An empirical investigation into value co-creation in b-to-b service networks

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Abstract
This paper reports a study investigating the value perceptions of companies that are engaged in co-creating business-to-business services in a network. Our case study provides insights into the value that is perceived by supplier companies involved in offering collaborative service concepts, and their customers. Furthermore, we study the role of each party in value-creation. By integrating the conceptual discussion on value co-creation with practical experiences in two cases, we suggest that a network can assume the role of a value facilitator or value co-creator in their customers’ value-creating processes. Our results suggest that a network service concept provides possibilities to enhance customer’s value-creating processes particularly through combining versatile competences and through reducing sacrifices related to managing service procurement. The study also indicates that the customer may determine whether the supplier is able to assume the role of a value co-creator. The paper contributes to current value co-creation discussion by first, providing empirical insights into value co-creation which has currently been discussed predominantly on a theoretical level, and second, by extending the perspective to encompass multiple actors in a business-to-business service network.

Keywords: Value co-creation, b-to-b services, service network

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1. Introduction
The creation of customer value is considered a precursor to customer satisfaction and loyalty (Woodall 2003) and the central means of gaining competitive advantage in the markets (Woodruff 1997). Recently, the Service-Dominant logic has elevated value creation to the position of the core purpose of economic exchange (Vargo et al. 2008). These notions have drawn considerable research attention to answer the question: How value is created, and by whom?

Examination of value creation has been predominantly oriented towards one actor, the customer. Service researchers have widened the perspective to the level of customer-provider dyad with the recognition that the interaction between the parties has influence on customer
perceived value (e.g. Grönroos 1998). However, very few attempts have been made to study value creation on a level of multiple actors. At the same time, it is widely agreed that the sharing and developing knowledge and other resources with other actors in a network facilitates innovativeness and business renewal (Chesbrough 2003; Miles et al. 2009) and makes it possible to provide unique and differentiated services (Syson & Perks 2004). Gummesson (2007) argues that not only customers are entitled to value fulfillment, but the interests of a broader network should be taken into account in the analysis of the value co-creation process. Lack of studies addressing value creation at a network level hence represents an important research gap.

This paper seeks to increase understanding of value co-creation in service networks. Specifically, the purpose of this paper is to study the value perceptions of companies that are engaged in co-creating business-to-business services in a network. Through a multiple case study, we provide analysis of the value that is perceived by supplier companies involved in offering collaborative service concepts, and their customers. Furthermore, we study the role of each party in value-creation. The paper makes a contribution to the value co-creation literature by first, providing empirical insights into value co-creation which has currently been discussed predominantly on a theoretical level, and second, by extending the perspective to encompass multiple actors in a business-to-business service network. Thus far, the S-D Logic literature has not been very explicit about value creation at a network level.

The paper is organized as follows. The first section of the paper develops a theoretical framework of value co-creation on a network level. The second section introduces the methodology and cases of the empirical study. Subsequent section presents the findings of the empirical study, related to the value perceptions of suppliers and customers, and their roles in value-creation. The final section of the paper provides conclusions and practical implications derived from the study results.

2. Value co-creation

2.1. Elements of value

The term “customer value” has very versatile meanings, as is apparent in the conceptual analysis by Woodall (2003). In general, “customer value” is used either to refer to the value that a customer has for the firm (e.g. Venkatesan & Kumar 2004), or to the value that is perceived by customer in what is provided by the firm (e.g. Woodruff 1997). The value co-creation literature has focused on the latter.

According to Woodruff (1997), customer value is their perceived preference of the product attributes and performances, and the consequences of use that facilitates (or hinders) customer’s goal achievement. Perhaps the most common view in the marketing literature is that customer perceived value can be defined as the trade-off between the benefits and sacrifices perceived by the customer (Zeithaml 1988; Ravald & Grönroos 1996). In other words, customer value is the customer’s perception of what they “get” (benefits, utility) relative to what they have to “give up” (price, costs, other sacrifices) (Zeithaml 1988).
The benefits perceived by the customer relate to the performance or utility that the product or service has in the customer’s domain (Whittaker et al. 2007). Perhaps the most commonly studied value-creating benefit is the quality of a service or a product. The components of service quality are also important elements of value, which should be adjustable to each customer’s individual perceptions and needs (Lapierre et al. 1999). Studies conducted in the service context suggest that some of the value-creating benefits that customers experience relate to the interactive service process, for example, the service provider’s responsiveness, flexibility, reliability, and good interaction and communication towards the client (Lapierre 2000; Liu 2006). Customer sacrifices include the monetary costs that customers invest to acquire the service or to maintain a relationship with the supplier (Lapierre 2000). Sacrifices may also be non-monetary, such as the invested time and effort, or the risk associated with the offering or the supplier (Ravald & Grönroos 1996).

