Preface

This book describes research that is closely related and partly based on the Service Dominant Logic (SDL). SDL (Lusch & Vargo, 2006; Vargo & Lusch, 2004, 2008a, 2008b) presents a framework that pivots around the customer experience and revolves around co-creation of value. SDL is an excellent starting point for exploring the value co-creation significance, its potential in general, and its research potential in particular. SDL endorse the concept that strategic alliances are a natural type of relations in an environment of value co-creation. It is therefore that value co-creation is bundled with strategic alliances. This section starts by discussing the SDL and its implications, continues to delve into the value co-creation and its research, and finally inter-organizational value co-creation is discussed. In the next section, the book organization will be presented.

The traditional economics theory had a dominant logic based on the exchange of “goods,” which usually are manufactured output, or tangible resources. Over the past several decades, new perspectives have emerged that have a revised logic focused on intangible resources, the co-creation of value, and relationships. The new perspectives lead to the assertion that service provision rather than goods is fundamental to economic exchange. (Vargo & Lusch, 2004).

The service-centered dominant logic represents a reoriented philosophy that is applicable to all marketing offerings, including those that involve tangible output (goods) in the process of service provision. Service science has the potential of taking the perspective of value co-creation and exchange beyond the market, by providing a systems orientation that takes the issues out of the economic arena and re-contextualizing them (Maglio & Spohrer, 2008).

In service-dominant logic (SDL) the customer becomes a co-creator of value. This emphasizes the development of customer–supplier relationships through interaction and dialog (Payne, Storbacka, & Frow, 2008). However, recent literature suggests relatively not enough knowledge exists about how customers engage in co-creating of value. In this book, the authors: explore the nature of value co-creation and strategic alliances in the context of SDL; develop a conceptual framework for understanding and managing value co-creation and strategic alliances; and present recent research to illustrate practical application of the framework.

Although value creation is not explicitly defined, extant literature on SDL generally treats it as a process that includes actions by both the service provider and customer (and possibly other actors). Therefore, according to this literature both the service provider and the customer are always considered co-creators of value (Grönroos & Voima, 2013). Although value creation is never explicitly defined, the notion that all actors, customers, and firms alike co-create value makes value creation an all-encompassing process, without any distinctions between, for example, the service provider’s and the customer’s roles and actions in that process (Grönroos, 2008, 2011).
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Grönroos and Voima (2013) stated that by analyzing the joint and customer spheres in value creation through different types of interactions, we gain a more profound understanding of the roles of the customer and the provider in value creation. They showed that the roles of the customer and the provider vary in different value creation spheres. In the joint sphere, value creation or destruction is always to some extent a dialogical process. In the customer sphere, the value creation process is dominated and controlled by the customer in an independent sense.

Yi and Gong (2013) presented a development and validation of a customer value co-creation behavior scale. The scale comprises two dimensions: customer participation behavior and customer citizenship behavior, with each dimension having four components. The elements of customer participation behavior include information seeking, information sharing, responsible behavior, and personal interaction, whereas the aspects of customer citizenship behavior are feedback, advocacy, helping, and tolerance. The scale is multidimensional and hierarchical, and it exhibits internal consistency reliability, construct validity, and ensures construct validity.

The insight to take from SDL is that the experience of the customer is the central element in any economic activity and exchange. The actual utility and value that a service and goods provide are the stream of experiences that they bestow upon the customer. This could be imagined as a stream of experiences that come with the use of the services and goods. It is therefore that the SDL treats both services and goods as a service – measuring both by the stream of customer experiences.

In terms of supply chains and the relationships between organizations, the value co-creation refers to the long-term relationship between groups of employees from different organizations. The personal attributes and relationships are still relevant, but they belong to a wider framework and play an important part in group dynamics. Furthermore, the relationship between the customer and its suppliers is of strategic value and would be much more competitive if done as a mutual endeavor. This is particularly true for customer and contractor project relationships, and the importance of the cooperation is highly related to the size of the project.

In service science, the role of customer experience is pivotal. However, it is the notion of co-creation that enable to put this experience in the center of the economic arena. Prof. Vargo stated that the right concept enabled humans to take fly. We sincerely hope that this book would contribute its part to having the right concept, so that global markets can take-off.

**ORGANIZATION OF THE BOOK**

The book is organized in four major sections:

2. Organizational Value Co-Creation (e.g., projects as service, agile service, and supply chain Value Co-Creation): Chapters 6-10.

A brief description of each of the chapters follows:

Chapter 1 describes three types of service system entities: businesses, nations, and NFL sport teams. The chapter compares and contrasts these entities from the perspective of strategic relationships.
Chapter 2 analyzes which methods could be used to enhance value co-creation through an active involvement of the customers along the product-service system engineering process.

Chapter 3 presents a review on the three streams of literature used to build the framework, namely Consumer Culture Theory, Service-Dominant Logic and Value Co-creation. It then focuses on contrasting the different approaches regarding markets and consumers and studying their differences and common traits.

