

Value co-creation in service logic: A critical analysis

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Christian Grönroos

Hanken School of Economics, Finland

Abstract

The underpinning logic of value co-creation in service logic is analysed. It is observed that some of the 10 foundational premises of the so-called service-dominant logic do not fully support an understanding of value creation and co-creation in a way that is meaningful for theoretical development and decision making in business and marketing practice. Without a thorough understanding of the interaction concept, the locus as well as nature and content of value co-creation cannot be identified. Value co-creation easily becomes a concept without substance. Based on the analysis in the present article, it is observed that the unique contribution of a service perspective on business (service logic) is not that customers always are co-creators of value, but rather that under certain circumstances the service provider gets opportunities to co-create value together with its customers. Finally, seven statements included in six of the foundational premises are reformulated accordingly.

Keywords

marketing, service logic, service-dominant logic, value co-creation, value creation, value facilitation

Background and purpose

As far as value for the customer is concerned, according to the prevailing rhetoric in the service-dominant logic stream of literature ‘the customer is always a co-creator of value’ (e.g. Vargo and Lusch, 2008). Originally, this phrase was stated as ‘the customer is always a co-producer of value’ (Vargo and Lusch, 2004). Since Vargo and Lusch (2008) made the re-formulation, invariably in almost every publication on service-dominant logic, without criticism or without even questioning it, this statement is repeated. However, what is the underpinning logic of this statement, what does it mean, what is value co-creation, what is value creation, what is included in it, and which are the theoretical and practical conclusions that can be drawn from this statement? The firm’s role in the value-creating process is also said not to be that of a value creator but of a value co-creator (Lusch

Corresponding author:

Christian Grönroos, CERS Centre for Relationship Marketing and Service Management, Hanken School of Economics, P.O. Box 479, 00101 Helsinki, Finland

E-mail: christian.gronroos@hanken.fi

et al., 2008: 10; Vargo and Lusch, 2008; Vargo et al., 2008). In their discussion of service ecosystems, Vargo and Lusch (2011) state that ‘actors cannot create value for other actors but can make offers that have potential value’ (2011: 5). This raises the questions of what is the difference and relationship between value creation and value co-creation, and what different roles can exist in value creation. Such questions have never been properly discussed. Vargo et al. (2008) conclude that ‘(the) exploration of value co-creation raises as many questions as it answers. For example, *what exactly are the processes involved in value creation?*’ (2008: 151, emphasis added).

On the highest level of abstraction – both the customer and the service provider are in some capacity part of a value-creating process – the statement ‘The customer is always a co-creator of value’ is correct, of course. However, this is too simplistic to allow for theoretical development or practical decision making in any meaningful way. It is not clear what is meant by value creation. Is it the customer’s creation of value-in-use, or does value creation in this expression refer to a more comprehensive process, where the customer’s creation of value-in-use is one part only? Generally in publications on service-dominant logic, value creation seems to mean such an all-encompassing process. If this is the case, value-in-use, which is created by the user, is not treated as the dominating value construct it is claimed to be in the literature. Rather it is a subset of some overarching value construct, according to which, value is not created by the customer but by several parties, including the firm and the customer. However, this contradicts the value-in-use notion. In a recent article, Lusch et al. (2010) state as one shift in thinking warranted by a service perspective that ‘the firm can only make and follow through on value propositions *rather than create and add value*’ (2010: 22, emphasis added). This implies a much narrower view of what is included in value creation.

The ‘Evolving to a New Dominant Logic for Marketing’ article by Vargo and Lusch (2004), where the authors organized some 30 years of service marketing research into a service perspective or, as they have labelled it, service-dominant logic (Vargo and Lusch, 2006) in the form of eight (Vargo and Lusch, 2004) and subsequently 10 premises (e.g. Vargo and Lusch, 2008), made service an issue of interest for marketing academics at large, and not only for researchers within the service marketing field. No other scholars before them had managed to achieve that. Basically, they propose that service should be seen as a perspective on value creation and marketing (compare the study on service as a perspective reported in Edvardsson et al., 2005). Their publications have triggered a host of articles and conference presentations, where basically without much questioning their fundamental position is repeated in various research contexts. Six of the 10 premises (1, 3, 6, 7, 9 and 10) relate to value creation and co-creation and their marketing implications. These will be analysed in the present article. It is argued that the first, sixth, and seventh, and partly the third and tenth premises (see Table 1) especially need to be reconsidered and further developed to serve academic research and practical management decision making in a meaningful way. They include statements regarding value creation and marketing, especially that service is the basis of all business (no. 1); the customer is always a co-creator of value (no. 6); and the firm cannot deliver value but only offer value propositions (no. 7). The seven statements¹ included in the above-mentioned six premises will be scrutinized, and when appropriate, further developed and re-formulated. In Table 1 these statements are summarized and briefly commented upon. In the context of this article, the rest of the premises are not relevant, and therefore are not included in the discussion.

The *purpose* of the present article is to analyse value creation in the context of a service perspective on business and marketing (service logic), and specifically to analyse the value co-creation aspect of value creation and the roles of the customer and the firm, respectively. To avoid unnecessary complexity and lack of clarity in the analyses, service provision and use is analysed without taking into account the network context in which they often occur (Gummesson, 2006).

Table 1. Foundational premises related to value creation according to Vargo and Lusch, 2008

Foundational premises related to value creation		Implication
No. 1	Service is the fundamental basis of business ("Service is exchanged for service")	The ultimate basis of activities performed by parties engaged in business is to provide service
No. 3	Goods are a distribution mechanism for service provision	Goods have no value in themselves, but only as transmitters of service for the user
No. 6	The customer is always a co-creator of value	The customer as user is always involved in the value-creation process
No. 7a	The firm cannot deliver value	Value is not embedded in resources delivered by the firm. Hence, the firm cannot produce value.
No. 7b	The firm can only offer value propositions	The firm cannot engage itself with the customer's value creation and influence it
No. 9	All social and economic actors are resource integrators	Consumption/usage is about integrating resources acquired from different sources into a usage process
No. 10	Value is always uniquely and phenomenologically determined by the beneficiary (e.g. in a business context the customer)	In a business context the customer and only the customer determines what value is created (or emerges) for him-/herself in the specific context of usage

This article claims that the statement that 'the customer is always a value co-creator' and the corresponding view that the firm is a value creator or co-creator need to be reconsidered.

As Gupta and Lehman (2005) observe, there are two sides to value creation, viz. value for the customer and financial value for the firm. Although the firm's goal is to create financial value for itself out of engagements with customers, and value creation for the firm and the customers are interrelated, in the present article only value creation for the customer is considered.

