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Value co-creation in service marketing: A critical (re)view

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1. Introduction

In service research, and especially services marketing, there is an urge to understand the customer better as well as to develop service relationships based on trust and resource integration. The terminology applied highlights how service research and services marketing as research fields are deeply interwoven with practice since most literature aims at either describing practice or developing models to practice (Marion, 2006; Payne et al., 2008). Thus, owing to shared conceptual usage, the boundary between marketing as practice and marketing as a theoretical field appears obscured. Therefore, what are the underlying theoretical assumptions of conceptualizing service relationships as represented by trust and integration of resources? Is the current concept regarding value co-creation as an answer to this issue even analytically well suited?

Since the early 2000s, the field has seen a shift from being company centric to being more customer oriented (Tronvoll et al., 2011). It is a move that profoundly changes the way service is understood, and thus the distribution of roles in...
service delivery. The focus on value creation is a catalyst for this move (Galvagno & Dalli, 2014; Bharti et al., 2015). In particular, Service Dominant Logic (S-D logic), service logic, and Customer Dominant Logic (C-D logic) perspectives have established the theoretical discussions of the concept within service marketing literature, and hence provided the analytical grid to support marketing practice.

In service research, the interest in value was previously centered on the economic concept of value-in-exchange, that is, on the exchange relations in which profit can be made (Drejer, 2004; Skålén et al., 2015; Vargo et al., 2008). However, along with the increased focus on how the service offering relates to the customer’s environment, the notion of value-in-use has come to the fore (Greer et al., 2016; Gronroos & Ravald, 2011). Indeed, value is not only exchanged in a here-and-now service encounter, but rather value is created through use and thus bounded to and embedded in context and experience (Sandström et al., 2008). In extant literature, this contextual aspect is related to both structures/institutions and what is referred to as the lifeworld of the customer; clarified by the terms value-in-context (Edvardsson et al., 2011; Vargo & Lusch, 2016) and value-in-experience (Gronroos & Voima, 2013; Gummerus, 2013; Voima et al., 2010). These perspectives on the locus of value creation shows that value is always (co)-created in the sphere of the customer, having implication for practice that companies can only offer platforms for value creation, not create value as such (Gronroos & Voima, 2013; Lusch & Vargo, 2014).

Concurrent with service marketing literature a more critical marketing stream of research that focuses on the discourse of the field and the practices that specific terminologies trigger (Yngfalk & Yngfalk, 2015; Skålén, 2010; Skålén et al., 2006). The critical marketing perspective mostly relies on Marxist and/or Foucauldian perspectives applying the concepts of governmentality, power, and exploitation in relation to perceptions and self-perceptions of employees and customers (Cova et al., 2011, 2015; Zwick et al., 2008). These debates focus on the concept of value co-creation and appear to include both customer and employee. Nevertheless, the critique is mainly focused on subjectivity and the approaches adopted are not based on the premises of the service-marketing field itself, but apply the mentioned framework of critical theory to expose the underlying structures and logics.

Another influential attempt to challenge and nuances the debate on value co-creation is the introduction of the concept of value co-destruction by Plé and Cáceres (2010). Based within the wider context of S-D logic, they emphasize that value is not necessarily created, but can also be destroyed (Plé & Cáceres, 2010). They claim that the perception of value co-creation is as an interactional process, where actors integrate resources, also opens up a scenario where these interactions lead to value being co-created (Plé & Cáceres, 2010, p. 431). This argument is based on the perspective that the S-D logic terminology is primarily positive, for example, the focus on benefits for parties along with doing something beneficial, has resulted in a near dismissal of the likelihood of negative outcomes of value co-creation process. Building on the terms of S-D logic, the authors supplement value-in-use with the notion value destruction-through-misuse, which seeks to embrace the process where one or both actors misuse their own or the other party’s resources (Plé & Cáceres, 2010, p. 432), which might be deliberate and/or unintended. The concept of destruction has been introduced to enable analyses, which includes both positive and negative aspects of value co-creation (Smith, 2013). Echeverri and Skålén (2011) agree with this from a service logic perspective. Applying the understanding of interactive value formation, they point out that value formation is associated with both co-creation and co-destruction (Echeverri & Skålén, 2011, p. 370).

Despite of the numerous literature on value co-creation, and a few on value co-destruction, the concept is still perceived to be obscure (Gronroos et al., 2015; Gummerus, 2013) and it is recognized that different perspectives lead to different conclusions (Schlager & Maas, 2012, p. 109). Thus, the concept is ambiguous and used variously, which requires further clarification of its theoretical underpinnings and applicability in the service marketing field.

Based on a hermeneutic review revealing the underlying premises and perceptions of value co-creation in prevailing research streams on the construct, namely the perspectives of S-D logic, service logic, and C-D logic, the present study discusses the theoretical applicability of the concept. The critical perspective is founded on critical hermeneutics, especially Habermas’s perception of modern society as based on different rationalities and his focus on deterioration of lifeworlds. As such the critique is more immanent than the stands from critical marketing, since the marketing literature claims that value is phenomenologically determined in the sphere, or the lifeworld, of the customer (Gronroos & Voima, 2013; Heinonen et al., 2013). Thus, the premise of the critique is the antithesis between maintaining elements of an economic focus based on value-in-exchange and the desire to review the concept of value by placing the sphere of the customer in the foreground.

