process. This contrasts with the extant academic literature, which usually considers that these interactions lead to value co-creation. We propose that co-destruction of value happens when a service system misuses either accidentally or intentionally its own resources or the ones of another service system.

**Research limitations/implications:** This is a conceptual paper, so our theoretical findings would need empirical support. Empirical research could deal with the characteristics of service systems, or dynamics and antecedents of misuse.

**Practical implications:** We underline that, whereas many firms develop co-creation strategies, it should not be forgotten that these are not an ideal path to value. Firms should not neglect how, where and to what extent value co-destruction may happen.

**Originality/value:** As far as we know it, this is one of the first articles to explicitly handle the limits of co-creation in S-D Logic.

**Keywords:** Co-destruction; Service system; Value-in-use; Service-Dominant Logic; Destruction-through-misuse

**Paper Type:** Conceptual paper

**Analysis of links and features of tourism destination's stakeholders.  
An empirical investigation of a Southern Italian Region**

*Abstract of: Angelo Presenza and Maria Cipollina*

**Purpose:** Tourism networks are an increasingly important tool for economic development. The main aims of the research are to bring together the state of art in applying network analysis and to use such technique in order to study the links between all tourism destination's stakeholders, distinguishing private and public sector.

**Design/methodology/approach:** The analysis is based on a both quantitative and qualitative methods for investigating the network characteristics of tourism destinations with the aid of network analysis' methodologies, which offer numerous techniques and indicators through measuring the links among nodes to demonstrate the structural patterns of connected systems. It is empirically tested to a Southern Italian Region (Molise). The used dataset is the result of a survey carried out in the period February-July 2008, on a sample of 200 hospitality firms.

**Findings:** In our analysis we focus on the responses to two questions:

1) How important is the relationship with local stakeholders for your management activities?

2) How important is the relationship with local stakeholders for your marketing activities?

The 200 hospitality firms answered to each questions assigning a mark from a minimum of "1" to a maximum of "10" for each stakeholder according to propensity to collaborate with them in exercising their activities.

From answers of survey it emerges a deep awareness of the importance of intensifying relationships between tourism companies themselves and between them and policy makers. In general, most respondents provided ratings of over 6 (out of 10) indicating a high propensity to collaborate with other tourism destination stakeholders.

**Research implications:** While organizing an investigation of networks around structure and relational characteristics provides a rich descriptive insights, the findings indicate the importance of investigating the "softer" and less tangible social and cultural aspects of networks; in other words, to develop a better understanding of less tangible, cultural aspects that go beyond structure and relations to explore the dynamics associated with actor strategies, rules of conduct, levels of institutionalization and power relations.

**Practical implications:** As competition around the world increases, managers may improve their competitive advantage by using NA. The visualization of the relationships of stakeholders renders the approach especially useful because the structures can be easily interpreted by managers and communicated to the destination stakeholders themselves.

**Originality/value:** Even if there is a growing recent literature focusing on the importance of the relationships between tourists and service organizations and between tourism companies, very few works examine the tourism destination from a network point of view. This paper highlights the importance that the network analysis' techniques have in the study of tourism networks.

**Key words:** stakeholder theory, network analysis, tourism management, tourism network, cohesion, public-private partnerships.

**Paper type:** Case study

## Real and virtual sport events in marketing industrial products

*Abstract of: Elena Radicchi and Patrizia Zagnoli*

**Purpose:** Over the last years events have assumed an increasing weight in the marketing strategies of enterprises. Especially *sport events* became a new *experiential marketing* tool through which companies attract potential customers creating memorable experiences. This paper focuses on how sports organizations and other companies (sport equipment suppliers, industrial companies, multimedia service providers, retail stores, etc.) plan and produce sport events as experience providers to promote their products and brands.

**Design/methodology/approach:** A qualitative methodology based on the experiential marketing literature and a multi-cases analysis (Yin, 2002) was used. The case studies have been developed through qualitative interviews (*primary source*) with decision makers of sport equipment suppliers (Adidas, Nike, Salomon, etc.), industrial firms (Peugeot, Coca-Cola, etc.), multimedia companies (Vodafone, Yahoo, etc.), sport event organizers (Sportur, Festival del Fitness, etc.), sport clubs (Ferrari, ACF Fiorentina, etc.). Further meaningful information have been gathered through specialized database (SBRnet, Sport and Technology Review, Sport Business Journal, etc.) and official web sites (*secondary source*) of sport equipments producers, multimedia services suppliers, events organizers, etc.

**Findings:** The case study approach along with the experiential marketing literature review allowed to develop a primary typology of experiential sport events “staged” to reach multiple goals: from enhancing customers loyalty to change company’s image or testing new products.

Findings, although not expected to be exhaustive, suggest new implications and dimensions of experiential marketing strategies not yet explored.

**Keywords:** sport events; experiential marketing; sport events as experience provider; real and virtual experience; new media.

**Paper Type:** Research paper

## The Consumer's Process of Value Creation

*Abstract of: Annika Ravald*

**Purpose:** The purpose of this paper is to analyze value creation from a consumer perspective. The aim is to learn how value emerges for the consumer.

**Design/methodology/approach:** The conclusions are based on a synthesis of evidence from literature studies in marketing and axiology as well as empirical research in the automobile industry. The empirical study follows a longitudinal qualitative research approach and consists of 44 in-depth personal interviews with 32 informants.

**Findings:** Value for the consumer emerges in a variety of activities related to use and ownership. The findings however show that use and ownership are not equivalent to value creation. The findings from this empirical study also reveal that the service provider's role in all phases of the consumer's process of value creation not can be taken for granted.

**Research implications:** One important research implication of this study addresses the need to identify the cut point between the firm's own process and the customer's value creating process. These processes are owned by different subjects and guided by different goals and need to be approached as separate processes.

**Practical implications:** Service providers can gain competitive advantage only by sensing the consumer's context for value creation. The ability to learn about the nature of all those activities consumers engage in order to create value for themselves is essential.

**Originality/value:** This paper provides empirical findings on consumer value and value creation within the frame of a service-dominant logic and value-in-use perspective. New aspects on value creation in consumer contexts are presented.

**Keywords:** value, process of value creation, consumer

**Paper Type:** Research paper

## Image-In-Use In Service

*Abstract of: Anne Rindell and Tore Strandvik*

**Purpose:** The purpose of this paper is to discuss the role of image-in-use in service and its implications for value in use. Image-in-use is an expression for the image of a company that in practice is used by an individual customer in a particular context for construction and re-construction. It thus corresponds to the notion value in use suggested in the current service literature. The image-in-use is related to experiences over time of the company captured by the concept image heritage.