Furthermore, service as a perspective or logic enables firms to expand the scope and content of marketing beyond conventional marketing frameworks and models. The management of interactions with customers is an integrated part of the marketing process, making use of concepts such as *interactive marketing* (Grönroos, 1982), *part-time marketers* (Gummesson, 1991), *internal marketing* (Berry, 1981), *moment-of-truth* (Normann, 1984) and *functional quality* (Grönroos, 1984), which for the past decades have all been part of service marketing and management (also, see the *servuction* model, Langeard and Eiglier, 1987, and the *7P model*, Booms and Bitner, 1981). All these concepts and models demonstrate that in a service context marketing also takes place in the service process during simultaneous service production and consumption processes. However, it also has implications for the development of business, enabling the development of new business models and even earnings logics (see Nenonen and Storbacka, 2010). However, such implications for business are beyond the scope of the present article.

What is value and value creation?

Value is an elusive concept (Woodall, 2003). Typically, in the literature (see Sánchez-Fernández and Iniesta-Bonillo, 2007; Sánchez-Fernández et al., 2009) value concepts imply some form of

assessment of benefits against sacrifices (Zeithaml, 1988; Day, 1990; Woodruff and Gardial, 1996), means-ends-models (Rokeach, 1973; Gutman, 1982; Peter and Olson, 1987; Woodruff, 1997; de Chernatony et al., 2000) or hedonic appreciation of the object of consumption (Holbrook, 1994). Recently, value has also been treated as monetary gains created mutually and reciprocally by business partners (Grönroos and Helle, 2010). Value creation is a process through which the user becomes *better off* in some respect (Grönroos, 2008) or which increases the customer's well-being (Vargo et al., 2008). Grönroos (2008: 303) defines value for customers in the following way:

Value for customers means that after they have been assisted by a self-service process (cooking a meal or withdrawing cash from an ATM) or a full-service process (eating out at a restaurant or withdrawing cash over the counter in a bank) they are or feel better off than before.

This is, of course, a simple working definition, but it indicates what a process of value creation is about.

Understanding when value for a customer occurs is also an elusive issue, perceived in an individualistic way. For someone, driving a certain car may mean value, whereas for someone else value relates to having an opportunity to meet with friends enabled by the drive made possible by this car (physical use). Yet another person may find value already in the process of considering buying a special car (mental use) or making the actual purchase. For someone, the mere possession of, for example, a luxurious sports car may create value (possession).

We know very little about the process of value creation, when it starts, what it includes, when it ends. Although value creation probably is among the most ill-defined and elusively used concepts in service marketing, and in management in general (cf. Carù and Cova, 2003; Sánchez-Fernández and Iniesta-Bonillo, 2007), the expressions *value creation* and *create value* are frequently used in the literature. However, as most customer practices² are mundane, everyday activities performed in a spontaneous, more or less unconscious manner (Schatzki, 1996: 58), it is debatable whether the process of creating value is best described using the verb 'create'. Creating value gives the impression of a conscious, explicitly considered process. However, in many situations, where value is experienced in an unconscious way, it seems more accurate to say that value *emerges* out of the use of goods and service activities (Korkman, 2006). In spite of this observation, in order not to deviate from the currently used terminology, in the present article we use the phrase 'create value'.

In our view, when considering *value-in-use* the best way of understanding value for customers, *value creation* cannot mean anything other than the customer's, or any other user's, experiential perception of the value-in-use that emerges from usage or possession of resources, or even from mental states.³ Hence, in the present article *value creation is defined as the customer's creation of value-in-use* (cf. Grönroos, 2008). Value creation is not an all-encompassing process. Consequently, design, development and manufacturing of resources, and back-office processes, are not part of value creation. In the present article, production is used as a global term which includes these activities. As will be demonstrated, only under certain circumstances, when the customer is involved in such activities, these activities may become part of value creation.

The total company process that leads to value-in-use for customers is needed to enable value creation, but all parts of it are not part of value creation for the customer. Logically, the creation of value-in-use by the user and value creation as an all-encompassing process including value-creating activities by both the provider (firm) and the user (customer) cannot be included in the same analysis, as is done in the service-dominant logic literature. Theoretically, mixing the two

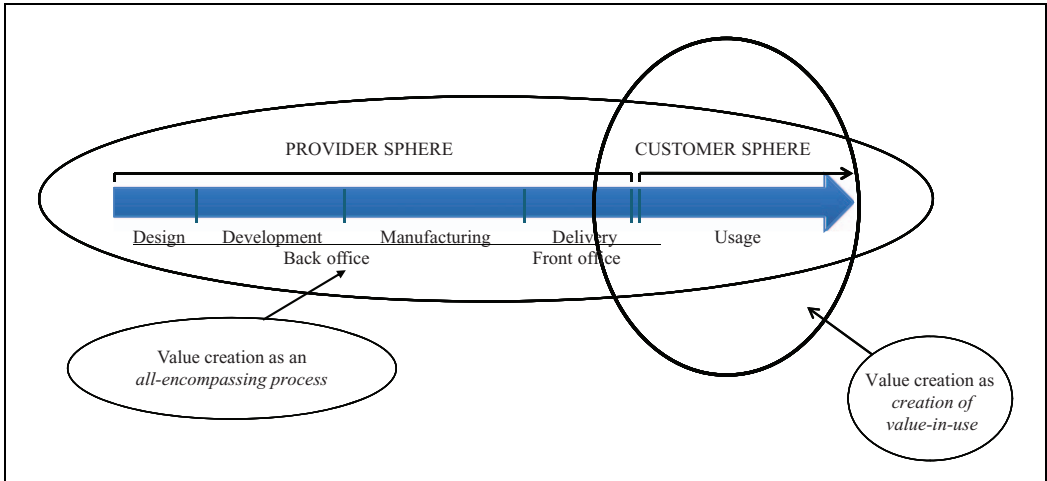


Figure 1. Value creation as the customer's creation of value-in-use or as an all-encompassing process including provider and customer activities

approaches to value creation is not possible, and does not make sense. One can use either one of the value creation approaches separately, but not both at the same time. Figure 1 illustrates how the two perspectives contradict each other. *If one chooses to use the latter notion of value creation, one cannot accept value-in-use as a value creation concept.* Value for customers is either created in the customer's sphere by the user as value-in use, or by both the provider and the user in an all-encompassing value-creating process.

Basically, production is generation of *potential value*, whereas usage is generation of *real value* (cf. Gummesson, 2007; see also Vargo and Lusch, 2011), sometimes objectively measurable, sometimes subjectively perceived. Furthermore, the present article takes the stance that to be meaningful from a business perspective, value creation and service as a logic should be studied in a business context, where societal factors only influence the process. Hence, a management point of view guides the analysis.