First, the present study presents the review strategy as a foundation for exploring and clarifying the different theoretical approaches and understandings of value co-creation, particularly within the perspectives of Service Dominant Logic, service logic, and Customer Dominant Logic. Based on this conceptual analysis, the implications of shifting the process of value creation from company to customer and the objectification of the customer are discussed. Finally, it is argued that how value co-creation is understood in extant studies, despite differences, is based on an instrumental rationality, which in continuation of the paradigm shift from value-in-exchange to value-in-experience conceals that the lifeworld of the customer is grounded in a different rationality—a rationality of meaning-making. This results in the application of a concept that is neither analytically nor practically suitable, especially if the aim of co-creation is to promote trust among companies and customers. Therefore, the present study explains the concept of value co-creation by refers back to the economic objective of profit optimization.
2. Methodology

The analysis is positioned within critical hermeneutics, which, regardless of different streams, is concerned with the technical or instrumental rationality (Elling, 2014). Critical hermeneutics is based on a hermeneutic foundation (Højberg, 2014), but integrates factors related to power and transformation. In particular, Jürgen Habermas contends that power and ideology are part of and constitutive for dialog (Højberg, 2014), but there is a transformative potential in revealing the underlying structures and prejudices. Hence, the transformative aspect lies in recognizing that there are different rationalities at play in different domains of society.

Where the system (i.e., market, state and civil society) is characterized by an instrumental rationality, which is purpose driven, the lifeworld (i.e., people’s personal and social life) is based on a communicative rationality that strives to enhance understanding. This modern society critique claims is that it has reached a level where the instrumental rationality of the system suppresses the rationale of the lifeworld, which is thus reduced to a subsystem (Habermas, 1989, p. 173). Habermas refers to this as systemic colonization, with the consequence of alienation and destruction of meaning (Elling, 2014; Habermas, 1989). The subjective room to maneuver and overcome this issue lies in the communicative ability of human beings (Elling, 2014). Putting communicative action to the fore opens for inter-subjectivity as having a critical and emancipatory potential, since the search for mutual understanding transcend the individual actor (Habermas, 1989). In the process of understanding, reproduction of life forms is driven by consensus and subjective normativity and not solely by tradition and prevailing structures. Herein lies the transformational aspect of Habermas’s contribution to hermeneutics; communicative action is more than mere conversation. This also applies to scientific knowledge production. From a Habermasian perspective, the understanding of theorizing is to refine reflexivity. Since realization is dialogical in nature, to theorize is to engage in dialog with the world and the phenomena under study (Elling, 2014, p. 142). Therefore, in the present study, the inspiration drawn from critical hermeneutics is to engage in dialog with the concepts with which service marketing understands and describes reality—a dialog, which might transform and supplement the existing understandings of the concept of value co-creation.

2.1. Review strategy

To address the need for alternative review strategies in the field (Alves et al., 2016), the discussion is based on a hermeneutic literature review. To apply a hermeneutic approach is to acknowledge that the understanding of a paper is always interpreted in the context of other papers (Boell & Cecez-Kecmanovic, 2010). Therefore, it is imperative in this type of review to engage in a thorough reading of relevant texts and not necessarily identify all significant texts within a specific field. Thus, the review is not mainly presenting an overview of existing literature but rather the papers included are concurrently interpreted and discussed up against each other. Although criteria such as explicitly presenting choice of key words, database assessment, and the relation to the overall epistemology are shared across types of review, inter-textual connectivity, transparency through thick description, and argumentation are specific to the interpretative approach (Boell & Cecez-Kecmanovic, 2010). The present study identifies the underlying assumptions of value and examines how these are related to service definitions and thus the unit of analysis when exploring processes of value co-creation.

The study focuses on the prevailing streams of literature on value co-creation within service research, because the perceptions of value co-creation in S-D logic, service logic, and, despite to a lesser extent, C-D logic have become an inspiration and a theoretical framework for most conceptual discussions among researchers in the service marketing field (Grönroos et al., 2015). To establish a platform for interpreting the concept of value co-creation within these research streams, the study first identified reviews, which were broadly related to the concept of value co-creation in a broad sense (Alves et al., 2016; Ranjan & Read, 2016; Ind & Coates, 2013; Galvagno & Dalli, 2014; Jaakola et al., 2015). Considering that the study aimed at an in-depth understanding of the different approaches to both service and value, a simultaneous search in ProQuest, Ebsco, and ABI/INFORM on co-creation and service, value co-creation, customer value, value creation, and service was conducted. The subsequent phase was to go back and forth between individual texts and the evolving body of texts to help include the most relevant literature, and simultaneously enhance the understanding of the concept under study (Boell & Cecez-Kecmanovic, 2010). Hence, the main focus was on references from most cited texts and the identified canonical texts in the review papers besides identifying recent and current debates. The underlying assumption in such an iterative process, going back and forth in time based on references and up-to-date articles, is that the enhanced understanding of individual texts influences the understanding of the body of texts and vice versa. Since the process revealed that the interest in value co-creation emerged in the early 2000s, the main body of texts included in the review comprise the beginning of the 2000s and onward.