Central to the concept of “perceived value” is that it is subjective and context-dependent, and hence relative to an individual customer’s situation (Eggert & Ulaga 2002; Vargo & Lusch 2004). The benefits and sacrifices are not fixed at the time of purchase, but they are actualized during the consumption or usage of the good or service. “Value-in-use” refers to the results and benefits that are derived from the use of the service, in the user’s individual context (Lapierre 1997).

2.2. Locus of value creation

In marketing research, perspective to the locus of value creation has made a total turnaround during the past decades. The traditional Porterian value chain conceptualised value as something that is added to materials stage-by-stage in a company’s production process, resulting in a finished good, uploaded with value to be consumed by the customer. Current thinking takes an opposite view by regarding products and services not as the end result, but as input to customer’s own value creating processes (Normann 2001). In other words, goods and services do not have value as such, but their value is determined in the user’s context, in the way they are used by the customer (Normann & Ramirez 1993; Grönroos 2008; Vargo & Lusch 2008). As Lusch et al. (2008, p. 8) condense, value creation occurs “when a potential resource is turned into a specific benefit”. The question then arises, to what degree is the supplier involved in turning resources into customer benefits?

According to the service-dominant logic, value is always co-created: the supplier contributes to value creation by making a value proposition, and the customer actualises the value by using what is offered to them (Gummesson 2008; Vargo et al. 2008). Grönroos (2008) argues in some cases, the suppliers can also contribute to the actualization of the value. He posits that depending on the degree to which the supplier can influence the usage of their offering, i.e. turning the resource into benefits, the role of the supplier varies in the value-creating process. When the supplier only provides customers with resources that are used by the customers in isolation from the suppliers, the value creation occurs mostly in the customer’s domain. Suppliers act as value facilitators as they provide the value foundation required, but they have no direct means of engaging with the value-creation processes. According to Grönroos (2008), value co-creation only occurs when suppliers extend their role from providing the resources to also influencing the way the resource is turned into a benefit. This is possible when firm-customer interaction is part of the service offering and the supplier is engaged in the usage process (Figure 1).
2.3. A network perspective on value creation

Literature on value creation has for a long time been preoccupied with the value that is created for the customer. The services marketing tradition, and lately the Service-Dominant logic approach have extended the view to the level of customer-supplier dyad. Vargo and Lusch (2004) emphasise that service provision is a reciprocal process: economic actors exchange a service for service. Each actor is arguably both a customer and a supplier in a sense that they equally provide a resource to gain a resource. Suppliers’ and customers’ have their respective value-creation contexts and processes, and they create value for themselves by turning a resource acquired into a benefit, or value-in-use.

Payne et al. (2008) suggest that value co-creation involves not only supplies’ and customers’ respective value-creation processes, but also the encounter process, which refers to the processes and practices of interaction and exchange between the parties. Such encounter processes are exchange practices in which the parties exchange resources, as well as collaborative practices in which the parties jointly perform activities (Payne et al. 2008, p. 90). In the service context, this encounter process allows person-to-person interaction, mutual learning and customization of the offering. Moreover, through the encounter process the supplier can get involved in aiding the customer to make use of the resource provided. The encounter process is therefore an important part of value-creation processes of the actors involved, and it influences role that the supplier can assume in the customer’s value creation process (cf. Grönroos 2008).