Some fundamental aspects of a service perspective on business and marketing (service logic)

Before the issues of value creation and value co-creation are analysed, some fundamental aspects of service as a perspective on business need to be discussed. In the service-dominant logic literature the phrase 'service-dominant' is used (e.g. Vargo and Lusch, 2006; 2008). Since it came into use, it has almost never been questioned by authors writing about this logic. However, as the 10 premises of this logic (see, for example Vargo and Lusch, 2008) clearly demonstrate, it is a perspective or logic based on service as the fundamental basis (*'it is all about service'*; Vargo and Lusch, 2011: 1, emphasis in original). Moreover, according to the fundamental premises, all types of resources are claimed to be used by customers as service, and furthermore, all kinds of resources, including goods, are considered to transmit service to customers (Vargo and Lusch, 2004). If one agrees with this view that all types of resources transmit service and are used as

service, as also is done in the present article, it is a logic *of service*, not a logic *dominated by service*. In this logic there are no goods-centric aspects. It is about service as support or assistance to customers' practices in a way that renders service (see Gummesson, 1995). The roles of goods or of any types of resources in this perspective or logic are to enable the execution of this logic, not to distort its service centrality in any way. Hence, the phrase 'service-dominant' logic is confusing, and moreover, creates the wrong impression of what this perspective is all about.

The use of the expression 'service-dominant logic' may be due to a misinterpretation or a less constructive redefinition of the *dominant logic* construct. According to Prahalad and Bettis (1986: 490; see also Bettis and Prahalad, 1995), a dominant logic represents 'a mind set or a world view', or the way in which managers conceptualize the business, where structures and frames of reference form the key aspects of a dominant logic. Drawing on Weick (1979), they view a dominant logic in terms of a schema 'which provides the vehicle for (the manager's) concept of the social construction (or enactment) of a firm's environment' (Pralhad and Bettis, 1986: 490). As Grant (1988) observes, a dominant logic is first of all related to a strategic level of thinking, although this has implications for practice. 'More broadly the dominant logic can be considered as both a knowledge structure and a set of elicited management processes' (Pralhad and Bettis, 1986: 490).

In their original article on the service perspective, Vargo and Lusch (2004) introduced service as a 'new dominant logic for marketing'. Hence, this perspective on business and marketing is actually a dominant logic based on service, or a *service-based dominant logic*, which can be abbreviated *service logic*. For some reason, 'service-based dominant logic for marketing' was later changed to 'service-dominant logic of marketing' (Lusch and Vargo, 2006). However, it is not 'service-dominant' but 'dominant logic' that is the essential construct. Therefore, following Normann (2001), in the present article the term *service logic* (meaning service as a dominant logic) (Grönroos, 2006) is used. When viewpoints and statements of the service logic according to the premises put forward by Vargo and Lusch (2004; 2008) are referred to in the present article, the expression service-dominant logic is used. In other situations the expression service logic is used.⁴

Furthermore, it is claimed that there are no services in service-dominant logic (Vargo and Akaka, 2009: 39). This statement is based on the view that, when adopting a service perspective on business according to which all kinds of resources are used as service, the traditional distinction between goods and services or service as activities is not meaningful. Instead, the terms tangible and intangible resources are used. However, regardless of the perspective taken, service activities have not disappeared. They exist very much as before, in the same way as goods do. Because it adds another type of confusion, the use of the terms tangible and intangible resources may be problematic. Goods are sometimes tangible for people, sometimes intangible. For example a used car can be very intangible for a buyer, whereas a service activity such as fast-food services and transportation can be considered tangible. Hence, it is more appropriate and clearer to use the precise terms goods as outputs of production processes and services or service activities as interactive processes that lead to an outcome. Also the concepts and terms goods production and service production, and the differences between these two processes, are well established and create no confusion. Unless critical confusion is caused by existing concepts and terms, changing terminology just because concepts are considered to have their background in a goods logic only creates new and unnecessary confusion.

The fundamental basis of business

The first fundamental premise of the service-dominant logic claims the service is the fundamental basis of business and that service is exchanged for service (Vargo and Lusch, 2004). This

statements is based on the theory of economic decision making developed by the French 19th century economist Frédéric Bastiat (1964 [1848]), who claimed that economic decisions have to be made with the customers' interest in mind, and that in return for service received from a firm, customers provide service to the firm.

However, although we, of course, agree with Bastiat's conclusion – when a firm provides service to a customer, in return, in addition to payment, it may receive service in the form of information, input to product development, etc. – service is only a mediating factor, a means to an end. As Vargo and Lusch (2008; see also Lusch et al., 2008) state, service-dominant logic is *a perspective for understanding value creation* and marketing. Vargo and Akaka (2009: 39) formulate it in the following way: '[T]he goal of service systems is to provide *input into the value-creating processes of other service systems* and thus to obtain reciprocal inputs' (emphasis in original). What should be achieved by providing service is value for the parties involved. The firm looks for financial value to be gained from a business engagement. The customer looks for value in terms of becoming 'better off' in some way, either in economic and/or some other respect (cf. Sánchez-Fernández and Iniesta-Bonillo, 2007; Sánchez-Fernández et al., 2009). Hence, especially based on today's emphasis on value-in-use, the basis of business is that *value created by the customer, through the support of a supplier, enables the supplier to gain financial value in return* (Grönroos and Helle, 2010; cf. Gupta and Lehman, 2005). In this process service is a mediating factor (cf. Grönroos and Raval, 2011). Reciprocal value creation is the basis of all business.

This fits well the discussion of the goal of business in both the marketing and the management literature. In the more recent literature the focus on value and value creation as a focal issue is emphasized more than ever (e.g. AMA [2007]) marketing redefinition attempts; the Chartered Institute of Marketing (CIM, 2007) re-evaluation of the marketing definition; Prahalad and Ramaswamy, 2004; Kim and Mauborgne, 2005; Sheth and Uslay, 2007; see also Drucker, 1954; Alderson, 1957; Normann and Ramirez, 1993; Holbrook, 1994; Rust and Oliver, 1994; Grönroos, 1997). Also in the literature on market orientation, value for customers is emphasized as a key issue, especially in the culture-oriented view by Narver and Slater (1990; see also Narver et al., 1998): 'A market orientation is the business culture that most effectively and efficiently creates the necessary behaviors for the creation of superior value for customers' (Narver and Slater, 1990: 20).

The nature of a service perspective on business (service logic)

In the discussion of a service-dominant logic service is often defined as the application of specific competences on resources for the benefit of someone (Vargo and Lusch, 2008). Competence is fundamental in business and in marketing, and this definition is, of course, correct as such. However, it does not indicate more specifically beyond 'for the benefit' *what* is achieved, and is vague about *how* something is achieved. Because the inner meaning of service is support or assistance ('for the benefit of someone'), in the present article service is defined somewhat more specifically, and in a way that relates service to value creation in the following way: *Service is value-creating support to another party's practices*. As suggested by Normann (2001), this support may either *relieve* customers from taking on some task or *enable* them to do something that otherwise would not be possible to accomplish or would be accomplished less efficiently or effectively (see also the discussion of a *customer-dominant logic* in Heinonen et al., 2010).

The service logic is of a multidimensional nature. Depending on from which vantage point service is viewed, its content varies. Contrary to what normally is claimed (Vargo and Lusch, 2004, 2008; Vargo and Akaka, 2009), from a business point of view, when stepping down from a macro

theory level, service means different things in the provider sphere as compared to the user sphere (Grönroos, 2008: 300). Providers/sellers and users/buyers have diverging and sometimes even conflicting goals. Hence, although customers may provide service in return for service received, for example in the form of information and input that can be used for adjusting the supplier's processes or for its product development, the customer and the supplier are still two parties engaged with each other with at least partly differing goals.