The review mainly relies on conceptual papers and is hence delimited from research papers empirically applying the perspectives of S-D logic, service logic, or C-D logic. The study mainly engages in conceptual clarification and argues for the importance of discussing the underlying assumptions before engaging in empirical research, because the debate is that these assumptions shape what is possible to analyze and understand in both theory and practice. Moreover, to focus the analysis on other related approaches, that some way or the other build upon the three perspectives, are either only referred to (e.g., value co-destruction literature and practice-based views on value co-creation) or left out (e.g., customer-to-customer perspectives and literature having a branding focus). In sum, the final number of articles included in the present review, from within the S-D logic, C-D logic, and service logic research streams, is 30 — more or less equally distributed among each perspective.
The study is structured as follows; first, key reviews of the value co-creation construct are introduced. Then the foundational understandings of the concept within the research perspectives chosen are presented. These understandings act as point of departure for the subsequent interpretation of their differing takes on the identified main aspects of value co-creation; the locus of value creation and the role of the customer, and how these two aspects influence the unit of analysis.

3. The concept of value co-creation

Across reviews on value co-creation, customer value, and co-creation of value, the shared conclusion is that despite the wide application of these concepts there is a lack of reflection on applicability along inadequate and unclear definitions (Ind & Coates, 2013; Paananen & Seppänen, 2013; Galvagno & Dalli, 2014; Jaakkola et al., 2015; Ranjan & Read, 2016). As Ind and Coates (2013) claim the managerial approach to co-creation has excluded the trivial aspect of the concept and has only focused on an instrumental approach leading to a narrow and vague understanding of value (Ind & Coates, 2013, p. 92). Ranjan and Read emphasize that value co-creation as a construct is not theoretically sound and review the notion of co-creation in existing literature. The result of the review is that co-creation is mainly understood as either co-production or value-in-use, but still they do not examine the concept of value per se (Ranjan & Read, 2016). On the contrary, focusing on customer value across domains, Paananen and Seppänen (2013) highlight that the concept of customer value is applied differently to explain different phenomena (Paananen & Seppänen, 2013, p. 721). This is further refined in a review of Alves et al. (2016), which identifies four different approaches to co-creation of value: a logic of business innovation, development of new products and services, experience of consumer co-creation, and the field of relational marketing (Alves et al., 2016). According to Alves et al. the S-D logic and the service logic perspectives are positioned within logic of business innovation. This is consistent with the forthcoming interpretation of literature, since the review reveals a theoretical sliding in the perception of value as the focus changes from company to customer, despite that the main perspectives on value co-creation still maintain an underlying assumption of value as related to economy. Therefore, either of the research streams is a result of their shift in theoretical foci.

3.1. The move toward value co-creation

The concept of value, related to ethics and morality, has a long history in philosophy (Boztepe, 2007; Sørensen, 2008; Grönroos, 2017) and is per se understood as a referential phenomenon; it can be referred to as a noun (a value), verb (to evaluate), and an adjective (something of value). However, value is also a foundational concept related to exchange in economic theory (Vargo et al., 2008). In service research, a field that originates from management and is rooted in business administration, the concept of value has been common from the earliest. However, it is primarily understood as value-in-exchange, based on the understanding that value is distributed by companies in exchange for goods and money (Vargo et al., 2008, p.146; Payne et al., 2008).

In early 2004, Vargo and Lusch introduced the Service Dominant Logic perspective. The aim of S-D logic was to thoroughly challenge the distinction between goods and services by the claim that service is the basis of all economic exchange, that is, that service is exchanged for service (Vargo & Lusch, 2004; Lusch & Vargo, 2018). Thus, service is not solely an add-on to products or a specific service offering but rather a reciprocal relation between customer and company. This is emphasized in the definition of service as “the application of competences (knowledge and skills) for the benefit of another party” (Vargo & Lusch, 2008, p. 256). The relational character of service thus implies that value is co-created, related to whether service or goods, and that the process reaches farther than the mere service encounter since value is determined in use. In this context, the S-D logic perspective, as explained by Vargo and Lusch themselves, was supposed to trigger a new understanding of service and to support a paradigm shift, so the field eventually could leave the goods/service divide behind (Vargo & Lusch, 2017).

Two supplementing and only slightly contrasting views on service, based on the “Nordic School” (Gummeson & Grönroos, 2012), are the Customer Dominant Logic perspective (C-D logic) and the service logic perspective, particularly promoted by researchers from Sweden and Finland (Grönroos, 2011; Grönroos & Voima, 2013; Heinonen et al., 2013). The focus of these perspectives is primarily on the customer/company relation rather than the goods/service contrast. C-D logic and service logic are based on the same premises as S-D logic: the relational character of value creation and the perception of service as interactional (Voima et al., 2010). However, both the views specifically emphasize that value is created in the sphere of the customer. From a service logic perspective, the implication is that the company can only facilitate the process of value creation and not create value as such (Grönroos, 2008; Voima et al., 2010). In the view of C-D logic, the implication is such that there are no guarantees; from a provider perspective, that value is in fact co-created (Heinonen & Strandvik, 2017).