Gummesson (2007, 2008) notes that the supplier and the customer are not the only actors involved in service creation, but a host of other stakeholders influence value creation. As organizations become more and more specialized, they may exchange with other organizations to form networks that can provide a broader set of services or solutions. As Lusch et al. (2007) note, service innovations are dependent on the collection of competences, which the firm can continually renew, create, integrate, and transform. Given the immense pressure on firms to continuously find ways to develop new services at a fast speed (Stevens & Dimitriadis 2005), new service concepts offered to the customer are increasingly the result of co-operation or co-creation of a network of companies. Companies offering a joint service

Figure 1. Supplier’s role as value facilitator and co-creator (building on Grönroos 2008).
concept with network partners are then involved in value creation not only for themselves, and with their customer, but also for and with their co-suppliers.

Figure 2 illustrates a framework for value co-creation in the context of a network service concept. The supplier companies collaborate with each other to offer a network service concept to a customer who may interact with only one or several of the supplier companies. The actors in the network each have their own value-creation processes (denoted by round arrows in Fig. 2), for which they seek resources from other actors (value facilitation). Through encounter processes, the actors may influence each other’s value-creation, i.e. co-create value (denoted by double-headed arrows in Fig. 2). Value co-creation hence involves value processes between suppliers, between suppliers and customers, and within supplier and customer organizations.

Figure 2. Value creation in the context of a network service concept: suppliers’, customer’s and encounter processes.

3. Methodology

3.1 Research strategy

This study addresses the value perceptions of companies that are engaged in co-creating business-to-business services in a network. The research strategy employed to reach this goal was qualitative multiple case study. Case studies have been the dominant methodology used by qualitative researchers in industrial marketing (Piekkari et al. 2010). It is considered a particularly useful approach for increasing understanding of topics that are previously under-investigated (Gummesson 2000), and in situations where there are complex and multiple variables and processes (Yin 2003). In general, case studies are the preferred strategy when “how” and “why” questions are being posed, when the investigator has little control over events, and when the focus is on a contemporary phenomenon within some real-life context. Compared to a single-case study, multiple-case study’s advantage is that it gathers evidence from multiple cases and is thus regarded as more robust (Yin 2003).
3.2 Case selection and case descriptions

To investigate value co-creation in b-to-b service networks, we identified two networks where several suppliers combine their resources to offer joint service concepts for their customers. To increase the likelihood of obtaining some variability in the results, the two selected networks represent different industries, and comprise of companies of different sizes. The cases differ also in terms of the development phase of the services, and the length of co-operation between the companies. Both networks participated a large service development study, which granted us good access to the case-companies, allowing us to collect data with several methods such as in-depth interviews and participating company working groups. The companies in both cases operate mainly in Finland. The time boundary of the study is 11/2009 – 11/2010.

Case A (pseudonym “Industrial Network”) consists of two supplier companies and two potential new customers. The “Industrial Network” has developed a life-cycle concept combining robots and industrial services for the needs of manufacturing industry customers. The core-company of “Industrial Network” (A1) has a long tradition of operating on the focus market as a machine retailer. In terms of the new network service concept, the core-company is in charge of customer relationship management, sales and marketing, and offering the total service concept to customers. Their services include machine deliveries, installation, implementation, training, maintenance, and spare part services. The core-company mainly operates on the customer interface. The partner company (A2) mainly operates in the “back-office”, providing the robot as well as the technical solution, documentation, technical support and training to the core-company.

Case B (pseudonym “Marketing Network”) consists of six supplier companies (B1-B6) and two customers. The suppliers combine their various competences – marketing, advertising, business consultancy, media planning, market research and printing – in service delivery and development. The “Marketing Network” offers knowledge-intensive business services (KIBS) as integrated marketing solutions for their customers from different branches. The companies are part of a group, i.e. they are least partly owned by the same parent company, although they operate as independent firms. These six companies differ in terms of size and position in the network: one of two of the companies usually takes the leading role in the joint projects, although all the suppliers operate on the customer interface.

3.3 Data collection

Because of the scantiness of previous empirical insights into value co-creation in b-to-b networks, the main data collection method for study was in-depth interviewing that allowed the informants a great deal of freedom to express their views and take up new issues. Informants from each company in the studied network were interviewed. The purpose of the interviews was to explore individual companies’ perspectives on value creation. Interviewees were asked to discuss the co-operation within the studied network and the specified customers.

Additional data was collected by observing and participating company working groups. In such events, the supplier companies were discussing issues related to the development and functioning of the network service concept. We were also able to observe some actual sales meetings with the customers. Such events allowed the verification and triangulation of
interview data, and provided additional data on the studied issues. Interviews were audio-recorded and transcribed. Company workshops and meetings were documented by taking notes.