**Design/methodology/approach:** Two new concepts image heritage and image-in-use are introduced based on findings from both empirical studies and theoretical reasoning.

**Practical implications:** The paper provides managers a perspective to diagnose how a brand is evolving in consumers' minds and how this can be taken into consideration in the company's branding strategies and operations. Firstly, we argue that corporate brand images are not constructed solely based on corporate branding. Rather, they evolve based on the consumer's numerous experiences with multiple sources over time and result in an "image-in-use". Therefore, from a branding point of view, it is not what the company puts into the brand, but what the customer takes out from it over time that defines the brand image. Secondly, image-in-use is inter-related to value-in-use through service experiences. Thus, any contact points with representations with the company are interpreted by the customer through her image-in-use.

**Originality/value:** The approach contributes by integrating branding with current service perspectives. It focuses on the role of images for the emergence of value-in-use.

**Keywords:** Image heritage, image-in-use, service dominant logic, service logic, corporate brand image

**Paper Type:** Conceptual paper

“-Actor, Model, Whatever...”

**Addressing the complexity of heterogeneous actors in studies of the value creating process.**

*Abstract of: Jimmie Rondell and David Sorhammar*

**Purpose:** Service-Dominant logic has dealt with the issue of understanding the complex operand/operant nature of resources, recognizing the interactive and networked nature of value creation. This paper extends this issue by addressing the operant/operand nature of actors, conceptually dealing with the complexity of heterogeneous roles and identities of actors as resource integrators.

**Design/methodology/approach:** Borrowing from two streams of literature; Alderson’s functionalistic school of marketing and Goffman’s symbolic interactionism in sociology, this paper rests on the assumption that actors’ (person/firm/organization) roles and identities within the value creating process are not “given”, but heterogeneous. To deal with the complexity of heterogeneous actors the value creating process is conceptualized as a processual structure of interrelated functions where no single function is regarded to deliver value by itself but is always part of the value creating process as a whole. Subsequently, an actor’s identity is based on their *functionalistic identity* to and within the value creating process, assisting the understanding of complex nature of heterogeneous actors. The paper is based on findings from several case studies including air travelling, music industry, and financial services, framed in the light of a number of cultural and business behavioural changes due to the increasing and common use of IT (digitalisation).

**Findings:** It is found that the use of the functionalistic approach and the concept of functionalistic identities is valid within the Service-Dominant logic tradition as a way of dealing with the complexity of actor heterogeneity.

**Originality/value:** Contributes to S-D logic by problematizing and addressing the complex issue of roles and identities of actors’ as resource integrators in the interactive and networked nature of the value creating process.

**Keywords:** Actors, Heterogeneity, Functionalism, Identities,

**Paper Type:** Conceptual paper

## **The challenge of co-creation: corporate blogs and collaborative product innovation**

*Abstract of: Carla Rossi and Alessandra De Chiara*

**Purpose** - Focusing the attention on online corporate blogs and commercial communities, this paper will analyze the managerial challenges that companies have to face to leverage consumers' creative talent involving them in innovative collaboration processes.

**Methodology approach** - A detailed case history, whose reconstruction was based on non-participant netnographic approach.

**Findings** –The paper clarifies some of the “soft” issues that firms have to manage when trying to support effective learning processes *with* their customers, focusing on the efforts that companies have to made in order to remove all the stumbling blocks that could prevent an ongoing and effective dialogue with their customers.

**Research implications** – The paper suggests an interpretative model of pre-conditions needed to enact online collaborative product innovation, in particular focusing on:  
- barriers to be removed and competences that firms need to develop, in order to promote, maintain and increase customer's engagement in the exchange;  
- benefits that have to be offered to customer in order to maintain the right level of motivation and participation.

**Practical implications:** The paper specifies some of the main community management activities the firms should learn to governate in order to accrue the probability of their blogs' success.

**Originality/value:** A contribution to the debate on co-creation, whose results can not be taken for granted, requiring, instead, a great managerial effort.

**Key-words:** co-creation, innovative collaboration, corporate blogs, Ducati.

## **Innovativeness and firm's valuation of customer and first-line employees as co-producers in nsd: impact on performance**

*Abstract of: Maria Leticia Santos Vijande, Celina González-Mieres and Ángel López-Sánchez*

**Purpose:** The main purpose of this study is to investigate the relationships between firm's innovative culture and performance among Spanish knowledge-intensive business services (KIBS). Performance is understood in terms of improved customer-related outcomes, i.e., firms' ability to effectively satisfy customers and develop a loyal customer base, which are deemed to lead to a higher level of market and financial results relative to competition. To provide insights on how innovativeness contributes to sustained firms' competitiveness the mediating role of firm's predisposition to involve customers and first-line employees in new service development (NSD) is also considered.

**Design/ methodology/ approach:** According to the objectives of the research, and from an extensive review of the literature, we develop and test a conceptual model on a sample of 154 Spanish KIBS by means of a structural equation system.

**Findings:** It is confirmed that KIBS' appraisal of internal and external customers' participation in service co-creation is strongly determined by firm's innovative culture. Organisations with a higher predisposition to service co-creation achieve better customer-related outcomes which, ultimately, allow outperforming competition.

**Originality/value:** Although organisational theory suggests that innovativeness has a positive effect on business performance, relatively few research works have approached this issue and the focus on performance has remained with lesser marketing-related issues. The importance of customers and first-line employees as co-creators in NSD is also generally appreciated although most of the empirical research has focused on their contribution to performance at project level. The literature is in addition divided with respect to the customers co-production influence on firm's market and financial performance. This research analyses how various organisational cultural types (innovativeness, first-line employees and customers' appraisal as co-creators in NSD) interact and contribute to KIBS' customer, market and financial-related competitiveness, introducing an organizational perspective of the impact of customers and first-line employees' as co-creators.

**Keywords:** Innovativeness, Performance, KIBS, Spain

**The harmony between ethical and rational behaviour in the Health Care System. A relational model based on the Viable Systems Approach (VSA)**

*Abstract of: Marialuisa Saviano, Clara Bassano and Mario Calabrese*

**Purpose:** To find the conditions of harmony between ethical and rational behaviour in the context of the National Health Service (the Italian health care system), considering both the needs of the organizations providing health care services and the customers.

**Design/methodology/approach:** The paper analyses the health care service complexity in a relational view, using, on the basis of the Viable Systems Approach (VSA), the concepts of value categories and interpretative structures to study respectively ethical and rational behaviour and to represent the emerging characters of the systemic instability.