Logic for usage

For customers/users service means that all resources and processes (e.g. goods, service activities, information) acquired from a supplier are used by the customers in a self-service process, where they integrate such resources with other necessary resources available to them and apply skills held by them, in order to create value for themselves in their practices (customer service logic). Regardless of whether physical goods or service activities are provided by a supplier, they are used as service (Gummesson, 1995; Vargo and Lusch, 2004, 2008) in a process similar to any self-service process (Grönroos, 2008: 301). The customers as resource integrators (Vargo and Lusch, 2008), interacting with resources (Arnould et al., 2006), have to be able to integrate the resources acquired with other necessary and available resources to create value for themselves. This is self-service in the same way as for example using a vending machine to enjoy a coffee break. Viewing usage as self-service makes the expression 'are used as service' more concrete and easier to comprehend. The supplier can, of course, strive to engage with its customers' usage processes, or their resource integration (Vargo and Lusch, 2008), and become involved in direct interactions with them and hence offer more assistance than merely providing resources. In such cases the supplier may move the customers' self-service usage in the direction of full-service processes. In summary, from the customer's vantage point (customer service behavior), service means to be able to use resources in a value creating way (Grönroos, 2008: 301).

However, various types of resources function in different ways. Goods that are provided without being embedded in a service process trigger a self-service process in the customer's sphere: 'A good represents potential value (or utility) for the consumer. He purchases the good and subsequently he has to initiate and implement the activities required to transform this potential value into real value for him' (Grönroos, 1979: 86; compare Becker, 1965). In this situation value emerges through interactions between the customer and the good. A service activity, or a good embedded in a service process, may trigger another type of service process in the customer's sphere, where the provider can achieve another role as provider of a full-service offering. A service activity 'is in itself an activity . . . with in-built ability to transform potential value (or utility) for the consumer into real value for him' (Grönroos, 1979: 86). In other words, usage of only goods is a closed system for the provider (Grönroos and Ravald, 2011), whereas usage of service activities and of goods embedded in service processes, from the provider's perspective, is an open system, where the firm, therefore, can be active in direct interactions with users.

Logic for provision

For firms/providers, service means supporting customers' practices with resources and interactive processes in a way that enables the customers to create value for themselves in those practices (provider service logic). When doing so, the provider should manage to gain financial value for itself from supporting its customers' practices. Hence, from the firm's vantage point (provider service behavior), service means to provide value-creating support to its customers' practices

(Grönroos, 2008). This means that to be a service provider a firm should strive to develop interactive processes, in which the customer is at least partly involved (for example add a call centre or delivery service), and embed the goods resource or resources in such interactive processes. As process and interaction are defining characteristics of service activities, such interactive processes are service activities. The provider service logic is a business logic based on service provision, regardless of the type of resources included.

A good that is provided without such interactive processes triggers a self-service usage process in the customer's sphere, and it may or may not support favourable value creation. However, the firm has no direct control over how the customer's value-creating process proceeds, and what it leads to.

Value-in-use and service

In the discussion of a service logic that was triggered by Vargo and Lusch's 2004 article, the fact that value is created by the user/customer (*value-in-use*) has been a fundamental ground pillar (Vargo and Lusch, 2004, 2008). Although the conventional value concept of value-in-exchange, operationalized as price obtained by the seller, still exists, of course, there is an overwhelming acceptance that value is created in the user's sphere (Vandermerwe, 1996) and that from a business and marketing perspective value-in-use is more important (compare, for example Holbrook, 1994, 1999; Ravald and Grönroos, 1996; Wikström, 1996; Woodruff and Gardial, 1996; Normann, 2001; Prahalad, 2004; Grönroos, 2008). In the long run at least, if customers cannot create wanted value out of a good or a service activity, they will not be willing to pay the price demanded for this resource, but will either ask for discounts or stop buying. Hence, value-in-exchange is a function of value-in-use.⁵ Moreover, value-in-use over time is also a prerequisite for financial value gained by the supplier (Gosselin and Bauwen, 2006). If enough value-in-use is not created, revenues will go down.

Value-in-use means that value for the user is created or emerges during usage, which is a process of which the customer as user is in charge. In the same way as service quality is perceived throughout the service process (Grönroos, 1984; Parasuraman et al., 1985), value is accumulating, or destroyed, throughout this process. It is not determined at the end of the process only. As Vargo and Akaka (2009: 38) observe, 'there can be no value without the customer incorporating the firm offering into his or her life'. Hence, value is created by the user, and moreover, also experienced by the user, who also uniquely determines what value is created (Vargo and Lusch, 2004).⁶

'The customer is always a co-creator of value?'

The statement that customers, as well as firms, are always co-creators of value makes only one logical conclusion possible: both the firm and the customer are involved in an unspecified, all-encompassing process of value creation. No implication of this statement beyond this simplistic conclusion is possible. The roles of the firm and the customer, respectively remain unclear. Moreover, the possible relative importance of the two parties in value creation, and their roles in the total process leading to value for customers, cannot be established. Furthermore, it is unclear which of the firm's total activities and processes are part of the process labelled value creation, and which are outside it. The same goes for the customer's activities. From a business and marketing practice point of view, no conclusions for meaningful decision making can be made.

Regardless of whether the firm is termed a co-creator or creator of value (cf. Lusch et al., 2008; Vargo et al., 2008), the implicit conclusion in the literature has been that the firm is in charge of a value-creating process and the customer is invited to join it as a co-creator. Logically, this contradicts the *marketing concept*⁷ (Romilla, 1912; McKitterick, 1957; Borch, 1957; Keith, 1960; Levitt, 1960), which as interpreted by Brennan et al. (2003) makes it reasonable 'to define marketing itself as the process of adapting an organization to meet the needs of customers' (2003: 1638). The view that customers are allowed to engage with the firm's process is probably due to some confusion over customer co-production in service processes (cf. Eiglier and Langeard, 1975; Grönroos, 1982), where customers engage with a production process managed by the service provider. However, in view of the value-in-use notion widely accepted today, this conclusion cannot be supported. It is the customers as users who are in charge of their value creation (Grönroos, 2008: 323; compare Vandermerwe, 1996); and *the service provider could be invited to join this process as a co-creator*. If customers and firms, in an unspecified way, are considered to be engaged in value creation on equal terms (co-create), from a value-in-use perspective the wrong conclusion, i.e. that both parties are value creators, is drawn.

