

## **The construct of value in knowledge-intensive business service from customer's perspective. An example of a long-term training activity**

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**Abstract.** Value is considered to be the driver, as well as the main purpose, of relationships between customers and service providers. Despite the topicality of the subject, service marketing literature provides little information about the process of value creation. The question of how is value formed is topical for a broad scope of services, from healthcare to beauty services, but it is especially relevant for knowledge-intensive business services (KIBS). KIBS are complex offerings that aim to solve customer's problem by applying competence of service provider (for example consultancies and training services). It happens quite often that those types of services fail to meet the expectations of the customer regarding service value. This mismatch between service value and price charged might come from a broad variety of reasons. This ambiguity of value creation process leads to the research question of the current article: how do clients identify, what the service is actually worth? The current article presents the results of longitudinal qualitative research on service value formation from the customer's perspective. It aims to provide insights both for researchers as well as practitioners on elements of service, based on which client forms the perception of the value of KIBS and also illustrated the dynamics.

**Key words:** service value, customer value, value creation, co-creation, value-in-experience, KIBS.

### **INTRODUCTION**

It is rather hard to identify the value of the service due to its intangible nature. The complexity and ambiguity of this concept have provoked a lot of discussion among scholars. The significance of research in the field of service value has grown rapidly over the last few decades. The shift of dominant logics in marketing literature from goods-dominant (G-D) to service-dominant (S-D) (Vargo & Lusch, 2008) has increased the importance of comprehension of customer value (Monroe, 1991) in the majority of business fields. Understanding what does actually create value for the client and delivering accordingly is the primary key to competitiveness in the modern business environment (Osterwalder et al., 2015).

Marketing theory, which is the primary domain of value-related body of knowledge, has faced several shifts of dominant logics (Vargo & Lusch, 2008). The transition from G-D towards S-D logic has entirely transformed scholars' view on the

process of value formation. In addition to that, the rise of experience in management and marketing literature (Pine & Gilmore, 1999) has provoked a new wave of in-depth research not only on the essence of value but also on value constituents. For the past two decades marketing literature has mainly been discussing the experiential construct of value (Boswijk, 2013; Sundbo, 2015).

Naturally, academic research on service value constituents is of great interest to practitioners as well as the scholars. Every service field has its specifics and challenges in customer value creation. In the case of knowledge-intensive business services (KIBS) value identification is even more complicated, than in other fields. The reason for this is the fact that there tends to be a significant informational imbalance between the parties involved (Gummesson, 1978; Thakor & Kumar, 2000; Ojasalo, 2001; Aarikka-Stenroos & Jaakkola, 2012; Kukk et al. 2014).

In a nutshell – KIBS are companies that sell knowledge-based services to clients, who lack the competence to solve a problem using internal resources only (OECD, 2006). Consultancies and training are a typical example of such services. In this type of KIBS customer does not just purchase a solution, he buys external competence to assist him in the creation of the solution. In other words, the outcome of such KIBS is co-created by the service provider and the customer.

Unfortunately, existing body of knowledge fails to describe based on what does the KIBS customer evaluate the service. As this is a very topical issue both for scholars and practitioners, we find it essential to locate the answer to the question *'how do clients identify, what the service is actually worth?'*

To fill this gap in the body of knowledge research was conducted with the key purpose to *determine the construct of value in KIBS from customer's perspective*. In our study, we aim not only to identify concrete constituents of value but also to see how they change in the dynamics throughout the service delivery process. Current article gives the overview of the results of this research.

## CONCEPTUAL FRAMEWORK

### Service value

The value in general and service value, in particular, is a rather abstract concept with meanings that vary according to context (Sweeney, 1994). It can be defined both by the service provider and customer, and the results may be quite different from each other (Grönroos, 2011). The shift of the dominant logic of the economy from the G-D logic to S-D logic has made the customer the key identifier of the value. It is still an open question, based on what do consumers evaluate a service.