**Findings:** The main findings consist in the formulation of a relational matrix to represent the essential levels of care from both the points of view of the organizations of the National Health Service and of the customers. The model is useful to analyze and compare their aims and expectations and define the areas of convergence and divergence.

**Practical implications:** The application of principles and concepts from the (VSA) to articulated structures such as health care enables to highlight “pathological” aspects and new interesting “therapeutic” prospects, so to guarantee the viability of the regional and national health care system.

**Originality/value:** The paper provides new methodological bases to evaluate the appropriateness of the health care in terms of efficiency, effectiveness and sustainability.

**Keywords:** Ethical behaviour; Viable Systems Approach; Health Care System; Essential Assistance Levels; Categorical Values; Interpretative Schemes.

**Paper Type:** Conceptual paper

## **Rethinking service innovation: four pathways to evolution**

*Abstract of: Roberta Sebastiani and Marco Paiola*

**Purpose:** The purpose of this paper is to explore service innovation. S-D Logic and SSME provided us with the conceptual framework to describe the evolutionary pathways companies could develop by innovating in order to overcome and rethink the traditional and, in most cases, scarcely productive ways of managing their businesses.

**Design/methodology/approach:** Firstly, we critically reviewed the literature regarding service innovation, highlighting the importance of adopting a dynamic perspective; furthermore we built upon latest contribution on S-D logic and Service Science Management and Engineering, in order to introduce our research framework. Then we present the first results of an in-depth analysis based on almost a hundred Italian services and manufacturing companies.

**Findings:** The research allowed us to identify four different evolutionary paths based on innovation that companies are pursuing in order to face the growing complexity of the environment in which they compete. The different paths are oriented respectively towards the dematerialization of the offering system, the virtualization of the value systems, the replication of the organizational models and the multiplication of the market niches.

**Originality/value:** The paper presents four stereotypical cases we believe well represent the characteristics of each path. The cases allow us to emphasize the specificity of each path, especially in terms of antecedents and the role of the different SSME key resources: people, technology, organizations and shared information.

**Research limitations/implications:** The results of our analysis represent a starting point in order to better understand, in a dynamic perspective, the role of innovation in supporting the redefinition of the companies' business models and the conditions that can enable their path development.

**Keywords:** Service Innovation, Service-Dominant Logic, Service Science, Evolutionary Pathways.

**Paper Type:** Research paper

## **Service-dominant logic: revisiting the intangibility for a sustainable marketing**

*Abstract of: Christophe Semples and Michel Felix*

**Abstract:** S-D logic contains in its roots implicit solutions to facilitate the transition toward new forms of consumption practices and new business model supported by sustainable marketing. S-D logic focuses the attention on value co-creation and on the transition from production to utilisation, therefore creating the implicit conditions to activate the functional economy – selling a usage function rather than a product - into new forms of consumption, more sustainable.

In S-D logic, the enterprise cannot deliver value but only offer value propositions. In the context of functional economy, two conditions are requested: 1) the consumer representation of mental ownership and 2) his representation of the consequences of his consumption (ability to imagine them accurately) to accept to resencarize his needs and become co-creator of the value propositions.

Because these representations are by nature complex and abstract, their management calls for revisiting the concept of intangibility. Based on previous works, a physical and a mental dimension of intangibility can be distinguished and are involved in both conditions.

**Purpose:** Our purpose is to show how marketing can deal with the intangibility of these representations in the context of functional economy. The goal is to evaluate how the consumer can be projected into a new scenario of consumption and how to design the value proposition of this scenario. To reach this goal, intangibility may be managed by developing mental imagery factors with strong propositional value that facilitate the co-creation of value. This purpose leads to consider communication and design as an operant resource.

**Keywords:** sustainable marketing, service-dominant logic, intangibility, functional economy, mental imagery

## Service Science and S-D Logic

*Abstract of: Jim Spohrer, Laura Anderson, Norm Pass and Tryg Ager*

**Abstract:** This paper explores the relationship between service science and Service-Dominant Logic (S-D Logic). Service science is an emerging area of study. Its ten foundational concepts include a focus on service system entities, their interactions and outcomes. Service is defined as value-cocreation between entities (e.g., customers, providers, and other stakeholders). The S-D Logic for marketing is an emerging worldview or mindset. Its ten foundational propositions provide a new foundation for marketing theory that overcomes the limitations of the Product-Dominant Logic (P-D Logic) mindset which arose from the success of the industrial revolution. Service is defined as the applications of competences (knowledge and skills) for the benefit of a party. Both service science and S-D Logic are evolving rapidly. This present exploration raises a number of questions for these two strongly interconnected communities to address as they develop and mature.

## **Expressive consumption: Experience as a general business logic**

*Abstract of: Jon Sundbo*

**Purpose:** Development of a new theoretical approach that can explain the business logic of the emerging experience economy. This paper is conceptual. In the paper is a particular business logic for experience production and delivery discussed in relation to the service logic

**Design/methodology/approach:** Theoretical discussion

**Findings:** A new business logic, experience logic, has grown out of the service logic. Experience is produced in expressive consumption, which is a contrast to the instrumental consumption of goods and services. The emphasis on experience has created a new logic of expressive consumption

**Research implications:** The expressive consumption logic has grown out of the service logic and is still influenced by that, but it has gained its own life. We need to understand that if we want to understand the new business conditions of experience-based consumption. Research has only started to study and understand the logic of experience-based expressive consumption.

**Practical implications** The production of elements for expressive consumption also leads to a new management discipline, which could be called experience management

**Originality/value:** Original theoretical-conceptual development of service-based logic into experience-based logic

**Key words:** Expressive consumption, experience logic, innovation

**Paper Type:** Theoretic and conceptual

## **Service Dominant Logic in the co-creation of value in environmental hygiene services**

*Abstract of: Raffaele Trequattrini and Giuseppe Russo*

**Purpose:** To introduce S-D Logic and networks and their business implications with value co-creation processes.

**Design/methodology/approach:** The paper begins with a deepening of S-D Logic, recent network theories and value co-creation optics, then tries to verify the validity of its findings with an empirical application to the environmental hygiene services.

**Findings:** In order to strengthen business ability to build and keep relationship with other systems and resources owners', S-D Logic and networking culture may show competitive strategies for effective value co-creation.

**Research implications:** For researchers to see how S-D Logic has not only marketing implications but managerial and strategical inferences as well.  
For practitioners to couple S-D Logic and network theories in order to identify performing competitive strategies.