Value-in-use means that the customer as user is party to a business engagement that creates value. *Value is created by the user for the user*. Hence, the statement 'the customer is always a co-creator of value' is not only too simplistic to be useful for theory development and practical decision making, it also directs the thoughts of academics and practitioners alike in a direction that may lead to invalid theoretical conclusions and fatal management decisions and actions. It draws attention away from the underpinning logic of value-in-use and distorts its meaning. For example it makes academics and practitioners underestimate, or perhaps even neglect, the fundamental role of customers in their creation of value-in-use. Furthermore, it leads to an overemphasis, even misjudgment, of the firm's role in customers' value creation, and contradicts the very nature of value-in-use (according to which value for customers is created during usage by the user, not during production by the producer).

Because value is created as value-in-use by the user for the user, i.e. the customer, to understand the value-creating process the following statement is logical: *The customer as the user and integrator of resources is a value creator*. This leads to the following question: If the customer is the value creator, what is the role of the firm as service provider?

The role of the firm in value creation

We have established that the customer as the user creates value for himself or herself by integrating resources provided by a firm with other necessary and available resources in a self-service process. If this is the case, the firm that provides the customer with such resources cannot logically be a value creator on equal terms with the customer. The role of the firm must be another one.

Resources used and integrated by customers are made by someone. Some can, of course, be self-made by the customer, but most are produced by one or several firms. Rather self-evidently, manufacturing is one of firms' roles in the total process, leading to value for customers, but not in customers' value creation. However, goods, service activities, information and other possible resources have also to be delivered to the customer either at the time of use, or distributed to the customer's premises or electronically over the internet, or in an interactive service process. Developing, designing, manufacturing and delivering resources (for these processes we use the collective term production in the present article) are processes required to make it possible for customers to create value, i.e. *they facilitate customers' value creation* (Grönroos, 2008: 307). The same goes

for back-office processes. This is the first and fundamental role of a firm in its customers' value creation (of value-in-use). Hence, the basic role of firms in value creation can be formulated as follows: *The firm is fundamentally a value facilitator* (see Grönroos, 2008: 308).

It is important to realize that value facilitation is not value creation or value co-creation; it is only part of the total process that leads to value for customers. It does not automatically make the firm a co-creator of value. Fundamentally, *the customer creates value, and the firm facilitates value creation*. This leads to an interesting question regarding co-creation: Is there anything such as co-creation of value at all in the context of service logic, or in general? To be able to answer this question, the concept of interaction has first to be discussed.

The interaction concept and its impact on value creation

In service marketing research the interaction concept is a key construct. For example within the Nordic school research tradition, concepts such as *interactive marketing* based on buyer–seller interactions (e.g. Grönroos, 1982), *part-time marketers* (e.g. Gummesson, 1991), *interaction quality* (e.g. Lehtinen and Lehtinen, 1991) and *functional quality* (e.g. Grönroos, 1984) have been developed. Another example is the *servuction* concept developed within the French school (Langeard and Eiglier, 1987). Interaction has also been discussed within the North American service marketing research traditions (e.g. Solomon et al., 1985). Moreover, the interaction concept and buyer–seller interaction term have also been used within the IMP (industrial marketing and purchasing) approach in the interaction (e.g. Håkansson, 1982) and network (e.g. Håkansson and Snehota, 1995) models of business marketing (see also Waluszewski et al., 2009); in many industrial marketing publications (e.g. Dwyer et al., 1987; Jap et al., 1999); in branding research (Fyrberg and Jürriado, 2009); in information processing research (Homburg et al., 2009); and in other marketing publications (e.g. Day and Montgomery, 1999; Rayport and Jaworski, 2005; Yadav and Varadarajan, 2005; Ramani and Kumar, 2008); and also in consumer culture theory, where, for example, the sociocultural context of interaction is emphasized (Arnould and Thompson, 2005). However, the implications of interactions for value creation have not been studied.

Interaction is mutual or reciprocal action where two or more parties have an effect upon one another. The parties involved are in some contact with each other. In a business context supplier–customer interactions mean that two or more parties are in contact with each other for business reasons, and in these contacts they have opportunities to influence one another's processes.

Interactions are situations where the interacting parties are involved in each other's practices, and have opportunities to influence each other. In service contexts, interactions take place in *service encounters*. Traditionally, in typical goods-marketing situations, after the customer has obtained the good no contacts with the firm occur, and unless prompted by the customer, no service encounters exist, and hence no direct interactions take place with the firm. The supplier is inactive and silent. By adding, for example call centre services, interactive systems for order taking and logistics, or internet-based systems for diagnosing problems, a goods marketer creates direct interactions with its customers. By doing so the firm creates opportunities to engage itself with its customers' practices, and to influence their flow and outcomes.

During direct interactions with the service provider the customer's and the firm's processes are simultaneously occurring. For example serving a restaurant guest and being served are simultaneous processes, where both the waiter and the customer take or can take actions that influence the flow of the other party's process, and may influence the outcome of it. Therefore,

they can also influence the joint process of producing and using the part of the service process where they interact. This part of a customer's process that takes place simultaneously with the firm's process is part of his or her value-creating process. From a value creation perspective they are dialogical processes (Ballantyne, 2004; Ballantyne and Varey, 2006) that *merge into one integrated process* of coordinated actions, where both parties are active, learn together and from each other, and may directly influence each other. As a co-producer in the firm's service production process (or co-designer in a design process or co-developer in a product development process) the customer is engaged in the firm's process as a resource in the production process managed by the firm. At the same time, the firm as service provider engages with the customer's usage process. There the firm operates as a resource in the customer's value-creating process, of which the customer is in charge, directly and actively influencing the flow and outcome of that process. The two parties operate inside each other's processes. *The two processes are one.*

Interactions and value co-creation

From a value creation point of view, the fact that interactions do not include two parallel processes but *one merged coordinated interactive process* is key. The customer as co-producer can influence the firm's production process. Furthermore, more importantly, in the context of the present article, the firm gets an opportunity to influence the customer's usage process. Because usage at the same time is value creation for the customer, the firm gets an opportunity to take part in his or her value-creating process – *as co-creator.*

Hence, although they fundamentally facilitate their customers' value creation during direct interactions with customers, firms get opportunities to engage with their customers' value creation and become co-creators of value as well (see Grönroos, 2008: 308). In conclusion, although customers are in charge of their value creation and fundamentally are the value creators, during direct interactions, provided that the firm makes use of the opportunities of such an interactive process, *the firm also co-creates value with the customers.* Hence, firm's value co-creation can be characterized as joint value creation with the customers. Outside direct interactions, customers' value creation with resources obtained from a supplier or otherwise available *is independent value creation.*⁸ Outside direct interactions firms cannot be independent value creators, only value facilitators by developing, designing, manufacturing and delivering resources required by the customers.