Altogether the sources for data collection for this study comprised of 12 firms and over 50 informants. Names of the participating firms and their services have been disguised to maintain anonymity as requested by the informants. The interviewees selected for the study had extensive involvement in developing and delivering the network service concept in their respective firms, and they were in a central position concerning the network relationships studied. The informants in the core company of the “Industrial Network” were the CEO of the company, the director of the business unit, repair & maintenance engineer, repair & maintenance personnel, sales manager and sales personnel. The partner’s informants included the CEO of the company, marketing manager, product manager and R&D manager. Informants representing the customer companies were a production engineer and a supervisor (customer 1), and a strategic purchaser and the managers of three business units (customer 2). The data collection included altogether 11 interviews and 9 company workshops or meetings. Some of the companies working group activities that researchers attended were analyzing markets and customer needs, systematization of the network service concept, sales and marketing planning and definition of the value and benefits of common service concept.

The informants for studying the “Marketing Network” were the CEO of the group (company B1), the group’s development manager (B1), digital strategy director (B2), key account manager (B2), project planner (B2), two copy writers (B2), art director (B2), senior client director (B3), two client directors (B3), planning director (B3), CEO (B4), art director (B4), CEO (B5) and CEO (B6). Informants within customer firm 1 were a marketing director, marketing manager, brand manager, two product group managers and product manager. The informant in the customer firm 2 was the director of the company. Data collection for case B included altogether 22 interviews, 3 company workshops and one network meeting.

During and after the interviews, several documents and presentations were provided for the informants to triangulate the data provided by the key informants (Yin 2003). As Van Bruggen, Lilien & Kacker (2002) argue, a multiple informant-based approach improves the quality of response data and thereby the validity of research findings. The reliance on multiple informants and multiple data sources meant that responses could be crosschecked and any conflicting or inconsistent responses resolved. This was done in meetings where the findings and possible conflicting views were discussed.

3.4 Data analysis

The research questions guiding data analysis were 1) what kind of value is perceived by supplier companies involved in offering collaborative service concepts, 2) what kind of value is perceived by their customers, and 3) what kind of a role do each party play in value-creation? Data analysis begun by reviewing interview transcripts and documents to highlight important issues and to identify patterns in data (Miles & Huberman 1994). Next, we gathered data extracts into an initial categorization table. The categories related to the benefits and sacrifices the informants brought up. The identified benefits and sacrifices were further divided into two groups: 1) supplier perceived value and 2) customer perceived value.
After initial data analysis, we discovered that informants’ description of their perceived and expected value revealed how other actors contribute to their value-creating process. These notions were subsequently identified in the data and related data extracts were taken for further analysis.

4. Findings

4.1 Supplier perceived value

In the “Industrial Network” case, the network service concept is the solution combining robots and various after sales services. The partners in this case indicated that the main reason for co-operation was to get access to complementary competence, as the following quote illustrates: ”if we use an outsider, we look for professional skills – that kind of competence that we don’t have ourselves. That’s always number one reason for co-operation” (Supplier A1). In other words, the main resource exchanged within the supplier network is competence, which is then turned into benefit in each supplier’s value creation process.

The interviewees identified various benefits that resulted from co-operation with partners with complementary competences. According to the core company, integrating their partners’ competences to their own gives them the ability to differentiate their services in the eyes of the customer: ”With the total concept, we want to differentiate ourselves from competitors, when everybody sells ‘the same’”. Furthermore, providing customers with more services increases the number of customer contacts and increases co-operation with customers, which may increase the sales of the products they retail and sell.

Representative of the core company stated that the partner with automation competences helped them to develop their own competences, as they learn to maintain and repair the robots and thus develop their own service offerings. Furthermore, the partner supports their growth in service business, which is their strategic future direction.

The main benefit of the co-operation for the partner company in the “Industrial Network” is getting access to a new market. Thus, they reduce the risk of being dependable on only one customer segment as they previously were. Consequently, they increase their knowledge on the manufacturing industry market that is not familiar to them. Furthermore, designing the new robot and the total concept in co-operation with the new partner provides them with important input in their R&D. The benefit accrued from that input is the improvement in the likelihood of new product success.