**Originality/Value:** The paper introduced and focuses on S-D Logic and network strategies from a managerial point of view.

**Keywords:** Service Dominant Logic, Service Networks, Value Co-creation, environmental hygiene services

## Service Co-Creation Activity in Health Industry

*Abstract of: Cheng-Mei Tung*

**Abstract:** In the new century many people suffer from chronic disease. These numbers are likely to rise if the risk factors on chronic conditions are not addressed, such as lifestyle, exercise, smoking and diet. The healthcare spending is increase dramatically subject to the aging population and high incidence of chronic disease. Helping individual's take the responsibility for personal health are important in future. This study focus on the service innovation in wellness centers which was initiated new services for chronic condition cases base on the service co-creation activity with customers to enhance their participant in disease prevention and promotion. The study presents a practical model of how the wellness center creates new service in enterprise level and studied by interviews. The result indicates that due to the health information asymmetry the progress of service co-creation in health industry are slowly. The value proposition is created and works with various professionals. Service providers need to create database and collect customer experiences and needs as knowledge through service activities. New service is created by value creation activities when understand more about the customer expectations. Rely on the customer management information, service providers launch new mode of service and then establish new business unit to create new value for their business and customers.

**Keywords:** Service Co-Creation, value creation, Health industry, Health promotion

**Paper Type:** Research Paper.

## **Home healthcare services: a case in service-dominant-logic in the marketing of technology-based services**

*Abstract of: Giuseppe Turchetti and Elie Geisler*

**Purpose:** Home health care services rely on clinical and administrative technologies generally known as “telemedicine”. The purpose of this paper is to describe a case in the implementation of home care initiated by a major urban trauma hospital for patients with chronic diseases, thus to make the case for the use of service-dominant logic in the implementation of technologies in the service sector.

**Design/methodology/approach:** The method used is an actual case of the use of wireless technologies in remoter home care for chronic patients. Barriers to the implementation are listed and these are proposed as explanations of the very slow pace of the implementation process.

**Findings:** The findings from this study are twofold. First, we found that the main barriers are not technological but anchored in the logic of marketing services to patients. Secondly the paper concluded that by employing service-dominant logic to the provision of technology-based home care services we can increase the pace of implementation of home care and the value of the services provided.

**Practical implications:** The implication for service industries such as transportation, finance, and healthcare is that successful implementation and use of information and telecommunication technologies must be based on service-dominant logic in the marketing and management of these technologies. It’s not enough to provide customers with workable and current technologies. The key to successful implementation is a broader view of these applications as services, not just technologies.

**Originality/value:** This study provides evidence to the theory that the main barriers to the widespread implementation of telemedicine in home care situations are managerial and behavioral, not technological. The provision of remote home care is an example of a service miniworld, encapsulated within a critical service industry of health care delivery.

**Keywords:** service-dominant logic, telemedicine, home care, chronic patients, barriers to technology implementation, managerial and behavioral barriers.

## **Investigating Student's Co-Creation Experiences during Short-term Study-Abroad Programs on Learning Outcomes, Program Satisfaction and Word-of-Mouth**

*Abstract of: Sven Tuzovic, Kristin Labs and Joer Finsterwalder*

**Purpose:** The purpose of this study is to investigate the value co-creation process in the context of higher education, in particular with regard to “faculty-led short-term study-abroad” (hereinafter study-abroad) programs. While studying abroad, students are often introduced to the host country both via side trips and through their own adventurousness (Gray *et al.*, 2002; Simpson and Pham, 2007). Assuming that students immerse themselves physically, emotionally and mentally in their host culture the authors propose that students “co-create their learning experience” which has a direct influence on learning outcomes, program satisfaction and word-of-mouth.

**Design/methodology/approach:** A focus group study was conducted in April and May 2009 among students who participated in a study-abroad program in January. Content analysis is employed to identify common attributes of study-abroad experiences.

**Findings:** Faculty leading the study-abroad course are a major factor for students’ program experience. Faculty act primarily as value facilitator; however they also contribute in a joined co-creation process through their interaction as guide or mentor. Students further co-create value through their own cultural emergence.

**Research limitations/implications:** The study utilizes student data from only one industry. Generalization of the results is limited. Also, a response bias may exist. However, the results will help to understand the nature of “co-creation” in the context of learning environments.

**Practical implications:** The results can be incorporated in workshops to prepare faculty for their upcoming trip. Given the intense efforts that are required, in particular for new faculty, to develop and implement a study-abroad course, this study will provide valuable insights in balancing pedagogical and cultural-focused activities.

**Originality/value:** This paper contributes to knowledge regarding value co-creation and extends the perspective to higher education.

**Keywords:** Value co-creation, experience co-creation, higher education, study-abroad programs, experiential learning

**Paper Type:** Research paper

## **Managing capabilities for service innovation**

*Abstract of: Wietze Van Der Aa, Pim Den Hertog and Mark De Jong*

**Purpose:** Development of a model for mapping and understanding service innovations and the link with dynamic capabilities

**Design/methodology/approach:** Explorative research based on meta analysis of four service business models and a confrontation with the dynamic capabilities framework of Teece.

**Findings:** Analysis of four service business models. Framework with six dimensions of service innovation.  
Framework with capabilities for service innovation

**Research implications:** Development of a new framework for analyzing service innovations and capabilities for innovation

**Practical implications:** Service firms can use the framework to select and focus on various forms of innovation. The framework is helpful in understanding the linkages between various forms of innovation and the capabilities that are needed for innovation in service firms.

**Originality/value:** New combination of various streams of research in service management and strategic innovation management

**Keywords:** Service business models, dimensions of service innovation, innovation capabilities

**Paper Type:** Conceptual paper

## **Pursuit of business renewal through discontinuous service innovations**

*Abstract of: Juha Vänskä, Jarno Poskela, Seliina Päällysaho and Jari Kuusisto*

**Purpose:** The purpose of this paper is to discuss the managerial challenges and approaches well established businesses are adopting while developing discontinuous service innovations targeted to create future business opportunities in mature markets.

**Design/methodology/approach:** The present paper is based on analysis of various business cases. Data was collected through questionnaire, interviews and cross company workshops.

**Findings:** The first results of on going research show that the influence of traditional goods dominant mindset, lack of out of box thinking and ignorance trap seems to be the key challenges businesses have to overcome in order to enhance their strategic flexibility, i.e. one of the main prerequisites for business renewal. Research indicates that the deployment of service dominant logic is a highly usable approach that diminishes not only in manufacturing but also in traditional service businesses the mental restraints that are hindering the development of discontinuous service innovations and, respectively, the Renewal of business in general.