Eggert and Ulaga (2002) state that among different definitions of perceived service value, a list of three common elements can be outlined:

1) Multiple components of perceived value; since value is often described as a trade-off between benefits and sacrifices, the key elements that play a role in forming service value perception are both physical and intangible attributes of the service and monetary or another sort of sacrifice.

2) Subjectivity of value perceptions; different clients may rate the value of the service differently according to their personal background. In addition to that, when business services are considered, then different members of the service buying organisation may perceive the value differently.

3) The importance of the competition; perceived value may be shaped in relation to the services that other providers are offering.

Classic view on service value formation is that the main aim of services is to change the state of people, artefacts, or of information and knowledge, rather than produce artefacts themselves (Miles, 2005). This means that one may judge value of a service primarily based on their effects on the buyer rather than how they are produced (Wood, 2005).

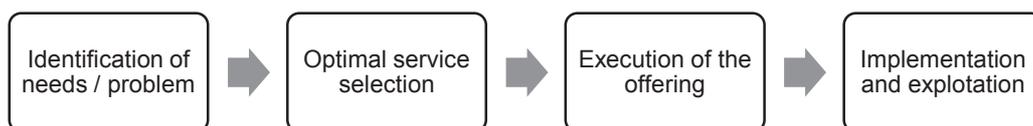
Alternative view of value creation that emerged after the emergence of the theory of experience economy (Pine & Gilmore, 1999) sees value creation as a more holistic process. In the context of experience economy value is perceived not only based on the functional evaluation of outcome but also based on the hedonistic assessment of the process (value-in-experience) (Kukk & Leppiman, forthcoming).

There are also a variety of opinions in the marketing literature regarding who is the primary creator of value. Grönroos (2011) points out that value can be created either in provider's sphere of influence (value-in-exchange), in customer's sphere of influence (value-in-use) and as an all-encompassing process across those two spheres of influence. Scholars generally agree that in complex services (KIBS definitely among them) value is created in cooperation between service actors and throughout the whole service life cycle (Aarikka-Stenroos & Jaakkola, 2010; Leppiman, 2010; Aarikka-Stenroos & Jaakkola, 2012; Heinola, 2012) and therefore, value co-creation process takes place.

### **Value creation specifics in KIBS**

When it comes to value creation in KIBS in particular, there are a few extra factors that have to be taken into account. A significant feature of KIBS is the high level of customization and intense interaction with the client (Sawhney, 2006; Cova & Salle, 2008; Aarikka-Stenroos & Jaakkola, 2010). The value in KIBS is being co-created by service stakeholders (Kukk et al., 2014). The main challenge of such co-creation within business services is the asymmetry of the information and competence possessed by the stakeholders (Gummesson, 1978; Thakor & Kumar, 2000; Ojasalo, 2001; Kukk et al. 2014). This fact also has an impact on the evaluation of the effect of the service (utilitarian approach to value), as the customer may often lack the appropriate knowledge or skills to estimate the value of service provided. In this case, the customer determines service value by evaluating service encounter as a process (Pine & Gilmore, 1999) (hedonistic approach to value).

Our previous empirical research confirms that the experience of co-creation process and perception of the value of the service are very much dependent on each other. Also, the client's engagement in the value creation process can influence the perceived value both positively and negatively (Kukk & Leppiman, 2013; Kukk et al., 2014). Generally speaking, there are four main stages of a service that customer perceives (see Fig 1).



**Figure 1.** Phases of KIBS according to clients' perceptions (Kukk et al., 2014).

The evidence from previous research on value co-creation (Kukk et al., 2014) points out two main ideas that serve as a departure point for current research. First of all, it is evident, that during the four stages of the service there is a dynamics of customer's expectations. It applies both to the elements of the service and to the amount of contribution which the customer expects to have in the value co-creation process. For this reason, we find it essential to explore the value constitutes not just throughout the service, but also in all the service stages separately.