The “Marketing Network” provides their common customers with integrated marketing communications services, in other words, the goal is to offer a marketing solution with one-door principle for the customer. Similar to the “Industrial Network” case, the main resource exchanged among actors in the network was complementary resources and competences. All the suppliers wanted to concentrate on their own core competence and get other resources from their partners.

The interviewees discussed several benefits that the co-operation brought for the individual companies’ own business. The ability to serve large customers with all-encompassing
solutions was considered an important benefit. One specialised company could not provide integrated marketing services, and access to other resources made this possible:

“No we can sell strategic thinking and multi-channel solutions.” (Supplier B1)

“We couldn’t carry out large customer assignments alone” (Supplier B4)

Especially the smaller companies perceived that being a part of the network is important for their image and makes them a more attractive for the customers. Through the network, they get assignments and can invest fewer resources in selling. One interviewee stated: “We’re a small company, the network gives us credibility” (B4). Some of the interviewees pointed out that the network also brings flexibility on resource allocation and helps to manage risks on seasonal changes. For each assignment, the core company could choose the best possible combination of resources among the six specialised companies.

The interviewees from the “Marketing Network” bought up also the sacrifices related to offering a network service concept. Some of the more growth-oriented companies feared that being dependable on network partners’ resources affected their agility and service development. Many actors pointed out when the network delivers a joint service concept, customer evaluations and value perceptions regarding the service concern the whole network: “Good or bad, the network will share the common image and reputation” (B3).

4.2 Customer perceived value

The customers interviewed for the study brought up several factors that they value in the services they buy. Clearly, the main resource they are seeking from the service suppliers is the specialized competence that they do not have, or which is not their core business. In the “Industrial Network” case that is repair and maintenance service, and in the “Marketing Network”, the marketing and communications services. The most important benefit the customers make out of buying such services is the ability to concentrate on their own core business.

The interviewed customers of the “Industrial Network” explained that their manufacturing is quite complicated and requires a broad set of machines and tools. Therefore, they need a wide range of repair and maintenance services, too. The companies wanted to outsource such services in order to guarantee that the ones who repair and maintain their machines have all the competences needed. One manager pointed out: “We don’t have own repair and maintenance personnel and if we would hire, would they be able to do all the tasks needed? It demands such a wide range of competences” (Customer A1).

The customers of the “Marketing Network” considered the easiness of buying as a major benefit, in other words, the customers valued the possibility to buy bigger entities and at least to some extent centralize their own purchases. Value is accrued to customers by reduction of sacrifices related to the process: the customer saves time and effort if they do not have to coordinate the whole palette of service providers:

“We’re able to get all the media and marketing services from this group of companies.” (Customer B2)

“I’d be happy to see one person representing the whole network and being responsible for our account” (Customer B1)
“It does make our life easier as we don’t have to inform every party so much but they know themselves what they do and what they deliver us.” (Customer B1)

Also in the “Industrial Network” case, customers preferred dealing with a single supplier network to make service procurement easier, so that they did not have to look for the proper service supplier or identify which special competences they need for the task. This was considered important as the customers typically needed repair services on a short notice. Customer A1 explained: “When something sudden and extraordinary happened, it was hard to find someone quickly, who could fix the problem”. With the network service concept, the customer only has one number to call and the service supplier takes responsibility of appointing right persons and coordinating the project to solve customer’s problems. Consequently, the customer’s personnel can concentrate on their own daily tasks, which are more important for them and for the company. As one of the interviews said, “I just didn’t have time to be in charge of repair, maintenance and spare parts, too” (Customer A1).

It seems that the network service concept offered value particularly by reducing the sacrifices related to managing the buying of the repair and maintenance services. The suppliers’ competence, flexibility and fast service in the case of a production break brings also value in terms of benefits, as shorter breaks allow the customer’s core business to run.

The customer A1 of the “Industrial Network” pointed out that as the service suppliers have expert knowledge concerning their machines, they could let them know if they discover something about the machines that they had not notices themselves. The customer emphasised the quality of reporting and stated that they appreciated all the knowledge and ideas coming from the service supplier. Thus, they would like the service supplier to provide information and consultancy. Utilizing the suppliers’ ideas and knowledge could bring benefits in terms of production process efficiency and investment planning.