**Research limitations/implications:** The findings are based on multiple case study, the participants from limited number of Finnish businesses.

**Practical implications:** The findings of the research provide managerial insights that may be useful for decision makers pursuing to renew their business through development of discontinuous service innovations.

**Originality/value:** Studies focusing on discontinuous service innovations as an enabler of business renewal are scarce. The paper also contributes to a better understanding of the utilisation of service dominant logic in various business contexts and practices.

**Keywords:** Business renewal, discontinuity, service innovation, service dominant logic

**Paper type:** Research paper

## **Collective Entrepreneurship - Networking as a strategy to business development**

*Abstract of: Yvonne Von Friedrichs*

**Purpose:** The paper address the emerging practice of collective entrepreneurship and to demonstrate a model of network marketing management in SMEs. The use of cooperation and alliances between local actors has gained increasing attention in the contemporary economy and has been discussed as a strategy for coping with increasing global competition. One example of an area in which this focus has gained acceptance is among actors located in the experience industry and especially in tourist destinations. The problem of finding well-functioning organisational models for such collaborative efforts in the context of small and medium sized tourism enterprises (SMTE) is recognised in marketing theory and practice. The focus of this paper is to elaborate on marketing models in a SMTE setting. The problem is enlightened from the entrepreneurship, marketing and networking perspectives.

**Design/methodology/approach:** The result is based on a case study of a horizontal hotel network in the context of a Swedish municipality. In-depth interviews with hotel owners or managers as well as with the local tourism authorities contributed with the main information in the case.

**Findings:** The interviews resulted in a visualisation of a powerful web of connections between actors showing the impact of collective entrepreneurship to achieve a positive business development.

**Originality/value:** This paper suggests that theories of networks may contribute to a logic that provides a better understanding of contemporary tourist destination marketing practice.

**Keywords:** Networking, entrepreneurship, business development, tourism, social capital  
Classification: Case study

## Advanced QA and Testing Approach Based on Service System Paradigm

*Abstract of: Zdenek Vrbka*

**Purpose:** The paper presents the service system paradigm as a tool dealing with some current quality assurance (QA) and testing problems, which cannot be handled within product paradigm.

**Design/methodology/approach:** The paper illustrates the gap between QA and testing based on product paradigm and service oriented reality using the V-model, which was designed for product testing.

**Findings:** The paper describes the reasons, why QA and testing based on product paradigm are not sufficient in service environment and reveals the possible way the service paradigm can be used in QA and testing area to solve the mentioned gap. Further, two examples of real problems with quality, which cannot be handled within the product paradigm, are illustrated and possible solutions based on service system paradigm are proposed.

**Research implications:** It is necessary to develop the proposed QA and testing approach in more detail, e.g. design methods for service system quality evaluation or describe the life cycle of service system testing.

**Practical implications:** The real life experiences show that having a high quality product doesn't always mean to have no serious problems with quality when using this product. The advanced QA and testing approach based on service system paradigm described in this paper, will allow the QA managers and members of testing team to realize the differences between products and service systems and to upgrade their QA and testing techniques so these techniques will more suitably fit to the service oriented environment.

**Originality/value:** The paper presents new approach to QA and testing based on service system paradigm.

**Keywords:** service system, value-proposition, quality assurance, testing, V-model

## **Developing Total Business Solutions, from product to solution sales: Possibilities and Challenges**

*Abstract of: Robert Wendelin*

**Purpose:** To explore how companies develop sales by offering total business solutions instead of products to the customer including an analysis of opportunities and challenges.

**Design/methodology/approach:** The findings are based on nine case studies including nine companies in nine different industries. The methodology used is systematic combining based on the abductive approach. Qualitative interviews have been conducted. Total Solutions has in this study been under consideration in B2B industries as versatile as in production, service and sales of alcohol, banking, electrical engines, elevators, metals, sensors, sports equipment, trucks, and weather radars. One additional company from Cargo Handling has been used as a Best Practice case.

**Findings:** Total Business Solutions were regarded important for improving future business and sales. There are however different challenges that have to be overcome and opportunities that have to be taken into account and developed further before solutions business reaches its full potential. Findings of this paper is that customer focus and as well as handling the internal challenges in a company is very important when building viable business and earning models for solutions business.

**Practical implications:** Argues for the importance of value capture. Selling solutions too cheap is very common and that means that the supplier is providing free consulting services to the buyer.

**Originality/value:** The paper analyzes and adds to the theoretical and practical discussion of the development of total business solutions concept that is considered to have larger earning potential than product sales.

**Keywords:** Total Business Solutions, silos, agility, mental models, reward systems, KPI's, pricing.

## **Co-creating value through industrial services: the case of remote condition monitoring**

*Abstract of: Richard Windischhofer, Natalia Reen, Kim Wikström and Natalia Reen*

**Purpose:** The purpose of this paper is to clarify how industrial services add value and enable suppliers to meet customer's business priorities.

**Design/methodology/approach:** We contrast the supplier's and the customer's service logic and how that affects the design of the service delivery process, and the supplier's business model. This case study of developing a remote condition monitoring service within shipping and power plant industry comprises qualitative interviews, delivery process mappings, and a quantitative survey.

**Findings:** Our findings indicate that the supplier's product-focused logic prohibited recognizing the added value of remote condition-monitoring from the customer's point of view. The supplier focused on the reliability of their technology and assumed that customers are passive receivers. In contrast, the customers saw the technology just as a means to optimize the performance of their operations; and they demanded to be actively involved in the service process in order to co-create the value-added. This service logic requires from the supplier to adapt their business model by involving the customer in the value creation process; provide consulting and diagnostics that utilizes monitoring data on a higher technical and commercial level; and developing value-based pricing methodologies.

**Originality/value:** This paper contributes to industrial service literature by clarifying how adapting new service logic affects the design of the service delivery process and the supplier's business model. The results have implications for the value-based pricing of industrial services because identifying the added value from services and having suitable delivery processes in place to enhance co-creation are pre-requisites for implementing value-based pricing, which remains challenging for industrial companies.

## Consumer value creation in a food consumption context

*Abstract of: Solveig R. Wikström, Martin Hedbom and Ludvig Thuresson*

**Purpose:** The paper examines the paradox that food consumption is perceived as a problem in today's society with highly educated and well informed consumers, and with a food supply that is more abundant in terms of variety than ever before. The purpose of the paper is to explore the mechanisms of consumer value creation of food consumption, and hence contribute to an understanding of this paradox.