Second, data (*ibid.*) shows that not just *what* is being done, but also *how* it is done has impacted on the service value from the customers' perspective. Therefore, we may assume that *experience* (and potentially *meaningful experience*) (Leppiman & Same, 2011) has an impact on business service value for the customer. This statement, however, contradicts with the general utilitarian view on business service value formation that dominates KIBS-related literature (Aarikka-Stenroos & Jaakkola, 2012; Lessard, 2014). For this reason, we have chosen to conduct qualitative research on service value aiming to identify the construct of value from customers' perspective.

## RESEARCH DESIGN AND METHODOLOGY

A two-stage qualitative research was conducted to answer the research questions.

In the first stage of the research, the data was gathered via the longitudinal multi-touchpoint process. We studied the perception of KIBS value of the participants of an international long-term professional development programme. The duration of the training programme (excluding the preparatory part) was six months from May until November 2015. There were 33 participants in the sample. Participation in the research was voluntary and the participants gained no material or immaterial benefits by submitting the responses.

Demographic overview of the sample is presented in Fig. 2.



**Figure 2.** Demographic overview of the research sample.

Purposeful strategic sampling (Mason, 2002, 120–125) was used to select the participants. The sample can be described by the following criteria of the participation in the training programme (and therefore in the research):

- the participant has professional interest towards the topic of the training;
- the participant is in a managerial position, meaning he has the mandate to execute changes (if he finds it necessary) in the work process of the organisation he represents based on the learning;
- the participant is able and motivated to participate in the whole programme.

The design of the study followed the structure of KIBS perceived by the customer (Kukk et al., 2014), the long-term nature of the service allowed us to approach the participants several times, without it becoming overwhelming. The data gathering was organically integrated into service delivery process. It had started before the beginning of the programme and finished after a few weeks after the programme had ended.

Two different methods were used in data gathering process:

- electronic form with supporting questions to gather written narratives on value perception;
- focus-group interviews to get a deeper understanding of willingness for value co-creation in various stages of the service delivery.

The detailed overview of the research is presented in Table 1.

**Table 1.** The design and the time-line of the research

Service stage	Aim of the interaction	Interaction	Tools used	Time of interaction
Identification of the needs	pre-service needs and interests identification	A	written narrative (with support questions)	April 2015
Selection of the optimal service solution	mapping of expected value constituents	B	written narrative (with support questions)	May 2015
		C	focus-group interview	June 2015
Execution of the offering	mapping of perceived value constituents	D	written narrative (with support questions)	July 2015
Implementation and exploitation of the created solution	identification of post-service perceived value constituents	E	focus-group interview	November 2015
		F	written narrative (with support questions)	December 2015

Gathering of the narratives (interactions A, B, D, F) was arranged via an electronic form. The form included an introductory text that explained the self-reflexory nature of the survey as well as the purpose to gather data on the value of the programme. Due to the fact, that the nature and methodology of the programme included other elements and tools of self-reflection, the form was well blended in into the process.

The form also contained supporting questions. The phrasing of the questions varied depending on the stage of the service. Nevertheless, throughout the process the questions targeted value perception from three different angles: the value created by service provider prior or during the service (value-in-exchange), the value created (or potentially

created) by customer during or after the service (value-in-use), and the value co-created by involved stakeholders throughout the process (value-in-experience).

To ensure detailed feedback from the respondents, there was a minimum limit of 350 words per question.

The focus groups (interactions C and E) took place during the training sessions and focused on the value of the programme while still at the beginning of the process (interaction C) and in the very last stage of the programme (E). The purpose of the focus groups was the enrichment of the qualitative data gathered via electronic forms and taking advantage of the opportunity of reactive discussion development to gather more detailed information. To gather maximum insights focus groups were performed in three smaller groups. Each focus group interview lasted for around one hour. All of the focus groups were facilitated according to the same manual.

The quality of the gathered data depended very much on communication and language skills of the participants. As the group was multinational, the participants had an opportunity to submit their answers in English, Estonian, Latvian or Russian language. Several participants did not choose to present replies in their mother tongue but preferred either English or the national language of the country they represented instead. Due to this, some of the responses are laconic and more general than the others.