Co-creation of value can take place only if interactions between the firm and the customer occur. *If there are no direct interactions, no value co-creation is possible.* However, the mere existence of interactions does not automatically mean that the firm is engaged in the customer's value-creating process. The firm's actions in direct interactions with a customer may have both positive (value creation) and negative (value destruction) impacts on the customer's value creation. It is important to realize that the existence of interactions is only a *platform* for favourably influencing the customers' usage processes and value creation, which in order to become a value co-creator the firm must manage to make use of. Here the firm's employees interacting and communicating with customers have an important role. Their ability to understand customer needs and wants is critical to the firm's learning about how to manage customer interactions (cf. Homburg et al., 2009). The opportunities provided by the interaction platform can be taken care of well or less well. In the former case customers probably perceive that they get more value out of the resources they use, whereas in the latter case customers will perceive that their value creation is not influenced in any way or perhaps has even a negative outcome. The quality of the interactions between the parties is fundamental for value co-creation (compare Fyrberg and Jürriado, 2009: 422).

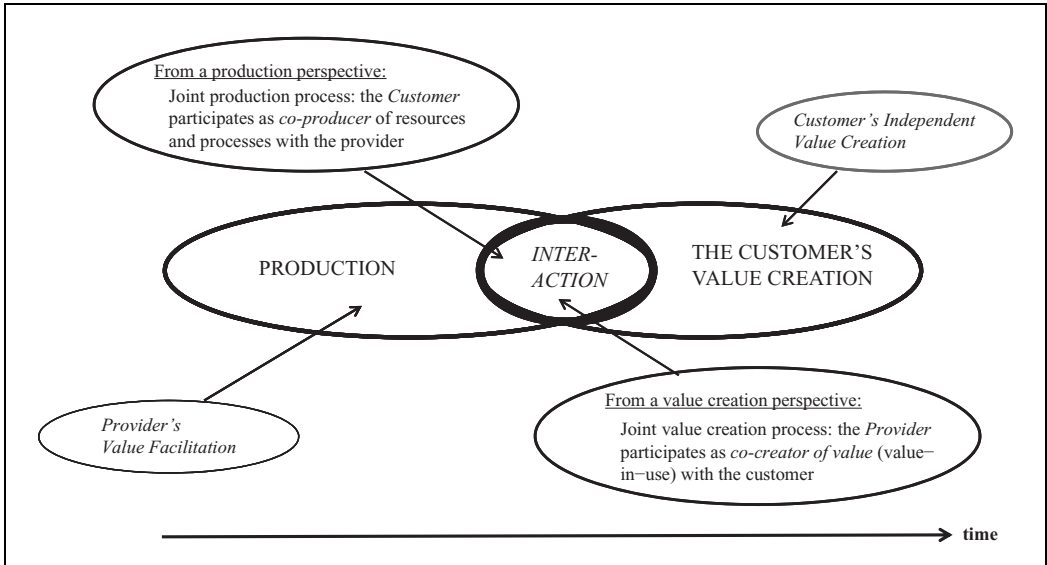


Figure 2. A value-in-use creation model

In summary, what a service perspective on business (service logic) uniquely offers as a logic for value creation is not that customers become co-creators of value, *but rather that firms when performing as service providers get opportunities to become co-creators of value with their customers*, but only if direct interactions between service provider and customers exist. The production and value creation aspects of direct interactions between the provider's process (production) and the customer's process (value creation) are summarized in Figure 2.

In the figure a distinction is made between production (as a global term for design, development, manufacturing and delivery phases, as well as back-office and front-office processes) and value creation. The firm is in charge of the production process, where during interactions the customer may participate as co-producer (or co-designer, co-developer). Most of the production process is generation of potential value, or *value facilitation*, where resources for customers' use are developed, designed, manufactured and delivered without direct interactions with customers. The customers, in turn, are in charge of their value-creating processes, where value for them is created or emerges as value-in-use (generation of real value). If customers are engaged in, for example design or product development processes, or in deliveries or front-office operations, direct interactions take place in those processes and *joint value creation* is made possible. When there are no interactions, customers are engaged in *independent value creation* through interactions with the resources obtained from a firm and otherwise necessary and available to them. When such interactions occur, joint value creation with the firm takes place, where a customer and a firm can co-create value together. Otherwise the firm is only facilitating the customers' future value creation.

In reality the production and value-creating processes are not as linear as the figure implies. Although linearity is indicated by the timeline in the figure, value facilitation, joint value creation and independent value creation can follow each other in different sequences. Moreover, although the firm's value facilitation normally is a foundation for customers' value creation, value creation

activities can also take place before value facilitation even begins. The customer may, for example as a co-developer, initiate the development of new resources, and then the whole process starts with a joint value creation phase, where the firm has the opportunity to co-create value with their customer.

Discussion

The analysis in the previous sections demonstrates that, provided that value-in-use is taken as the starting point, the statement ‘the customer is always a co-creator of value’ is indeed misleading. This statement, which is repeated over and over again in the literature, must be a consequence of the fact that value creation has not been explicitly defined in publications on service-dominant logic. Moreover, it is probably also due to negligence of the interaction concept, which in this literature is either totally missing, or seen rather as a consequence of the logic than as a concept explaining the nature of it. If value creation is viewed as an all-encompassing process including everything, it has no explaining power. By the same token, if everything every party in the process is doing is considered value co-creation, this concept becomes equally meaningless for theoretical and practical analysis. If interaction is seen as a consequence without analytical substance, its potential for explaining value creation and co-creation is lost, and wrong conclusions are easily drawn. As we have demonstrated, interaction is indeed a key construct in service and in analysing the nature of service as a logic for value creation and marketing.

Furthermore, the notion that firms are as well always value co-creators (or value creators for that matter) is equally misleading. The situation is much more complex. However, to understand the full complexity of value creation and the possibilities offered to business and marketing practice by the adoption of a service logic, what is meant by value creation must be strictly and unambiguously defined. Moreover, the interaction construct and the nature of it have to be included in the analysis and correctly understood. In the middle column of Table 2, an analysis of the seven statements of the six foundational premises of the service-dominant logic that were considered relevant for value creation (see Table 1) is summarized. In the column to the right in the table reformulations of the premises warranted by the analysis are presented (cf. Grönroos, 2008; Grönroos and Ravald, 2011). As can be seen from the table, to provide a meaningful understanding of the logic, the seven statements of the six foundational premises analysed in the present article have not only to be partly reformulated, but also expanded to nine statements. Hence, at least 13 premises are needed to fully explain service as a logic for value creation, marketing and business.

Service is the fundamental basis of business. Service can be understood as a logic of value creation. In both the marketing and management literature, there is substantial support for the view that value creation for customers is the ultimate goal of business and marketing. Therefore, the role of service is that of a mediating factor in the value-creating process, where it may be a unit of analysis in the development of the understanding of value creation. It can also be concluded that value creation has two sides, viz., value-in-use for the customer and gaining financial and other value by the provider. Hence, value creation is not a one-sided process, but a two-sided one, where value is created reciprocally. Consequently, the first premise is reformulated as:

Reciprocal value creation is the fundamental basis of business, with service as a mediating factor.

