

Specifying Value Creation Roles Through Service Concept Development in B-to-B Networks

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"...We buy expertise that is not sensible for us to recruit. That is their role in the co-operation, to provide those services. We own our brands and the products, and it's our role to lead that, to determine our goals and what we want to achieve...And then we choose the best suppliers to deliver it..."
(Customer 1)

"...It's been very important for us that we've found the kind of partner with whom we've been able to spar...and we get to know of different kinds of possibilities that we may not have noticed or understood by ourselves. We couldn't do this by ourselves. When we're open and honest about our challenges and do this together with them, the end result is better..."
(Customer 2)

Value-creation role of the suppliers	Supplier network provides a resource for the customer's value creation process	Supplier network participates in the integration of the resource in the customer's value creation process
Elements of service Concept		
Core solution	<ul style="list-style-type: none"> High degree of standardization Meets a well-defined need e.g. annual maintenance services 	<ul style="list-style-type: none"> High degree of customization Meets a unique, customer-specific need e.g. strategy sparring, consultancy
Service operations and processes	<ul style="list-style-type: none"> Clear division of roles and tasks Easier to define and describe in advance Easier to plan and schedule Less dependent on individual service providers 	<ul style="list-style-type: none"> Conflicts and confusion more likely to occur between suppliers More difficult to define and describe in advance More difficult to plan and schedule in detail More dependent on individual service providers
Customer experience	<ul style="list-style-type: none"> Little effort demanded from the customer Clarity of service delivery Lower degree of uncertainty and perceived risk 	<ul style="list-style-type: none"> More customer participation required Intensive dialogue and interaction Higher degree of uncertainty and perceived risk
Service outcome	<ul style="list-style-type: none"> Higher predictability of service outcome Value easier to assess Value-in-use dependent on the customer Value of network concept relates to reduced sacrifices such as less network coordination and management work 	<ul style="list-style-type: none"> Uncertainty of the exact outcome beforehand Timeline of the value realization may be long Provider may facilitate value-in-use for the customer Value of network concept relates to benefits such as integration of versatile skills leading to new ideas and solutions

Table 1. Major differences between network service concept elements in cases of different value-creation roles of the service supplier network.

Background and purpose of the study

Scholars in different research domains have increasingly called for research on value creation at the level of service networks and value chains [1,2,3,4]. The growing trends of outsourcing and specialization have led customers to seek more extensive value propositions that necessarily involve collaboration between multiple actors [5]. The development of a joint value proposition within a service network may be facilitated by defining and documenting a common service concept [6], which is regarded as a central tool in the design, delivery and improvement of services [7]. This study was motivated by the observation that a network service concept provides service suppliers possibilities to link to the customer's value-creation processes in various ways [8]. The purpose of this study was to explore how different value-creation roles are connected with elements of service concepts developed within service networks.

Methodology

The research strategy employed was qualitative case study investigating two b-to-b networks comprising of companies offering collaborative service concepts in the field of industrial services and knowledge-intensive business services. The main data collection method was qualitative in-depth interviewing (n=34). Additional data was collected in several company workshops. Altogether nine supplier companies and five customer companies were included in the study.

Findings and conclusions

Table 1 outlines the major differences between network service concept elements in cases of different value-creation roles of the service supplier network a) they provide a resource for customer's value process, and b) they participate the customer's value process where the resource is integrated with customer resources. Developing value propositions within a network demands more clearly specified processes and a degree of formalization, but it enables customer benefits such as efficient procurement and the development of innovative solutions through integration of versatile skills and shared customer insight.

The findings of our study indicated that on one hand, the supplier network's role determines the possibilities and boundaries for developing and delivering joint service concepts. On the other hand, the service concepts that the suppliers can offer with their resources and competences determine the value-creation role they are able to pursue in customer relationships. Thus, we suggest that **the value-creation role of the supplier network should be defined, specified and developed in parallel with the service concept.**

Implications

Actors in service networks are encouraged to analyze the development possibilities and role implications of their common service concepts together. Through deeper understanding of customer's value creation processes, companies may be able to better differentiate their value proposition by specifying their value creation role through service concept development. Network cooperation may help to pursue a certain role in customer's value creation process. Future research is needed to elaborate on the linkage between service concept and value roles, and to study customer preferences regarding the supplier network involvement in their value creation processes.

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