In the focus group interviews data was gathered in the national languages (Estonian and Latvian), except one sub-group (interaction F), that was conducted in English.

In the second stage of the study, a qualitative content analysis (Flick & Gibbs, 2007; Leppiman, 2010; Schreier, 2012; Bazeley, 2013,) of the gathered data was performed to extract and systematise valuable information.

The qualitative data analysis was conducted in two separate stages. First the data collected during the four service stages was analysed separately to identify the separate constituents that are part customer's value estimation in different stages of the service. In the second phase, the generalising analysis of the full data was performed to unify the categories that were identified during the first stage of the analysis and to create a general picture on value construct.

The qualitative analysis provided us with new categories that are described below in the sections of the article dedicated to the four stages of KIBS respectively.

As the data gathering via electronic form was optionally anonymous, we do not have the opportunity to track all the responses of a particular person. In the results representation below we use the following coding for the quotes: letter (A; B; C; D; E; F) indicates the interaction via which it was obtained (see Table 1); the number (1–33) shows the number of the response.

## **RESULTS**

### **Identification of the needs**

The first stage of the service aims to specify, what are the concrete needs and issues that have to be solved by KIBS. In some training programmes, participants sign up for a particular course, which has been developed and prepared before gathering any insights from the customers. In other cases (also in consultancy service) trainings are tailor made, and respond to the specific needs and interests of the client.

In our case, we adapted and integrated the general principles of service design (Kukk & Leppiman, 2013), involving customers in defining appropriate service content

as much as possible throughout the whole process. The first step of such interaction was gathering data on the specific needs of the selected participants on the announced topic of the programme. In addition to that gathered data provided some significant insight on what are the main constituents of value, that customers expect prior to service delivery.

Qualitative analysis of the data provided us with two main categories (with five sub-categories): 1) performance improvement and 2) interaction with other practitioners. Table 2 lists the categories and subcategories with the examples of keywords and phrases found in data.

**Table 2.** Examples of key words and phrases addressing categories 1 and 2

NR	Category	Example quote
<b>1</b>	<b>Performance improvement</b>	
1a	improving personal professional performance	<i>'Continues professional development allows me to <u>improve how I do my job</u>. I expect this programme to be a contribution to this'. (A29)</i> <i>'Participation in the programme should allow me to <u>learn</u>, how to share my knowledge and skills with youngsters'. (A14)</i> <i>'I think I should be able to <u>improve my skills in giving feedback</u>'. (A3)</i>
1b	improving performance of the organisation	<i>'We need to engage our youngsters more into <u>activities we offer at the centre</u>, we are also looking to <u>expand our audience in 2016</u>'. (A6)</i>
<b>2</b>	<b>Interaction with other practitioners</b>	
2a	collecting knowledge on experience of other practitioners	<i>'Training is a perfect place to share my experience and knowledge with other practitioners, but also to <u>get practical tips from them as well</u>'. (A6)</i>
2b	sharing information on personal experience	<i>'I am expecting <u>meeting and discussing</u> the topic with other professionals of the field. I also look forward to sharing my experience on international level.' (A14)</i> <i>'The importance of <u>sharing experiences</u> cannot be overlooked.' (A9)</i>
2c	contact making for further cooperation	<i>'Every new <u>contact</u> is extremely valuable. I am looking forward to <u>meeting</u> Latvian colleagues. (A14)</i> <i>'I expect to <u>broaden my cooperation network</u>'. (A24)</i>

The pre-service narratives on expected value seem to be surprisingly homogeneous. The most mentioned value constituents could be categorised as elements of improving personal professional performance. The vast majority of the informants identified that they expect to acquire or develop specific *professional skills*, or *learn* new information on the topic. Even though a broad variety of keywords were used by the informants to describe this category, the pattern of skill and competence improvement-orientation is evident. Only a few of the informants mentioned the value of the training programme in the context of organisational level.