Therefore, what are the implications of these different approaches to the concept of value co-creation? The main distinction between the Nordic School and S-D logic founded by American scholars are the different positions in relation to the unit of analysis; whether the customer/company relation or the service/goods divide, and the focus on temporality as an important aspect of service, which is particularly substantiated in the former stream of research (Heinonen et al., 2013). Furthermore, in recent years, the level of analysis has become more distinctive in each research stream; where S-D logic now focuses more on macro-level studies, the Scandinavian approach appears to focus on micro-level studies based on cases (Gummeson & Grönroos, 2012; Grönroos, 2017). In the following sections, these issues will be elaborated through an interpretation of how the three perspectives position themselves with regard to the aspects of value (i.e., the locus of value
creation), co-creation (i.e., the role of the customer), and each perspective’s level of analysis. Finally, a short summary of the review is given and the main points drawn into the discussion.

3.2. The locus of value co-creation

While the process-related and relational nature of service became clearer and more explicitly articulated among scholars, the static understanding of value in the exchange increasingly focused on interaction as foundation for value creation (Grönroos, 2008; Grönroos & Ravald, 2011; Heinonen et al., 2013, p. 106). The S-D logic perspective challenged the originally fixed understanding of service and value creation, and based on the general move toward interaction and relations in the research field, Vargo and Lusch developed nine foundational premises of service (Vargo & Lusch, 2004). The premises have concurrently been revised since their introduction 15 years ago (Vargo, 2008; Lusch & Vargo, 2014), and the most recent revision has integrated the premises into the following five axioms (Table 1).

The understanding of value as determined by the beneficiary implicated a transformation from the notion of in-exchange to the notion of in-use. This turns the focus away from understanding value as something that companies exchange for money to value creation as embedded in the use situation of the customer. The implication is that the service offering, seen as an outcome, turns into an input in the value co-creation process of the customer (Greer et al., 2016, p. 6). Thus, from an S-D logic perspective, value-in-use is the focal point in understanding value co-creation, and is as such supplemented by the term value-in-context. Value-in-context addresses A2 and A5, since context refers to both the actor-to-actor dimension and the service eco-system, which is composed of institutions. Hence, the term value-in-context indicates that the use situation is embedded in such a larger systemic context, thus interpreting service in a subjective as well as in a societal context (Vargo & Lusch, 2016, p.18; Wieland et al., 2015, p. 3).

Largely, the Nordic School of researchers subscribe to the view of value co-creation as embedded in context. However, instead of only highlighting the term value-in-use, the Scandinavian researchers have introduced the constructs: value-in-social-context and value-in-experience (Edvardsson et al., 2011; Heinonen et al., 2013; Gummerus, 2013, Grönroos & Voima, 2013). The service logic approach to value co-creation has primarily been driven by Grönroos, who emphasizes interaction as key to understanding value co-creation (Grönroos, 2008, 2011). Value creation as a concept thus comprises the following two aspects: value-in-use, which is exclusively related to the customer, and the generation of potential value (value facilitation), which is directly related to companies. As an analytical concept, it is argued that value co-creation therefore needs to be differentiated, depending on which point of view is to be explored (Grönroos & Ravald, 2011, p. 283). The view in service logic is that value for the customer is the service process leading to the customer becoming or feeling better off (Grönroos, 2017), which is why value creation is defined as “the customer’s creation of value-in-use” (Grönroos & Ravald, 2011, p. 282). Grönroos emphasizes that the customer’s perception of value-in-use might appear in both concrete and mental value creation processes, making value creation essentially experiential. Thereby customers share experiences, thus the process of value creation is linked to a wider social context, understood as these social experiences, and practices of the customer (Rihova et al., 2013, p. 555). Similarly, the related focus on value as created in social context by Edvardsson et al. (2011) is a method to emphasize the relative characteristic of value creation, since the individual value perception is deeply interlinked with that of others (Edvardsson et al., 2011, p. 334).

The C-D logic perspective, which focuses on value as experiential, was introduced in 2010 by Heinonen, Strandvik, and Voima (Voima et al., 2010; Heinonen et al., 2013). This view, apart from challenging S-D logic for being trapped in a provider-dominant logic, considers value co-creation as an ongoing process embedded in time and context. Accordingly, the perspective seeks to profoundly change the focus from provider/company to the customer (Heinonen & Strandvik, 2015). This is based on the argument that value-in-context, from an S-D logic perspective, is related to the company’s value propositions, and is therefore still mainly provider oriented (Heinonen et al., 2013, p. 109). On the contrary, by considering the customer perspective as the basis, the implication is that value is not only deliberately created among actors, or is a solely subjective cognitive process, but is also formed intersubjectively and interpreted socially. Value creation is thus profoundly collective, multicontextual, and dynamic.

From both the C-D logic and service logic perspectives, the customer is therefore at the center of value creation, referred to as value formation (Voima et al., 2010; Grönroos and Voima, 2013). The argument is that the term “value formation” emphasizes that value emerges over time, whereas “creation” implies a deliberate active ongoing process within a narrow time frame (Heinonen et al., 2013, p. 113). Hence, value is understood as embedded in and defined by both past experiences and the

<table>
<thead>
<tr>
<th>Axiom</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>A1</td>
<td>Service is the fundamental basis of exchange.</td>
</tr>
<tr>
<td>A2</td>
<td>Value is co-created by multiple actors, always including the beneficiary.</td>
</tr>
<tr>
<td>A3</td>
<td>All social and economic actors are resource integrators.</td>
</tr>
<tr>
<td>A4</td>
<td>Value is always uniquely and phenomenologically determined by the beneficiary.</td>
</tr>
<tr>
<td>A5</td>
<td>Value co-creation is coordinated through actor-generated institutions and institutional arrangements.</td>
</tr>
</tbody>
</table>
present state of mind. Applying this longitudinal time perspective along the intersubjective approach to the process of value creation is therefore what the term value-in-experience denotes (Heinonen et al., 2013). These diverse understandings of the locus of value co-creation also influence the perception of the three perspectives of the role of the customer.