4.3 Roles in value creation

4.3.1. Supplier roles in customer value creation

Our data suggests that the service supplier network can assume different roles in the customer’s value-creation process. The case networks studied could not be clearly distinguished to represent neither value facilitator nor co-creator roles, but characteristics of both roles were present in the cases. The “Industrial Network” has recently launched the new service concept, and their role in customers’ value-creation process is still clarifying. The “Marketing Network” aims at taking a larger role in their customer’s value-creation process, and they also utilize the network and its resources in trying to achieve this aim. However, most of the benefits identified by the customers of these network service concepts illustrate that the customers see suppliers mostly in the role of a value facilitator. In our cases, the customers perceived the supplier mainly as a provider of specialised resource (e.g., repair of a machine, an advertising campaign, a market research report) for which the customer did not have competence for.

Our study indicates that it may depend on the customer, which role the supplier network is able to assume. Customer B2 pointed out that the customers themselves influence the quality of the service that they receive from the supplier: “When we do this together with them [i.e.
the service providers], this becomes better. We couldn’t do this by ourselves anyway. We need to be honest and discuss our challenges openly with them.” This implies that the service is not just something that the supplier delivers to them, but the service outcome depends on how well they themselves interact and co-operate with the service suppliers.

On the contrary, with Customer B1 seemed reluctant to let the supplier influence the utilization of their service in the customer’s value-creation process, as the following comment illustrates: “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…” (Customer B1).

In the “Industrial Network” case, the supplier network helps the customer to make production more effective via automation. The benefits mainly arise from the technical characteristics of the robot. Delivering services does not demand profound co-operation between the service providers and the customer. The service supplier network mainly solves problems by themselves and “co-creation” seldom appears between the service provider and customers. However, the customers indicated some opportunities for extending the suppliers’ role towards co-creation: they pointed out that the knowledge and ideas coming from the service supplier could be used in improving production efficiency and investment planning. Through training, consulting and other forms of interaction – i.e. extending the encounter processes – the suppliers could get involved in turning their service into customer benefits.

4.3.2. Value creation within supplier networks

Our data suggests that also supplier-supplier relationships could be characterised as value facilitation or value co-creation. The network companies’ link to each other’s value creation processes in various ways. The companies differ in their aims and preferences for roles in co-operation, and consequently they assume different roles in value-creation within their network, as well as with their customers. Some of the companies were satisfied with their position of providing services to the “core-company” of the network and not to having a larger role in the network or the customer’s value creation processes. Others were aiming at a position of value co-creation.

Some interviewees brought up issues related value creation in the encounter processes within supplier networks. Some members of the “Marketing Network” discussed the benefits that a long-term co-operation may bring. One manager (B3) stated: “We share the same values, management practices and a long history of cooperation. That’s why our processes are effective and we deliver coherent service experience and results for the customer.” On the other hand, some interviewees pointed out issues that prevented profound co-operation:

“Sometimes it seems that at Supplier x, they don’t trust us and they don’t listen to us, or include us in their processes. It’s really unfortunate if they can’t see the development work that we could do together…” (Supplier B2)

“...they don’t always remember to keep us posted... they decide things and not even tell us, just expect us to deliver it.” (Supplier B4)

Interestingly, although the “Industrial Network” was regarded as a value-facilitator by their customers, the relationship between the actors in the supplier network could be characterized as value co-creation. The partners utilized each others’ knowledge and competence in R&D
and market development and therefore perceived value in the co-operation beyond the resource the partner contributed. In the “Marketing Network”, many actors had more arms-length relationships, whereas some suppliers were expected to provide only the resource (e.g., a certain design) without getting involved in the planning and ideation or other interactions.

5. Conclusions and implications

This paper reported a study investigating value perceptions of companies that are engaged in co-creating business-to-business services in a network. Our case study provided insights into the value that is perceived by supplier companies involved in offering collaborative service concepts, and their customers. By integrating the conceptual discussion on value co-creation with practical experiences in two cases, we suggest that a network can assume the role of a value facilitator or value co-creator in their customers’ value-creating processes. In our cases, the difference between value facilitator and co-creator roles was vague: the companies could assume both roles depending on the customer and the type of service or assignment.