Though in reality organisational performance improvement is closely linked to personal performance, in the process of value estimation distinguishing those two elements is crucial. As seen in the examples above, nevertheless the aims and topic of the programme were communicated as organisational (or even field best practice improvement orientated), most of the informants have replied in a self-centered manner.

Another value-shaping element of the service that was often mentioned in the problem-defining phase of the programme development was the fact, that training should be a place to interact with other professional individuals. It is noteworthy that even though most of the responses clearly value the input from the others, there are also quite a few of evidence indicating, that they are looking forward to *contributing* as well.

The interpretation we would like to suggest here is that as clients themselves are already established and in most cases quite experienced professionals, they see the value also in spreading their knowledge to the larger audience. At the same time, it unfortunately remains unclear, if this happens due to the desire of genuine contribution to the development of the field or in order to get recognition and credit.

Some of the informants saw the interaction with other professionals as a potentially longer-lasting value factor. There were several references, that important element of value would be the after-training cooperation with individuals and organisations met during the programme.

We also find it important to highlight, that several informants also expressed they particular interest and willingness for co-creation of the value during the programme delivery:

*'I am ready to participate in the creation and execution of the new programme'.*  
(A3)

To summarise the results of the analysis of the first stage of the service we can say, that in this phase the informants were clearly leaning towards utilitarian approach to service value, focusing on elements that are (directly or indirectly) contributing to improvement of professional performance.

### **Selection of the optimal service solution**

In the second stage of KIBS service provider (in co-operation with the customer) develops the solution that will be implemented during the service delivery stage. In the case of current study, this meant specifying the final schedule, content focus and methods of the training programme. The main difference between the first two phases of the programme is that in the first ones the customers were only aware of the general field and topic of the training programme, in the second stage they became more conscious of the complex process that was being designed exclusively for them.

Data analysis showed that in this stage the categories, that were defined in the first phase of the service remained present. The notable difference is that subcategory 1b (improving the performance of the organisation) was represented in the data much less compared to stage one.

In addition, we also highlighted new categories, that were not present in the identification of the needs stage of the service. The two categories that have added up to the list mentioned above were: 3) motivation and 4) experience. The quotes and keywords illustrating those categories are described in Table 3.

**Table 3.** Examples of key words and phrases addressing categories 3 and 4

NR	Category	Example quote
3	<b>Motivation</b>	<i>'[The result I expect the most] from the training programme is that in the end I have gained new ideas and feel <u>encouraged</u> in my work.'</i> (B11) <i>'I think it [the main result] will be my own <u>inspiration</u> and ideas that will come up after participating [in the programme].'</i> (C13) <i>'I see it [value] in not losing <u>motivation</u> after the programme.'</i> (B3)
4	<b>Experience</b>	<i>'[It is valuable for me] that it is a new project with a wide range of a new <u>extraordinary experiences</u> and different participants. <u>Experiences</u> can be actually mutually shared and explored during the programme.'</i> (B10) <i>'I see this programme as <u>experience</u>, and therefore it can only be valuable in any case.'</i> (B19)

Though the general picture both from the narratives (B) and the focus-group interview (C) follows same pattern of value constitutes as in the first step of the service, the data also includes a clear evidence, that as soon as the participatory nature of KIBS became clearer to the participants, the additional expected elements added up.

Several times motivation is being mentioned as one of the most valued potential outcomes. In the narratives, there's also a significant pattern, where motivation is mostly referred to in relation to personal performance improvement (subcategory 1a), as illustrated in Table 3. The majority informants are confident that the training will complete the task of providing new knowledge, but they see the extra value in also gaining the motivation to apply this knowledge in practice:

*'I am hoping to gain knowledge and inspiration to improve how I do things.'* (B20)  
*'[After the training] the motivation within me [to apply new skills] would grow.'* (B11)

Another category that compliments the motivation created by the training is the element of experience (Leppiman & Same, 2011). According to the informants, the experience is expected to add value to the programme.