3.3. The role of the customer

From the S-D logic perspective, the customer, among other likely actors, is a resource-integrating individual. Hence, the S-D logic excludes leaves the notions of consumer, customer, producer, and buyer (Koskela-Huotari & Vargo, 2018, p. 48). These fixed categories do not embrace the process of value co-creation, which is not bound to dyadic classifications but rather evolves among different actors in the service eco-system (Wieland et al., 2015, p. 6; Lusch & Vargo, 2018). In these actor-to-actor networks, actors jointly participate in the enactment of value-creation practices, which frame how value is evaluated, created, and determined (Wieland et al., 2015, p. 8). The understanding is that humans and firms engage in the process of value co-creation to optimize well-being, that is, value (Lusch & Vargo, 2018, p. 8), for both the individual and the system. A process leading to shared perceptions of both challenges and solutions, which in turn influence the understanding of value (Wieland et al., 2015, p. 2). Hence, from an S-D logic perspective, specific encounters between service provider and customer are understood as processes of knowledge transmission, which constantly evolve over time (Lusch & Vargo, 2014).

The C-D logic perspective does not apply a network approach, and hence does not juxtapose customer and company as actors acting on equal terms on the market. Instead, the foundation in hermeneutics maintains a more subjective approach with a focus on customer lifeworlds. Heinonen et al. (2013) contend that the concept of the customer has historically been a construction defined by the service provider, with the implication that companies address a rather static figure. In contrast to S-D logic, C-D logic shifts the focus to the customer and the “potential value landscape” composed of the network of actors, activities, and practices (that both shape and are shaped by experience), hence the view of the customer, in the early papers of C-D logic, shifted from a “customer” to a “person” (Heinonen et al., 2013, p. 112). Later, the notion of customer has been refined to also encompass organizations and families (Heinonen & Strandvik, 2017), but still there is ongoing debate that companies need to focus more on the lifeworld/eco-system of the customer to be able to facilitate the emergence of value.

In service logic, the customer co-creates value, since value formation is embedded in the life and experiences (past, present, and future) of the customer. Consequently, Grönroos relates the term value creation to the customer’s perspective, whereas the service provider becomes a value facilitator, which might or might not be invited into the process of value creation (Grönroos, 2011, 2017). Therefore, the company is merely a potential value co-creator (Grönroos, 2008; Voima et al., 2010). To distinguish these various processes, Grönroos and Voima (2013) highlighted that there is a third joint sphere between the customer sphere and the provider sphere, in which the processes of value creation is performed in direct interactions between company and customer (Grönroos & Voima, 2013, p. 141). This interaction becomes a platform for the company to access and influence the value creation process of the customer, since the relationship is perceived to be reciprocal. However, most recently the notion of customer has been replaced by that of consumer based on the argument that the term consumer does not necessarily imply an intersubjective relation with a provider, whereas this is perceived inherent in the term customer (Anker et al., 2015). Nevertheless, this change in vocabulary does not trigger a profound change in the understanding of the distribution of roles.

3.4. Differing levels of analysis

The move from value-in-exchange and value-in-use to value-in-context and value-in-experience is, according to the literature review, a profound shift from company centrality to customer orientation. This change is based on the declared introduction of a new and explicit stand with regard to philosophy of science — hermeneutics and phenomenology. Even though S-D logic has evolved toward a systemic view, the axioms on which the premises of value-in-context rely are referred to as phenomenological. Thus, it appears as though the call for new paradigms also triggered awareness of these more profound philosophical considerations, which began to emerge in the 2010s. To clarify, Edvardsson et al. (2011) and Holttiinen (2010) take a social constructionist approach to S-D logic (2011), service logic and C-D logic are based on phenomenology and hermeneutics (Heinonen et al., 2013; Grönroos & Voima, 2013), and Vargo and Lusch now emphasize their position within structuration theory (Vargo & Lusch, 2016; Lusch & Vargo, 2018, p. 17). Clarification of philosophical positions helps in understanding how the different scholars consider value; that the focus on how value is related to subjects and inter-subjectivity in C-D logic is bound to the focus on dialog and interpretation from hermeneutics, whereas the structuralistic approach in S-D logic-inspired research implies a focus on systems, markets, and actors.

