Value Co-Creation Perspective – Value In Use Through Service Process

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ModuServ
Modularity in Business Services to Co-Create Value within Collaborative Networks

• Parallel projects are conducted Oulu University, Department of Marketing and VTT

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• Aim is to describe, analyze and evaluate how value is co-created in business services through modularity and collaborative business services networks.

• Read more http://moduserv.drupal.oulu.fi/
Purpose of this sub-study

• To find new knowledge of and ways how to improve internal quality management and quality in usage processes of the customer

• Role of modularity

• The customer and the provider both contribute to customer value through service processes included
  • Provider (supplier) processes
  • Customer processes

• Assessment of value-in-use and usage process quality
  • Macdonald, Wilson, Martinez and Toossi (2011) Industrial Marketing Management, 40, 671-682)
Value-in-use


CUSTOMER VALUE
• ...customer’s perceived ... consequences arising from use that facilitate (or block) achieving the customer’s goals and purposes in use situation.

VALUE IN USE
• Refers in service outcomes that the organizational customer perceives in terms of ..., social, operational, and strategic aspects

VALUE IN USE
• As a customer’s outcome, purpose or objective that is achieved through service
Value proposition

Value is generated in customer’s value processes

- In interaction processes a value proposition can be transferred to and partly created together with customers
- Perceived value is emerging in customer usage processes
- Service providers have to align own resources and competencies through service process into the customer’s value processes

Service is

"…a process that consists of a set of activities which take place in interactions between a customer and people, goods and other physical resources, systems and/or infrastructures representing the service provider and possibly involving other customers, which aims at assisting the customer’s everyday practices."

Means-end framework for assessing value-in-use (Macdonald et al., 2011, 673)

- Individuals have goals regarding their own actions and the outcomes of those actions
- Provider’s offering (value proposition) will be evaluated from several perspectives
- Service quality (of provider)
- Value-in-use as the customer’s usage process quality (customer’s mental model, hierarchy)
- Relationship quality (interorganizational capability) – ”ongoing process of interaction involving one or more value exchanges”
Relationship quality

Service quality

Usage process quality

Value-in-use

Provider processes

Customer processes

Goal 1

Goal 2

Goal 3

Figure: Conceptual framework for customer assessment of value-in-use.
Macdonald et al., (2011)
Expectations for value proposition

Provider expects

- Accurate specifications
- Recognize own needs
- Adjust own processes
- Openness – sharing knowledge?

Customer expects

- Understanding of specifications
- Knowledge (previous projects)
- Openness and honesty
- Personal characteristics
- Flexibility
Figure: Conceptual framework for customer assessment of value-in-use. Macdonald et al., (2011)
Conclusions

• Companies in KIBS business should recognize different dimensions of value the customers perceive

• Service providers could improve their internal service quality management through better understanding customer’s assessment of value-in-use (usage process quality)

• Modularity can work as a tool for improving value co-creation processes (costs, flexibility, etc.)
Role of modularity in KIBS case company

- Installation, Programming, Project Management as independent value propositions
- Services also offered as "bundled value proposition"
- The customers will outsource a part of their own value propositions into the case company for flexibility and avoiding to bind knowledge & skills resources internally
- Modularity is perceived by the customer as similar processes to 'imitate' and replace into other service processes
Thank you!

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