The noticeable pattern when going through the data gathered during the stage of selection of optimal service solution is that the category of performance improvement is a lot less dominant. Also, we noted, that the categories adding up in this service phase can only be evaluated very subjectively.

### **Execution of the offering**

Execution of the offering is the phase, where the service is delivered in accordance with the plan, which was agreed in the previous stage of the service. Therefore, the narrative gathering process was performed after the participants had already had significant experience with the training programme. At the time, they had already experienced an international and a national training session. Also, they had received the task of applying the gained knowledge in their 'practice projects' (contribute effort to the value creation process). In addition to that, some of the participants received personal mentoring in the course of practising their skills.

The data gathered at this stage can be characterised as rich in both emotional reflections and constructive feedback on the service. The usage of keywords and phrases expressing emotions (such as 'love', 'excitement', 'I felt ...' etc.) was high. In addition

to that, the data was noticeably less homogeneous compared to the previous two stages. Two new categories were added up to the ones that have been mentioned previously: 5) content relevance and 6) Facilitator. Also, the analysis of the data collected in the stage of service execution allowed us to specify subcategories of the categories ‘motivation’ (3) and ‘experience’ (4). The new categories and subcategories are illustrated in Table 4.

**Table 4.** Examples of key words and phrases addressing categories 3–6

NR	Category	Example quote
<b>3</b>	<b>Motivation</b>	
3a	will to implement learning into practice	<i>‘[...] it is important that the our experience and also sharing with colleagues is inspiring, so that I’ll definitely continue applying Youthpass process in the future’. (D6)</i>
3b	re-assurance of one-s competence in the field	<i>‘I have learned about [this] from academia and also on several international seminars, but after the second seminar [of the programme] I have a feeling that i don’t have doubts anymore, if i can apply this knowledge. This is the most important outcome so far’. (D3)</i>
<b>4</b>	<b>Experience</b>	
4a	active involvement	<i>‘As it is easy to get tired of learning process, then I appreciate a lot the <u>variety of tools</u> used in this programme”. (D16) <u>‘I like that most of the sessions are not in the form of a lecture, but are arranged as group works, simulations, discussions’.</u> (D28)</i>
4b	training space comfort (working environment)	<i>‘In order to get a good learning experience one needs a good <u>learning environment</u>. It is important that we have the <u>opportunity to move around the room, use the walls, express ourselves visually’.</u> (D19)</i>
4c	comfort of supporting facilities.	<i>‘It is good that the <u>accommodation and food</u> are nice, this helps not to be distracted from the <u>learning experience</u>.’ (D1)</i>
<b>5</b>	<b>Content relevance</b>	
		<i>‘I value the <u>tools and working methods</u> introduced during the second training sessions the most. I also appreciate, that there was a possibility to have the introduction of relevant materials to study this information further’. (D18) <u>‘For me it is positive, that we are diving into topic, it is important that we receive so much in-depth information’.</u> (D25)</i>
<b>6</b>	<b>Facilitator</b>	
6a	professional skills of the facilitator	<i>‘It adds a lot that trainers are <u>friendly and available’.</u> (D8) <u>‘Trainers are very caring and careful towards us’.</u> (D24)</i>
6b	personality of the facilitator	<i>‘I am very happy about very <u>professional trainers</u>, they are very good’. (D9) <u>‘Facilitators have done a professional job with the topic, the expertise is very valuable’.</u> (D14)</i>

It is noteworthy that category of performance improvement (category 1) was not present in the data of this stage of the service. Instead, informants pointed out the particular elements of the programme, highlighting the content relevance and interest to it (5).

The examples above (Table 4) show, how the informants express the appropriateness of the information for them, yet there are no mentions regarding how it is useful in performance improvement.

In addition, informants appreciated a lot the experience of the participation. According to the data, there are three main elements that shape the value of training experience. First of all active involvement of the participant in the process (4a), the second highly appreciated experience-shaping element is the comfort of the training environment (4b). Also, data shows that the environment outside the learning space (4c) also contributes to value perception.