**Design/methodology/approach:** Being a research paper, the topic is approached by theoretical analyses and conceptual development, followed by an empirical case study of a food network including a large retail chain, four of its major suppliers, and a consumer panel of 35 customers of the retail chain. The empirical study is based upon a qualitative research method.

**Findings:** Our case demonstrates how consumer value of food consumption is created as a self service activity by the consumers. Another finding is that firms' contribution to consumers' value creation is based on a goods dominant logic, which provides little support in consumers' value creation.

**Research implications:** The analysis provides a development of the concept of consumer value creation, and highlights the relationship between consumers, retailers and suppliers in that context. The case study also demonstrates the need for firms to adapt service oriented logic to support consumer value creation.

**Practical implications:** Marketing practitioners are offered an improved understanding of the consumers, and of how to support them in their value creation. By this approach firms may enhance consumer satisfaction. Drawn on the analyses five modifications and issues to address are suggested for firms in their marketing management.

**Originality/value:** For the academic audience the paper provides a more truly understanding of the consumer role in value creation and its implications for marketing management. For the practitioners the paper offers an extended knowledge of consumer value creation and new insights on its implications for marketing practice.

**Keywords:** Food consumption; Actor network; Interaction and co-operation; Value creation; Service logic

**Paper Type:** Research paper

## Service Systems Through The Prism of Conceptual Modeling

*Abstract of: Marek Winkler and Zdenko Stanicek*

**Purpose:** We seek means of further improving the process of service innovation by providing conceptual framework that would uniformly model information about a service system, its clients and its competitors. Since value co-creation is achieved through knowledge-based interactions, we believe such a framework should be a connection-oriented one.

**Design/methodology/approach:** We propose uniform approach to context-sensitive relationships modeling and representation, based on conceptual modeling and semantic networks, suitable for modeling both service system interactions and information about a service system itself. We illustrate its application on domains such as digital libraries and e-shopping.

**Findings:** The proposed modeling approach allows for uniform description of a service system, its clients and its competitors, therefore may further reinforce the ability to improve service quality. The proposed representation brings possibility to combine goal-driven development methods with complex event processing, that allows closer interconnection of goals and available information.

**Research implications:** Future research will be focused on modeling of value proposition semantics in order to systematically support the verification of the fact that developed service system fulfills this proposition.

**Practical implications:** We are convinced that this interconnection further facilitates service value co-creation process by creating opportunities for more refined data and goal space balancing.

**Originality/value:** The paper presents application of original conceptual modeling approach to service systems modeling, which may provide more elaborated background for service innovation process and service systems modeling.

**Paper Type:** Category: Research paper

## **How to co-create with a stranger? The Gap between real demographic profile of customers and service providers' perceptions of this profile**

*Abstract of: Georgia Zouni and Kouremenos Athanassios*

**Purpose:** The aim of this research paper is to investigate the existence of discrepancies or gaps between the actual demographic profile of visitors and providers' estimate of this profile within the context of a tourism destination. This study is the first in marketing literature to investigate such a gap.

**Design/methodology/approach:** A modified gap analysis is used to measure and interpret the results. A research framework is constructed and tested using data produced by two survey efforts (tourists and tourism services providers) in an established Greek heritage destination, Olympia, the birthplace of the Olympic Games.

**Findings:** Results highlight the importance for providers of acknowledging visitors' most observable and measurable variables, such as demographic characteristics, in order to develop sustainable destination strategies.

**Practical implications:** Assessment of gap analysis helps to know whether management has clear perceptions of who are the visitors of the destination.

**Originality/value:** This gap analysis may prove to be an extremely useful tool for destination marketing managers in charge of the market segmentation and the destination marketing strategy.

**Keywords:** Demographic segmentation, Tourism marketing, Modified gap analysis, Destination measurement, Heritage

**Paper Type:** Empirical paper – research paper

**THE 2009 NAPLES FORUM ON SERVICE: SERVICE-DOMINANT LOGIC,  
SERVICE SCIENCE, AND NETWORK THEORY**

**POSTER**

We hereafter highlight the participants that will present in the two poster session of the Forum. Due to the competitive selection of the Forum papers we were forced to the design of these specific poster sessions, in order to let the Forum discuss about the proposed interesting issues.

There will be time and place to discuss about them in the charming atmosphere of Villa Orlandi at lunch time.

## To be or not to be. Ontological issues in Service Operations Management

*Abstract of: Valeria Belvedere*

**Abstract:** This paper deals with the definition of the scope of operations management (OM) in service companies. Operations, in service companies, are often dispersed in the whole organization, making it difficult to understand where OM practices can be implemented and who should be in charge of this. The paper analyzes three case-studies to understand why the perimeter of operations can be hardly defined. On the basis of the empirical evidences, this paper argues that the *perceived* scope of operations is shaped by three factors: dominant culture (service vs. process); existence of industry-specific regulations; relevance of facilities' endowment. When the dominant culture is the service related one (i.e. being "masters" of the industry specific technical knowledge is considered more relevant than being "managers"), when there are industry specific regulations and when facilities' endowment is relevant, *properly* defining the scope of operations is difficult.

Such evidences can affect the way in which OM is studied. If every company has its own subjective view on the perimeter of operations, service OM cannot be considered a monolithic discipline but has to be proposed as a bundle of solutions suitable for specific operational problems. Furthermore, if for contingent or historical reasons in some industries/companies typical OM issues are managed by professional who don't have an OM background, the interdisciplinary approach can be considered the only viable one to the study of such issues. Finally, the paper argues that a cross-fertilization process between manufacturing and service operations can be promoted, to test the applicability in manufacturing environments of solutions developed by service companies.

**Keywords:** Operations Management, Service Management

**Paper Type:** Case study.

## **Integrated approach to multi-level relations and value co-creation in B2B and B2C**

*Abstract of: Iwanczuk-Prost Malgorzata*

**Purpose:** The discussion about new approaches to managing tangible and intangible resources started already in the early 1980s (American School, IMP Group, Nordic School) and many paradigm shifts have been announced. Some perspectives are claimed to be revolutionary but time is needed to examine possible applications in different constellations.

**Design/methodology/approach:** It is argued that consumers' involvement in value creating activities is still quite underestimated and constitutes a gap in consumer research. This conceptual paper addresses an integrated perspective on networks, interaction and relationships in combination with value co-creation and changed customer roles. The theoretical part of the paper seeks to critically examine the application of S-D logic, network theory, and interaction approach in both B2B and B2C by supporting it with empirical examples (qualitative research) of value-creating processes and mutual exchange of resources.