This impacts the level of analysis. Scandinavian researchers have emphasized the move toward customer-centricity by focusing on the sphere, or the lifeworld, of the customer as a unit of analysis. However, within the S-D logic perspective, this is to maintain a dualistic understanding of company and customer — a distinction that Vargo and Lusch exclude and instead substitute with the notion of beneficiaries and/or actors, implying that everybody are actors on equal terms (Vargo & Lusch, 2016, p. 11). Accordingly, the unit of analysis becomes the interplay between practice (i.e., how value is co-created) and service eco-systems, and not each actor’s perspective on its own (Wieland et al., 2015, p. 8). Hence, there are various perceptions of where value creation takes place and who actually creates value. In C-D logic, value is determined in the lifeworld of the customer; in S-D logic, value is created in the interplay between actors and system; and in service logic, value is solely created...
in the sphere of the customer, but with the possibility of the company acting as value co-creator (Grönroos et al., 2015). Furthermore, there are some variations with regard to the value-creation process as taking place knowingly or unknowingly. The value-in-experience approach explicitly stresses that value might be formed in unconscious cognitive processes, whether intrasubjectively or intersubjectively (Rihova et al., 2013). On the other hand, S-D logic focuses more on the interplay between system and actor, making the perception of unconsciousness related to institutional regulations (Vargo & Lusch, 2008). Hence, the choice of philosophy of science influences whether value co-creation processes are accessed at a micro- or a macro-level.

3.5. Review summary

Table 2 summarizes the main differences across research streams, revealed in the hermeneutic review.

<table>
<thead>
<tr>
<th>Research stream</th>
<th>Philosophy of science</th>
<th>Unit of analysis</th>
<th>Locus of value co-creation</th>
<th>Role of the customer/company</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>S-D Logic</strong></td>
<td>Network centric</td>
<td>Interplay between actors and system</td>
<td>In-context</td>
<td>Actor/actor</td>
</tr>
<tr>
<td><strong>C-D Logic</strong></td>
<td>Customer centric</td>
<td>Lifeworld of the customer</td>
<td>In-experience</td>
<td>Person/facilitator</td>
</tr>
<tr>
<td><strong>Service logic</strong></td>
<td>Company centric</td>
<td>The joint sphere of the customer and the company</td>
<td>In-use/in-social-context</td>
<td>Creator &amp; co-creator/facilitator</td>
</tr>
</tbody>
</table>

Table 2 addresses the demand for conceptual clarification regarding the concept of value co-creation and reveals how the main theoretical perspectives have slightly different approaches to the aspect of value (the locus of value creation, the role of the customer, and the level of analysis) and how this relates to a philosophical standpoint. In addition, the review clarifies that despite differences only a few service researchers discuss and question what the concept of value refers back to, even though it is acknowledged that the concept itself stems from economic theory and management (Vargo & Lusch, 2016, p. 11). This implies that a concept, which is deeply related to the sphere of the company, is applied to analyze the domain of the customer. The issue is that value in either of the research streams is not defined, adjusted, or nuanced, so it embraces the logic of the customers, but is solely added to with broader denominators, such as in-use, in-context, and in-experience.

With regard to the co-creation perspective, illustrated by the customer’s perceptions, it can be argued that across the perspectives presented, the concept of value is understood as performed, since value determination is enacted in or among actors and/or systems. Understanding value as performed and based in social context, furthermore, entails that there are different logics at play. S-D logic assumes that market logic is the prevailing logic, resulting in an all-encompassing theory of the market. Grönroos claims that the customer and company might have different goals (Grönroos, 2011, p. 186) and stresses that the exploration of value creation is bound to a service logic, which is still about businesses, whereas C-D logic contends that the holistic perspective of the customer is a paradigm shift implicating that marketing becomes a business philosophy (Heinonen & Strandvik, 2017).

Another point based on the review is that despite the ongoing call for empirical studies, it appears as though the conceptual development of value co-creation has been at a pace where empirical studies of the practical and theoretical applicability of the concept at a micro-level have not been explored thoroughly enough before the S-D logic perspective turned toward macro-level analyses. Some of the most nuanced attempts at a micro-level are to be found within practice-based studies focusing on value as a social practice (Holttetin, 2010). However, this perspective does not appear to critically reflect on the underlying assumptions of, for example, S-D logic — that even when considering value as social practice it is closely tied to the sphere of the company since this is the reason to be concerned with value creation in the first place (Holttetin, 2010, p. 108). Therefore, the two main questions that arise are as follows: What happens when value creation is relocated to the sphere of the customer from that of the company? Are the S-D logic, C-D logic, and service logic perspectives part of objectifying the customer on behalf of a fruitful service relationship?

4. Discussion

Based on the review of the underlying assumptions and logics regarding value co-creation the discussion is structured around the two following themes: first, it is discussed how the relocation of the locus of value creation hides the perception of value as an economic concept, and second, it is discussed how the customer becomes objectified in current service marketing literature based on the underlying premise that customers wish to engage in resource integration on equal terms as companies.

4.1. Relocating the process of value co-creation

Applying the notion of deterioration from Habermas, the shift in focus from value as an economic concept to the process of value creation in the sphere of the customer illustrates a new form of exploitation of the customer. Given that the customer is
supposed to engage in the service offering as co-producer (Greer et al., 2016; Lusch & Vargo, 2018), the customer inherently becomes part of making the service more attractive (Saarijärvi, 2012). However, by downplaying the underlying goal of this process alongside applying an intrinsically positive concept such as value co-creation (Gummerus, 2013); what lacks is an actual integration of the customer logic, understood in a Habermasian sense of lifeworld, when analyzing service relationships. To increase profit is a legitimate goal for companies as long as this is explained as the foundation for a scientific exploration of the process of value co-creation, and from this point of departure, to study what is relevant and fruitful knowledge for a specific company in a certain context; that is, what is the particular context of the service relationship under study and how is this related to its wider context. Consistent with the Habermasian understanding of society, when referring to context, it is important to be clear which rationality context refers back to: the system or the lifeworld. Hence, context becomes more significant than the situation in which we are, it also concerns the underlying rationale related to that situation (Habermas, 1989). Consequently, the shift from value-in-exchange to value-in-use and value-in-context/experience, as well as the focus on value co-destruction, might have benefited from a reflection on the value concept per se, and whether it is logical to discuss value in the various something if it is not clear what the value concept refers to.