Our results suggest that a network service concept provides possibilities to enhance customer’s value-creating processes particularly through combining versatile competences and through reducing sacrifices related to managing service procurement. Together, the network companies may have more potential for becoming value co-creators than when acting alone. For example, common solution ideation, mutual customer understanding and reaching broader customer interface via a network may give opportunities to achieve a larger role in customer’s value-creating process. Table 1 provides a summary of the characteristics that differentiate between value facilitation and value co-creation in the context of b-to-b service networks.

Table 1. Characteristics of value facilitation and value co-creation.

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<th>Value facilitation</th>
<th>Value co-creation</th>
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<td>Benefits for service suppliers</td>
<td>Suppliers have a clear division of tasks and deliverables. Benefits relate to synergies in selling and ability to serve larger customers with all-encompassing solutions.</td>
<td>Suppliers may co-develop better solutions by combining their competences and customer understanding. They may exchange ideas and learn from each other.</td>
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<td>(supplier’s value-creation processes)</td>
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<td>Linking on customer’s value-creation process (encounter process)</td>
<td>Service network provides the customer with resources and customer utilizes them mainly separately from suppliers.</td>
<td>Supplier network has an extended encounter process with the customer. Service network provides the customer with resources and assist in their utilization.</td>
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<tr>
<td>Benefits for customers</td>
<td>Customers integrate the outsourced resource in their processes. Benefits of the network service concept relate to the flexibility and easier service procurement.</td>
<td>Customers may learn to utilize the purchased resource in a more efficient way. Customers may get new ideas and input for their R&amp;D, production and business development in general.</td>
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<td>(customer’s value-creation process)</td>
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This study indicates that the customer may determine whether the network is able to assume the role of a value co-creator. It seems evident that the customer’s openness and willingness to involve the service supplier is a major determinant of their role in customer’s value creation process. Not all customers are ready, able or even willing to co-operate with the service providers on the value co-creation level. Engaging in value co-creation may demand several changes in the customer’s strategy, operations and mindset, too. This topic requires more research in the future. Interesting questions to address are, for example, how network companies seek for an optimal role in customer relationships, and which factors affect customers’ willingness to encourage the service providers to take a certain role in their value-creating process.

The cases reported in this paper can be used to give practical examples on how a service supplier may develop from a value facilitator towards a value co-creator. The “Industrial Network” could for example provide the customer with more profound information on how to develop manufacturing technology and processes, businesses and operations to get the most value of the solution. They could also provide the customer with new ideas, business opportunities and support their business development. The combination of the resources and competences of the network partners could thereby be fully utilized to enhance customer’s businesses.

In the “Marketing Network” case, the supplier network may provide the customer with a market analysis report as a part of a larger advertising and marketing project. If the customer will choose to utilize the report by themselves, in a way they can or want, the service supplier remains in the role of value facilitator. The value of the service then depends on, how well the customer is able to interpret and willing to utilize the information on their businesses. If the customer allows the supplier to support the customer in utilizing the information of the analysis, they could assume to role of value co-creator. As a value co-creator, the supplier network could help the customer to utilize the service more profoundly in their strategic decisions and business development. The suppliers would have a consultative role in co-operation: for example, they could discuss the results of the report, its implications for their business, and implement the results together. This way the supplier would influence the value that the resource (i.e. the report) would have for the customer.

We encourage companies to identify both their network partners’ and customers’ views of the benefits they perceive in the services (resources, competences) that are exchanged, as these perceptions may imply the kind of a role that the suppliers are able assume in certain customer relationships. The supplier network should then focus and adjust its service concept and encounter processes accordingly. We also suggest that companies should fully utilize the potential of networks in taking a certain role in the customer’s value-creation process. A service network may together create solutions that bring more benefits for the customer compared to solutions offered by separate service providers.

The present study has certain limitations that need to be taken into account. The phenomenon of value co-creation in b-to-b networks is very extensive and complex and this study approached this phenomenon from a rather narrow empirical perspective. Choosing only two cases brings forth limitations as far as the generalization of the results is concerned. However,
by understanding something about the particular cases more in depth, we might eventually learn something about more general phenomenon.

References