Goods are distribution mechanisms for service provision. As customers integrate all sorts of resources in a self-service process to create value for themselves, this statement is important. However, it should be remembered that all other kinds of resources fulfil the same purpose, and that value is not

Table 2. Toward a service logic: value creation and co-creation revisited

Premises relevant for value creation	Analytical conclusion	Premises revisited
<p>No. 1 Service is the fundamental basis of business ("Service is exchanged for service")</p> <p>No. 3 Goods are a distribution mechanism for service provision</p>	<p>Service is only a mediating factor in the value-creating process, which ultimately aims at generating value for all parties in the process</p> <p>Goods and other resources as well transmit service. However, the value is not embedded in such resources, but emerges when they are used.</p>	<p>Reciprocal value creation is the fundamental basis of business, with service as a mediating factor</p> <p>All resources and processes are distribution mechanisms for service provision, however without including value in themselves</p>
<p>No. 6 The customer is always a co-creator of value</p>	<p>This statement is correct only insofar that it says that together with another party (co-create) the customer is always involved in value creation. Beyond this simplistic conclusion, the statement does not enable theoretical and practical considerations and development.</p>	<p>Fundamentally, the customer is always a value creator.</p>
<p>No. 7a The firm cannot deliver value</p>	<p>This statement is only partly correct because under certain circumstances (during direct interactions) the firm can become a co-creator of value. This opportunity <i>uniquely made possible by the service logic</i> goes unrecognized. However, the firm cannot produce value.</p>	<p>1) Fundamentally, the firm is a facilitator of value for the customer.</p> <p>2) Provided that the firm can engage with its customers' value-creating processes during direct interactions, it has opportunities to co-create value jointly with them as well.</p>
<p>No. 7b The firm can only offer value propositions</p>	<p>Because the firm's and its customers' processes merge into one integrated and coordinated process during direct interactions, <i>uniquely due to the service logic</i> the firm can move beyond offering value propositions only.</p>	<p>The firm is not restricted to offering value propositions only, but has an opportunity to directly and actively influence its customers' value creation as well.</p>
<p>No. 9 All social and economic actors are resource integrators</p>	<p>This is correct, but incomplete. Value is also experientially accumulating, dependant on the customers' global experiences. Value is not only determined but also experienced by the customer.</p>	<p>All social and economic actors are resource integrators</p>
<p>No. 10 Value is always uniquely and phenomenologically determined by the beneficiary (e.g. in a business context the customer)</p>	<p>This is correct, but incomplete. Value is also experientially accumulating, dependant on the customers' global experiences. Value is not only determined but also experienced by the customer.</p>	<p>1) Value is accumulating throughout the customer's value-creating process.</p> <p>2) Value is always uniquely and both experientially and contextually perceived and determined by the customer.</p>

embedded in goods, nor in any other kind of resources, but emerges or is created during usage through joint value creation between consumer and service provider, and through the consumer's independent value creation. To explicitly incorporate this, the premise is reformulated as follows:

All resources and processes are distribution mechanisms for service provision, however without including value in themselves.

The customer is always a co-creator of value. As the analysis demonstrated, this statement holds only as a very simplistic observation that both the customer and the firm have some roles in an all-encompassing process called value creation. If value-in-use is considered the dominating value concept, and value creation is defined as customers' creation of value-in-use, this statement does not hold. Logically, it falls apart. Moreover, it provides no indication as to what these roles are and who is in charge of value creation, and what this process actually includes. Nor does it indicate whether the firm is always value creator or co-creator, or when it is that, or in situations where it is not a value creator or co-creator, what is the firm's role in the process. As the analysis demonstrated, customer and firm are not always value co-creators, but only under certain circumstances. Instead the user is always a value creator. However, service providers may also receive service that renders value for them from engagements with their customers (cf. Vargo and Akaka, 2009), such as input into product or process development, and they get financial value in return from providing service to their customers (Grönroos and Helle, 2010; see also Gupta and Lehman, 2005). Consequently, this statement takes the following form:

Fundamentally, the customer is always a value creator.

The firm cannot deliver value, but only make value propositions includes two different statements, which therefore are discussed separately.

The firm cannot deliver value. According to the value-in-use notion, this statement seems to hold. However, when considering the underpinning logic of the interaction concept, the situation becomes more complex. As the statement says, the firm cannot directly deliver value, but it can become engaged with its customers' value-creating process. It turns out that during certain circumstances, when direct interactions with customers occur, and the firm manages to use this interaction platform, the firm can co-create value jointly with its customers. This is not an option that firms with no interaction platforms have. *It is uniquely made possible by the adoption of a service logic*, which is based on the provision of interactive processes. If there are no direct interactions, the firm can only facilitate customers' value creation. Consequently, the firm's role in value creation is twofold:

- (1) Fundamentally, the firm is a facilitator of value for the customer;
- (2) Provided that the firm can engage with its customers' value-creating processes during direct interactions, it also has opportunities to co-create value jointly with them.

The firm can only offer value propositions. Conventional marketing is basically about making promises. A value proposition is a promise about future potential value (compare the discussion in Balantyne et al., 2011). Without interactions with customers even a good, or any other resource, provided by a firm is also a promise about potential value for the customers (cf. Levitt, 1981: 96). In that case this statement holds. However, when interpreting the underpinning logic of interactions, one realizes that the integrated interaction process removes this restriction. The firm can take actions directly as part of the customer's value creation process and change the flow of that process. Hence, the firm can also directly and actively influence the customer's value fulfilment. This opens up new avenues for

developing marketing beyond promise-making activities, and *this opportunity is uniquely due to the adoption of a service logic*. Consequently, this statement is reformulated as follows:

The firm is not restricted to offering value propositions only, but also has an opportunity to directly and actively influence its customers' value creation. The customer is still in charge of value creation (of value-in-use), and is the one who determines whether value emerges or not. However, the direct interactions with customers that take place put the service provider in a position where, during such interactions, and only then, the firm and its customers can jointly contribute to the value that emerges for the customer.

All social and economic actors are resource integrators. This statement indicates that usage is a process where customers combine resources obtained from a given firm with other necessary resources and applies necessary skills held by them in a self-service process with an aim to creating value for themselves. As was pointed out in the previous paragraph, when this resource integration takes place in direct interactions with the service provider, the firm has an opportunity to move from being only a value facilitator into a value co-creation mode.

Value is always uniquely and phenomenologically determined by the beneficiary. In a business context this means that value is determined by the customer. Two aspects should be added to this statement. First of all, customers do not only determine value. They also perceive value as an experience, where their global experiences from the past have an impact (Wikström, 2008). From an axiological perspective, Holbrook (1994: 27) formulated it as 'Value is an interactive relativistic preference experience'.⁹ The value that the subject gains from the consumption experience is created through that interaction (Holbrook, 1999: 6–9). Whether an experience is routine or new, unpleasant or delightful, demands a different set of qualities for the person who is experiencing.