The objective of focusing on value co-creation, and herein value co-destruction, processes is, from a company perspective, to make customers return and buy more (Grönroos & Voima, 2013), or in S-D logic terms, to obtain strategic advantage (Lusch & Vargo, 2014; Greer et al., 2016). Aspects that lead to increased profit are based on the aim of creating economic value for the company. A condition that underscores that research on value co-creation is deeply bound to system logic and a rationale of purpose (Habermas, 1989), since the concepts of value-in-use, value-in-context, and value co-creation are a means to value-in-exchange and therefore have a highly instrumental goal. However, where the notion of value is relevant and meaningful in the domain of the company (because it actually refers back to value in an economic sense or in the sense of benefits); in the personal domain, value is more related to a set of values (Boztepe, 2007) or value as signs, that is, the symbolic value of a good (Saarijärvi, 2012). Therefore, the discussion of the locus of value creation is supplemented by the point that value, as a label, might denote something completely different in the lifeworld of the customer (Boztepe, 2007).

4.2. Objectification of the customer

The review further revealed how the customer from an S-D logic perspective is seen as an actor, who, on the same terms as other actors, integrate resources to optimize well-being (Wieland et al., 2015; Vargo & Lusch, 2016). In the C-D logic view, the customer becomes a person insofar both the mental state of mind and the social network of the customer is to be considered (Voima et al., 2010; Heinonen et al., 2013), whereas service logic perceives the customer as the primary value creator (Grönroos, 2011). Despite these differences, the underlying assumption across the different perspectives is that the customer actually wants to engage in value creation or resource integration. However, it is neither elaborated nor related to the underlying rationales, which frame the actors’ motives to engage in such a service relationship.

To elaborate, Vargo and Lusch refer to actors as enterprises, whether individuals or companies. In this understanding of actors, they are all continuously optimizing well-being for their own benefit and for others (Vargo & Lusch, 2016, p. 7). Thus, the customer becomes a benefit-optimizing player, which might be related to the notion of resource integration as a key aspect of service, since it implies that the customer, as an actor, is inherently part of the system. In Vargo and Lusch’s market terminology, this is accentuated as follows: actors are only actors on the market (Lusch & Vargo, 2014; Wieland et al., 2015). In contrast to the S-D logic systemic approach, where value co-creation occurs in an ongoing process of resource integration, Grönroos et al. (2015) emphasize that value co-creation has to be intentional. If the process is not acknowledged as such from the perspective of both the parties, value co-creation cannot be managed and is then not understood as value co-creation (Grönroos et al., 2015, p. 75). Value co-creation is, as a result, a highly goal- and task-oriented process, where the customer deliberately seeks to obtain positive outcomes. This is also underscored in C-D logic, where the customer unit "are making choices regarding what to acquire/purchase to achieve its own goals" (Heinonen & Strandvik, 2017). Hence, The Nordic School, consistent with the S-D logic, maintains that the customer wants to integrate resources based on the perception that both the parties benefit from the interaction (Grönroos et al., 2015; Saarijärvi, 2012).

The ideal thought of such a market place where companies and customers equally interact to create value is founded on the premise that the boundary between company and customer is largely erased (Cova & Dalli, 2009). However, as Cova and Dalli claim, this is an optimistic stance, which disregards the distance between a company and customer and might instead widen this, owing to the customers’ feeling of exploitation (Cova & Dalli, 2009, p. 334). Considering that service marketing introduces applicable tools or models to practice, the question here is how do customers react to their objectification as actors or value creators, and is this a fruitful point of departure for companies, if they want to transform their service relationship. Greer et al. (2016) accentuate that the interrelationship between firms and actors has to be characterized by trust (Greer et al., 2016), but from a critical hermeneutic stance it might become problematic to apply a narrow understanding of human organization as solely related to the system. This understanding leaves out the transformational and emancipatory potential inherent in the lifeworld, where the act of communicative action in the search for mutual understanding transcends the individual. Logic of the lifeworld is reduced to a subsystem if it is not recognized that intersubjectivity is driven by both consensus and normativity and not exclusively on predominant structures (Habermas, 1989).

In the same vein, Bharti et al. (2015) stress that most literature on value co-creation rests on the supposition that the customer is motivated to engage in co-creation by hedonic and utilitarian values (Bharti et al., 2015, p. 14). However, value co-creation can also be explored in pragmatic and normative ways that incorporate the structural and cultural conditions in the
intersubjective process of valuation (Haywood et al., 2014, p. 80). If value as a concept is understood as a referential phenomenon based on practice, it is linked to normativity; the act of “valuation” has a transformational potential insofar as the debate regarding what is worth valuing is at the same time constitutive for how value is defined. As such, the focus is not whether value is created or destroyed, but about valuation as an argumentative practice, which might not apply to the term value at all. Thus, to analyze valuation as an argumentative practice opens up the emancipatory potential in the lifeworld since it makes room for a lifeworld logic of communicative action. Furthermore, to analyze the underlying structures of the act of valuation is also in a critical hermeneutic sense to set the lifeworld free. Hence, this perspective on value co-creation may support a way of engaging in the concept without reducing the lifeworld of customers to a subsystem.