Chapter 4 presents the overview of customer satisfaction and loyalty. It discusses the relationships between customer satisfaction and loyalty. The chapter argues that facilitating customer satisfaction and customer loyalty have the potential to enhance organizational performance and gain sustainable competitive advantage in the service sector.

Chapter 5 adopts the perspectives of “symbolic interactionism” and “social exchange theory” to explore the construct of value co-creation as a dynamic qualitative process or a stable quantitative outcome, respectively, the challenges, advantages, and limitations of applying these perspectives are discussed.

Chapter 6 focuses on the role of Public Relations as a major means to achieve this Corporate Principle. The Chapter makes a detail study of the Public Relations Office of a very renowned hospital of global repute and its contribution in building relations with the stakeholders of the hospital leading to its smooth functioning and generation of Value Co-Creation.

Chapter 7 addresses the development of a service capability index, taking into account customer’s expectations, customer’s perceptions and service performance. This index is based on the “zone of tolerance” and it gives a perspective on value co-creation effectiveness. A methodology for converting perceived performance into real performance is proposed, including a procedure to assess the levels of adequate and desired service. An approach inspired on the Quality Function Deployment is presented based on features extracted from outcome-related and process-related approaches.

Chapter 8 proposes a new model of value propositions, which precludes the definition of the value proposition prior to a service execution. Instead, the chapter asserts that the value derivation is co-created and emerges through the service journey.

Chapter 9 uses value co-creation approach to improve performance of contracted projects. The chapter shows that without value co-creation, there are always two projects that are performed separately: one is the contractor’s project, and the other one is the customer’s project. Value co-creation results in an integrated project that behaves very differently than either side expects; and its critical activities are different from those of the separate projects. In addition, there are great strategic benefits that are the product of the value co-creation approach and potential synergy which are discussed in the chapter.

Chapter 10 compares the Agile theory to the traditional project management framework and to the principles of the value co-creation. A review of the most used agile methods is proposed. This helps the reader to choose an agile method which is the most compliant with the value co-creation principles.

Chapter 11 presents a system-wide analysis of the links and feedback mechanisms between the different aspects of value co-creation through social media marketing and brand communities. These relationships and mechanisms are then simulated using the principles of System Dynamics, and the results are analyzed.

Chapter 12 presents a case study of a bank in Thailand on how it has embedded governance practices in its social, operational, structural, and technical environment. It concludes that maximization of value from information technologies is dependent upon the technical, cultural, and organizational endorsement of business practices relating to their governance.
Chapter 13 reports on the successful development and implementation of a tool (QPLAN) that enhances software development project performance. The development process was based on “design science research process” methodology. This tool was implemented and validated in 11 organizations in five countries.

Chapter 14 aligns the emerging concept of creating value in the service ecosystem to tourism, through systematic literature review, for a more meaningful touristic experience. This work as a shared-responsibility of the service providers, local communities, and tourists who interact and collaborate to co-produce improved service offerings for a valuable experience.

Chapter 15 presents a case study of co-creation opportunity, faced by a new department (department of mechanical engineering) created in an already existing college. In reality, the objective of any student is to get employed, immediately after the prescribed period of study. Therefore, the employer must be the customer and the student must be the product of the system. The case study elaborates on the needs and approaches taken to achieve this differentiated status.

Chapter 16 aims to review the student-faculty joint research as a strategy for knowledge co-creation in academia with particular focus on managing students. The chapter supports the approach that knowledge development, research and innovation can facilitate the achievement of the vision and mission of an academic institution.

Chapter 17 discusses the impact of mobile services in developing nations. The chapter investigates the key role of co-creation in defining and developing the services that contribute to the development. It concludes with a set of research challenges for furthering the progress towards attaining the Sustainable Development Goals through the use of mobile technologies.

Chapter 18 presents a case of e-service value co-creation in a rural context, with targeted end users in regions characterized by limited electricity infrastructure and poor or absent internet, strong diversity in languages spoken, high illiteracy rates and limited purchasing power. It offers a methodology that analyzes business model sustainability for e-service innovation in severely resource-constrained contexts.

Chapter 19 discusses the development of improved citizen services taking into consideration integration of agent-based modelling and simulation experience in conceiving, design and implementation activities with a strong focus on technology enabled service systems. The case study presented in this chapter is dedicated to Smart Transport. The chapter opens a larger discussion on specific research directions and knowledge transfer related to Smart Transport as highlighted in EU projects.

Chapter 20 discusses the implications of co-creation in healthcare, a sector of society that is perceived as difficult to manage. Co-creation is here understood as a variable that has different intensity and significance in different areas of healthcare. The Demand-Supply-based operating logic (DSO) is used to segment health service production in areas where co-creation appears in different roles.

Chapter 21 identifies the role of “customer citizenship behavior” in value co-creation and examines the relationships among “customer citizenship behavior” perceived value, satisfaction, and repurchase intention of customers in the context of fitness centers. The results show that “customer citizenship behavior” has a positive influence on perceived value and satisfaction, which in turn have positive influences on repurchase intention.

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REFERENCES