In all these situations interactions affect experience, *and experience determines value emerging from the interaction*, which in turn may influence how future service is experienced. As Helkkula and Kelleher (2010) observe, 'the customer service experience-value perception process does not emerge as a linear value chain, rather (it) emerges as a complex phenomenon, which integrates the dynamic process of experiencing and perceiving value within a circle of phenomenological understanding' (2010: 48). Service quality research has demonstrated that customers do not determine quality based on the final outcome of the service process only, but that quality is perceived and accumulating throughout the process (cf. Grönroos, 1984; Parasuraman et al., 1985). Logically and in the same way, value perception and determination can be described as an accumulation or sometimes destruction of value throughout the customer's value-creating process.

Value can be considered experientially perceived and also experientially determined. The expression 'phenomenologically' can carry many meanings, and is therefore somewhat vague. The aspect that it at least covers is the fact that value creation is dependent on its context. Consequently, this statement is reformulated as follows, as two separate statements:

- (1) Value is accumulating throughout the customer's value-creating process;
- (2) Value is always uniquely and both experientially and contextually perceived and determined by the customer.

Research and managerial implications

As the discussion and analysis in the present article have indicated, the reformulation of some of the central premises guiding service as a perspective for business and marketing creates a

meaningful basis for understanding the total process leading to value for customers, and the customer's and the firm's various roles in that process. The central role of value for business and marketing is emphasized.

By defining *value creation* strictly as the customer's creation of value-in-use, and all other actions leading to value for the customer as *value facilitation*, a logical and meaningful structure for analysing firms' and customers' roles in the process is developed. This structure also enables researchers and practitioners alike to understand the nature of value co-creation in an actionable way, and the possibilities for firms to make use of value co-creation opportunities enabled by the adoption of a service logic. In the article it is demonstrated that basically it is not the customer, but rather the service provider that gains from value co-creation possibilities. Customers are by definition value creators, but the opportunities to engage with the customers' usage processes make it possible for firms to become part of customers' value creation, and thus move beyond being value facilitators only and also become co-creators of value with the customers. However, this requires that direct interactions with the customers exist or can be developed, and are successfully made use of by the service provider.

From a research perspective, the clarification of the total process, with its design, development, production and delivery, and back-office and front-office phases (in the analysis collectively called production phase) on one hand, and its consequences for value creation on the other, enables researchers to study the separate parts of the process from the point of view of value creation and value outcomes. This clarification also enables researchers to study extensively and in-depth the processes of value creation and co-creation, and how they relate to each other.

The marketing implications of value creation and especially of joint value creation, where firms and customers co-create value together, are pointed out. By adopting a service perspective, opportunities for firms to broaden marketing outside its conventional borders is underlined. When firms can break free from their role as makers of value propositions only, a new world opens up for marketing. In this new world marketing is no longer restricted to basically only promise making and creating brand awareness (cf. Brown, 2005). Actions related to keeping promises, working towards creating customer loyalty, and the total process of promise management (Grönroos, 2009; see also Calonius, 2006 [1986]) can be incorporated in the marketing process.

From a management point of view especially, the importance of interactions with customers is highlighted, which enables managers to create and manage direct interactions in a way that supports customers' value fulfilment. Simultaneously the marketing implications of interactions can be appreciated and activities during customer interactions better developed as part of the firm's marketing process. The analysis demonstrates how service marketing concepts, such as interactive marketing, part-time marketers, functional quality, and others can be used in any type of business, provided that a service logic is adopted, including the development and marketing use of direct interactions with customers. Finally, the service perspective as a business logic enables firms to rethink their business models and earnings logics, and develop them in a service-centric and at the same time customer-centric direction.

Notes

1. The seventh premise includes two statements, viz. the firm cannot deliver value and the firm can only offer value propositions.
2. In principle, practice is what people or organizations are doing – physically and mentally – as part of everyday individual or organizational life. About practice theory, see for example Reckwitz (2002) and Schatzki (2001).

3. Value-in-use or use value, and value-in-exchange or exchange value, and how they are interrelated, were discussed and defined already by Aristotle in his value theory (Gordon, 1964). According to Aristotle, use value is the value derived from a thing's or a service's capacity of being productive of a person's good. Gordon (1964: 117–18) points out that Aristotle treats use value as a subjectively experienced benefit, and moreover considers demand a function of use value, where exchange value is derived from use value. During the millennia, among other reasons, when the analysis of benefits derived from goods and services has been lifted to a macro level, the role and importance of value-in-use has been disguised behind the labour-based value view emphasizing exchange value.
4. In our view, service logic is not an alternative perspective as compared to the foundational premises put forward in service-dominant logic. We consider it the next stage of that logic, where the original premises have been reconsidered and further developed. This is a normal flow of scholarly research. The expression 'service logic' is used, simply because it describes the service-based perspective on business and marketing more accurately than does the expression 'service-dominant logic'. In the present article, six of the foundational premises are scrutinized, and their number extended to nine, implying that at least 13 premises in total are needed to cover the logic. (It should be noticed, however, that four of the foundational premises, not directly relating to value creation, have not been analysed in this context.)
5. Already Aristotle claimed in his value theory that 'exchange value is derived from use value as expressed through market demand' (Gordon, 1964: 118).
6. Recently in a service-logic context, Vargo (2008) proposed value-in-context as a replacement for value-in-use. Because value creation is dependent on its context, this change of terminology is proposed. However, although from a phenomenological point of view context is instrumental (Vargo and Lusch, 2008), and a context can change, as such context is a static concept, whereas use/usage is a dynamic process. Hence, value-in-context is problematic as a concept and expression. Of course, the context of value creation is important, and it should be recognized that if the context changes, the flow and outcome of the value-creating process may also change. From a management point of view, by changing the context the firm may attempt to influence its customers' value creation. A theoretically exact expression to use would be value-in-use dependent on the context, abbreviated value-in-use. Here, it should also be noted that use can be both physical and mental, and even take the form of mere possession.
7. Due to the North American dominance of conventional marketing, normally the idea of the marketing concept is attributed to McKitterick (1957). However, 45 years earlier, in 1912, Robert Millar, an Irish priest who moved to Norway, using the pseudonym Romilla, published a book on marketing, where he introduced the marketing concept: 'Try to look at things from the customer's side of the encounter' (Romilla, 1912: i). And already centuries before Robert Millar's book, a Chinese proverb declared that customers are precious, goods are only grass.
8. In previous contexts the customer's independent value creation has been termed sole value creation (e.g. Grönroos, 2008). However, independent value creation seems to better emphasize the fact that during this phase the customer indeed creates value independently from the service provider.
9. More than two millennia ago, Aristotle drew the conclusion that value is derived subjectively through the user's experiences with resources (Gordon, 1964: 117). All consumption involves interactions between a subject (the customer/user) and an object (good/service activity, etc.).

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Christian Grönroos is Professor of Service and Relationship Marketing at Hanken School of Economics, Finland, and past chair of its research and knowledge centre, CERS (Centre for Relationship Marketing and Service Management). For more information, please see <http://www.hanken.fi/staff/gronroos/>. Address: Centre for Relationship Marketing and Service Management, Hanken School of Economics, P.O. Box 479, 00101 Helsinki, Finland. [email: christian.gronroos@hanken.fi]