The nuances and perspectives regarding normativity and performativity relative to the concept of value co-creation appear to be diminished in service literature because the value-in-something are solely preoccupied with value as determined by the customer. The subjective approach also makes it hard to access the normative aspect of the concept of value, since it becomes difficult to normatively evaluate if something is good to the society or helpful in a broad social context. In that sense, the value-in-something only adds to an understanding of value as performed, but not to the normativity of value creation. Applying Sørensen’s distinction between value as noun, verb, and adjective (Sørensen, 2008, p. 285), it is also unclear which approach is taken. If the focus is on the act of valuation, value is approached as a verb, but service research focuses on how that which is perceived as valuable is created. Thus, the service field wants to explore how the customer determines the value of value, but by applying the concepts that are related to value as a noun and as an adjective, which might lead to value relativism. Since the field is not explicit in the understanding of value, it becomes difficult to handle the concept analytically. On the contrary, seeing value as relational and based on the act of valuation is to understand the discussions of what is worth valuing as constitutive for the standard against which value is defined.

To sum up the arguments of the discussion, the notion of value-in-something blurs that the reason to explore value creation or destruction – whether in use, in context, or in experience – is to increase profit for companies; hence it is still related to the economic concept of value-in-exchange. The implication of relocating the process of value from the sphere of the company to that of the customer is an objectification of the customer as an actor, which continuously seeks to optimize well-being. These underlying assumptions relative to the concept of value co-creation are inherently based on market logic. A condition, and a position, which makes it difficult for the research field to go beyond the relative aspect of value, therefore the field solely produces knowledge about the generally applicable value of the service itself. Given the interrelatedness between theory and marketing practice, the implication may turn out to be models and conceptualizations that are both hard to apply and which perhaps do not even support a meaningful dialog about the company–customer relationship. Accordingly, in the analysis of value co-creation, it should be acknowledged that value from a company perspective and from a customer perspective are based on inherently different logics – a condition that opens for a refined discussion of conceptual usage and terminology in both service marketing research and practice.

5. Conclusion

Within service research, the sphere of the customer is perceived as a black box. The present study argues that this is partly due to the use of generic categories without sociological content. Even though Service Dominant Logic, service logic, and Customer Dominant Logic state that they are phenomenologically based, this is not performed in real empirical studies, taking an explorative approach to understand how customers actually engage in the process of value co-creation. Thus, the two main critiques presented are (1) relocating the process of value creation from the sphere of the company to that of the customer hides that value is, in S-D logic, C-D logic, and service logic, still applied as an economic concept; and (2) the understanding of the customer as an actor that integrates resources on the same terms as companies is an objectification of the customer that might not be beneficial to either companies or customers. Moreover, as revealed in the literature review, the differences in perspectives are related to the underlying theoretical underpinnings, herein stands concerning philosophy of science. As such, the current academic debates on value co-creation rely on conceptual discussions, without clarifying when the debates relate to academia and when to practice.

Nevertheless, the introduction of value co-destruction has also promoted an urge to nuance the lingo on value co-creation by integrating analyses of collective interactions, which also entail conflicts and power (Laamanen & Skålen, 2015, p. 396) and replace the positive-laden terminology distinctive of research on value co-creation in future studies (Gummerus, 2013). These attempts to complement the discussions on the concept of value co-creation with the supplementing views on value co-destruction fortunately appeared to have triggered awareness that in the process of value creation there might be something more than positive outcomes. As in some of the most recent papers on S-D logic, the terms value determination and destruction unfortunately appeared to have triggered awareness that in the process of value creation there might be some attempts to complement the discussions on the concept of value co-creation with the supplementing views on value co-destruction. Applying Sørensen’s distinction between value as noun, verb, and adjective (Sørensen, 2008, p. 285), it is also unclear which approach is taken. If the focus is on the act of valuation, value is approached as a verb, but service research focuses on how that which is perceived as valuable is created. Thus, the service field wants to explore how the customer determines the value of value, but by applying the concepts that are related to value as a noun and as an adjective, which might lead to value relativism. Since the field is not explicit in the understanding of value, it becomes difficult to handle the concept analytically. On the contrary, seeing value as relational and based on the act of valuation is to understand the discussions of what is worth valuing as constitutive for the standard against which value is defined.

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Based on the review, the discussion and the tendencies in the field, it is therefore emphasized that there is a need to engage in dialog with both theory and practice to enhance the understanding of what is actually evolving relative to value co-creation. Thus, more empirical studies, not only applying but also challenging theoretical frameworks and underlying perceptions could diminish the risk of being trapped in locked structures and terminologies that might not be analytically suitable.

Conflicts of interest

The article is partly based on the author’s PhD dissertation: What’s at stake? Critically exploring the concept of value co-creation in service research — Or an anthropologist going (na)rive within business administration. Roskilde University, 2016.

References