**Findings:** The rapid evolution of digital media technologies, the advent of the Internet - and hence the decrease of information asymmetries between buyers and sellers -displaced existing ways of business practice and forced new business models to be introduced. Customers are now not limited in feedback role but have increased possibilities of joint value creation.

**Practical implications:** Limited understanding of the process of value co-creation by the organization and its customers engaged in a relationship can lead to lost business opportunities.

**Originality/value:** Multidisciplinary approach integrating the interpersonal relationship models (a subject of sociology, psychology and inter-organizational theories) with inter-organizational relations (developed by organization, marketing and strategic management studies).

**Keywords:** S-D logic, networks, interaction, relationships, value co-creation

**Paper Type:** Conceptual paper

## **Dominant Logic of Value Creation – Practices In Green Technology Start-up**

*Abstract of: Paavo Järvensivu*

**Purpose:** There is lack of understanding of how value creation logics are constructed and established in organizations. This study explores the construction of a dominant logic of value creation in the context of new business development. Drawing on the ‘practice turn’ in contemporary social theory, a post-processual practice-based approach is developed.

**Design/methodology/approach:** The case study uses ethnographic materials that were produced by observing the strategy meetings of a start-up company in the green technology industry during a period of 20 months.

**Findings:** A dominant logic of value creation is found to be constructed on two dimensions, collaboration and value-in-use, as an arrangement of multiple conflicting practices. Each practice has an inherent logic that takes part in driving everyday organizational strategizing. The practices are embodied in business practitioners and carried out in creative combinations. The findings present an alternative perspective of dominant logic of value creation that overcomes the traditional divides between individualist and societist perspectives.

**Originality/value:** A novel post-processual practice-based approach is developed and used to identify several practices that structure a dominant logic of value creation through strategizing. It is suggested that the approach also provides a well-grounded tool for combining and comparing the various viewpoints to value creation that have been described in the marketing literature.

**Keywords:** dominant logic, value creation, post-processual, practice, start-up

## **Are customers ready to co-produce online banking services? The electronic subscription**

*Abstract of: Anne Julien and Abbes Molka*

**Purpose:** This research aims to find ways of increasing the proportion of on line sales in the banking sector.

**Design/methodology/approach:** A total of 20392 internet users were surveyed using a self administered questionnaire through the website of a French bank. Operational results were analysed too.

**Findings:** The findings underline the importance of information and advice in encouraging customers to subscribe to products or services which are perceived as risky. Internet users are only ready to use the multi-channel banking system if they feel they have been sufficiently informed about the service.

**Research implications/limitations:** Even though the survey was conducted in one particular French bank, the very large number of respondents means that research findings are of great interest. The following implications can be drawn:

- 1) Regarding higher risk savings and investments, information and advice should be available not only face to face with branch advisors, but also on line.
- 2) Moreover, banks need to create more attractive and user-friendly services to be sold interactively.

**Originality/value:** This study contributes to the debate about the value of internet processes in banking services. At a time when traditional banks are wondering how to restore customers' trust and actively involve them, this research indicates which new service systems need to be set up at least by French banks.

**Keywords:** value, co-production, service systems, banking sector, financial services

**Paper Type:** Research Paper

## **Clients Attitudes facing a Financial Crisis. What we can learn from previous financial crisis?**

*Abstract of: Nora Lado and Anna Torres*

**Purpose:** This paper focused on the evolution of client perceptions of bank attributes during and after a financial crisis. Special attention is devoted to the evolution of “security” significance

**Design/methodology/approach:** Authors study the financial crisis that occurred in Uruguay, in June 2002. A longitudinal analysis using correspondence analysis of square asymmetric matrices was performed on data generated from three different post-crisis time periods.

**Findings:** *Security* is an important attribute that competing banks possess to different and varying degrees, in the first and second samples. Therefore, *Security* becomes an important and determinant attribute at that time, whereas *Yield* becomes less of a determinant factor, because it is used in a homogeneous way as a tool in banks’ strategic reaction to crisis. The meaning of *Security* evolves over the time. Our results suggest that to change perceptions about credence attributes institutions must develop an integrative communication strategy.

**Practical implications:** During crisis situations involving service institutions, the customers suffer anxiety and higher uncertainty. Under this stressful situation, the customer needs for information is increased and the customers may be more receptive to information provided by the word-of-mouth phenomena. Therefore, positively influencing word-of-mouth communications would seem to be a priority objective for service managers. The role of personnel in contact with client as a source of more reliable information than exposure to advertising must not be relegated, especially in the case of credence attributes where the consumption experience engenders more trustable information than advertising.

**Key words:** Financial crisis, service attributes consumer reaction.

**KNUT (Electronic Public Procurement of Telecommunications) Service of Facilitating the Public e-Procurement of Telecommunications Services**

*Abstract of: Helena Lindskog, Staffan Brege and Per Olof Brehmer*

**Abstract:** This paper presents the research project KNUT. The project develops a service as a means to carry out the whole public procurement process of telecommunications services electronically. The service is open to everybody but aiming especially on the public sector organisations as well as for presumptive tenderers. It is a qualitative study of practical inquiry approach based on written sources and interviews and action research in development of the service.

The KNUT project shows that:

- the importance to carry out a thorough analysis of needs – especially in the public procurement context since contacts with suppliers must be limited after starting the development of Request of Proposal (RfP)
- both buyers and sellers should be involved in the development of the service
- there is a need of a knowledgeable and powerful organisation to administrate, update and validate changes in the provided service
- even if the service is developed for public procurement (B2G) it can be used by the private sector (B2B) as requirements on telecommunications services are similar in public and private organisations
- the approach and structure of the service can be used for other complex procurements such as construction or health care.

**Keywords:** public procurement, electronic procurement service, telecommunications

## Barriers for Innovation in the Service Encounter

*Abstract of: Donna Sundbo*

**Abstract:** The aim of this paper is to study the service encounter from an anthropological perspective in order to identify how service practices can encourage user-based innovation. The service encounter has been the core of the service management and marketing theory (Grönroos 2001, Vargo & Lusch 2004). However, this theory has not focused on the innovation outcome of the service encounter and how the interaction between employees and customers can create innovative ideas – and what the barriers for this are. Existing service innovation theory do not go into depth of this (e.g. Kristensson 2004). Therefore, a qualitative case study of two cafes was made, where participant observation and interviews were used to observe the service encounter and how this may be utilised for innovative purposes. Interestingly, the practices performed in the actual case discouraged user involvement in general and therefore also in conveying ideas for innovation. There was a state of hyper-professionalism hindering this process. Some service practices related to professionalisation can hinder communication between employee and user and thereby inhibit or demotivate users in participating in a user-based innovation process in the crucial idea phase. In this manner, certain service practices making the service seem professional can ironically be a barrier to user-based innovation. On the other hand, service organisations desiring to initiate or optimise a user-based innovation process can utilise certain service practices to further this process. This is relevant for service organisations focusing on user-based innovation.

**Keywords:** Service innovation; service encounter; user-based innovation

## **Why do firms maintain their banking relationships? Case of large private companies in Morocco**

*Abstract of: Zraoula Siham*

**Abstract:** This study aims to assess the influence of both relational variables (inter-organizational trust, interpersonal relationships and satisfaction) and transactional variables (switching costs, environmental uncertainty, and dependence) on the maintenance of banking relationships. The theoretical framework is based upon relational and transactional approaches. I build an integrated framework for relationship management drawing from literature of transaction cost economics, relational marketing, and resources dependence theory. For The empirical analysis, the sample includes large private companies in Morocco(N=185). The results show that interpersonal relationships play a key role in the maintenance of banking relationships. The results also indicate that relationship maintenance of banking relationship, is positively influenced by inter-organizational trust, satisfaction and switching costs. On the other hand, environmental uncertainty influences negatively the durability of relationships. Although a test of our framework yields several results that are consistent with the hypotheses, the cross-sectional design limits the ability to rule out alternative causal inferences. Limitations of this study include the conceivability that the causality is reverse to what we suggested. Further, the data was obtained from only one party of the relationship. We recognize that further research should aim to analyze, both the bank and the firm. The research indicates that managers need to carefully consider each of the determinants that contribute to the maintenance of long term relationships with banks. As shown in this study, the success of the relationship is dependent on some of the determinants of our integrated framework. The contribution of this study is the analysis of bank-firm relationships in a bank-dominated financial environment. The findings show that social bonds shape transactions with banks in Morocco. Second, few researchers are studying bank-firm relationships on the firm side, making this study unique within this field

**Purpose:** My purpose is to examine the influence of relational variables: inter-organizational trust, interpersonal relationship and satisfaction and transactional variables (switching costs, environmental uncertainty and dependence) on the maintenance of banking relationships

**Design/methodology/approach:** First, I begin my analysis with a qualitative explanatory study. The methodology utilizes the interview guidelines which contain my theoretical propositions. The purpose is to contextualize my theoretical framework and assess the importance of each variable. Then, a quantitative study completes this research. A questionnaire was developed and sent to 185 Moroccan firms. Data description: My sample included 185 large private companies in Morocco. The data concerning these companies was obtained from Kompas Maroc Database. This database classify firms using their sales. Data Analysis: First, a principal component analysis, using SPSS allowed me to assess the unidimensionality of constructs composing the model. Then all hypothesis of this research were tested.

**Discussion:** The impact of inter-organizational trust (IT) and dependence (D) on maintenance of banking relationships (MBR); i) IT has a direct positive effect on MBR (23,5%); ii) D influences positively and significantly MBR (46 %); iii) D plays a key role in the maintenance of banking relationships (more than IT). Antecedents of IT: i) IT is explained by interpersonal relationships and satisfaction; ii) IT is principally explained by satisfaction (72 %). Antecedents of D: i) D is determined by switching costs and environmental uncertainty; ii) D is negatively associated with environmental uncertainty (need of flexibility). Two additional and significant relationships were highlighted by AMOS software. These have a theoretical justification: i) The impact of interpersonal relationships on switching costs; ii) The impact of interpersonal relationships on satisfaction; iii) This shows that interpersonal relationships surround the transactions with banks in Morocco.

## **Collaborative co-creation model in e-commerce: Managerial implications**

*Abstract of: Julia Wolny*

**Abstract:** The aim of this paper is to identify the implications of collaborative co-creation initiatives in electronic commerce on key functions of a business organisation.

An involving consumer experience has become one of the key considerations for increasing the number of online transactions and making fashion websites 'sticky'. While the predominant theme of online service for a number of years has been individualisation – the creation of products and services customised to individual preferences (Wolny, 2007; Helm, et al. 2008; Piller, 2008) recent years have seen a convergence of this trend with that of collective intelligence, thus creating network effects. The resulting business model is not only reliant on an individual participating in developing the product or experience, but relying on the knowledge of others, for either expertise, recommendation and co-creation of the most suitable solution. Adopting such a strategy undoubtedly has profound consequences for the brand, business operations, and perceived value of customer experience.

This paper develops a typology of collaborative co-creation methods and presents a value analysis of each of them. Such analysis is based on three case studies from the online apparel sector, subject to concept testing with consumers, systematically evaluating the impact their co-creation strategy has on the traditional core competencies of fashion brands- (1) design expertise, (2) brand image and (3) innovative retail experience.

What is thus evidenced, is that the co-creation business model has implications for the perceived value (PV) and perceived expertise (PE) of the brand, providing utility to management of such ventures.

**Paper Type:** research paper

## **THE 2009 NAPLES FORUM ON SERVICE – DOCTORAL WORKSHOP**

To stimulate academic scholarship, discussions of ideas and dialogue among students and researchers from different countries, in the field of service, we invited doctoral students to attend a doctoral workshop.

PhD students in early and middle stages of their PhD research project were particularly encouraged to participate and therefore will present their research proposals, preliminary results and their reflexions on issues related to theory, methods and analysis, highlighting: introduction, review of the literature, methodology, findings (if there are), discussion and conclusions.

The doctoral session chair will stimulate discussion and will attempt the deepening of some of the research dilemmas and open questions.

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## **TITLES**

Service Dominant Logic, Loyalty and Performance

Distributed service engineering: integrating clients in service innovation processes

Emerging Value Creation Models: contributes deriving from Service Science, Service Dominant Logic and Viable System Approach

Towards Understanding Value-Creation as an Interactive Process of Creating and Sharing Dyadic Productivity Gains

Practices as units of value creation: theoretical underpinnings and implications

Solution-oriented retail strategies – concept, moderators and consequences

Usage of affective and cognitive feelings in high credence service...

The Risk of Service Ineffectiveness due to Value Co-Creation

Servitisation, Service-Dominant (S-D) Logic and Supply Chain Management

Value Co-Creation Orientation: Conceptualization, Measurement and Impact on Firm Performance

Consumer choice of service provision in services industries

Value creation in high-speed railway transport service