Based on the service experience until that moment, several informants also reflected on how it influences their motivation. It allowed us to determine that there are two main components of this value constitute, that training participants highlight. First of all, it is will to implement learnings into practice (3a) (that also meant by the informants in the previous stages of the service). As a new dimension of motivation, we identified the re-assurance of the competence and capability, which participants received from the programme (3b).

Another interesting insight comes from the following quote:

*'I felt really good sharing information and methods and outcomes. I felt like I'm learning even if I was just sharing what I'm doing. I rarely speak about it otherwise. That feels good.'* (D3)

The facts described above explain why sharing experience and knowledge (subcategory 2b), which was highlighted a lot in the first two service stages as an expected valuable element of the programme, is of such importance to the service clients.

In addition to deeper exploration of previously mentioned categories, we determined a new category of service element that, according to the informants, added value. It was the facilitator of the activity. More specifically we highlighted two subcategories: facilitator's professional skills (6a) and personal skills (6b).

To summarise the analysis of data gathered the third stage of KIBS we can say, that in this stage the variety of constitutes of value that informants have pointed out is the broadest. It is also evident that compared to previous two stages informants give more detailed and concrete comments on what is valuable to them (often accompanying statements with examples).

### **Implementation and exploitation of the created solution**

During the design of the particular service offering, we took into account the findings from our previous research (Kukk et al., 2014) that showed, that the one of the most complex stages for the customer is the last one, where he applied the gained competence or created solution in practice. As this is often the stage, where service provider's contribution is minimal, the client often feels, that he is left alone without the support of an expert and it would add value if service provider would provide some assistance and feedback at this stage. Therefore, we designed service offering in a way, that there was a planned programme continuation even after the customers have tried the implementation of the new skills in practice ('practice projects').

The second focus group (interaction E) was conducted during this last seminar. The narratives (interaction F) were gathered later, after one month after the programme had ended, to have a better perspective on after-effect on a longer time scale.

Analysis of data collected during the final stage of the service did not provide us with any categories or subcategories that have been not present in the previous three stages. Four out of six categories listed above were present in the last stage of the service. Table 5 illustrates the categories and examples of the quotes addressing them.

**Table 5.** Examples of key words and phrases addressing categories 1–4

NR	Category	Example quote
<b>1</b>	<b>Performance improvement</b>	
1a	improving personal professional performance	<i>The most important [outcome] for me is that <u>I approach the whole work process differently</u></i> . (F3)
1b	improving performance of the organisation	<i>'I see the value in the fact that <u>we have included the learning process in the youth work activities</u></i> '. (F14)
<b>2</b>	<b>Interaction with other practitioners</b>	
2a	collecting knowledge on experience of other practitioners	<i>'[I value] <u>working on topic with others, hearing what they had to say and share about [their experience]</u></i> . (F12)
2c	contact making for further cooperation	<i>'The important added value of the programme was the <u>opportunity to network with other participants and to start long-term cooperation with some of them.</u></i> ' (F6)
<b>3</b>	<b>Motivation</b>	
3a	will to implement learning into practice	<i>'For me it was an <u>attitude-lifting programme, I am now more motivated to set higher standards for myself and for my organisation</u></i> '.(F1) <i>I cannot even explain, it's <u>a feeling, but all this process has a power. It completely changed the way I see things.</u></i> (E2)
3b	re-assurance of one-s competence in the field	<i>'It is very <u>motivating to see evidence, that what i already knew and what I did [before the programme] is supporting the Youthpass approach in youth work. I see it as a very valuable result for myself.</u></i> '(F20)
<b>4</b>	<b>Experience</b>	
4a	active involvement	<i>'I would have loved to <u>dedicate more time to my practice task and in parallel to have the mentoring sessions that were offered. I feel I missed that chance to get the maximum out of the programme</u></i> '. (F22) <i>'The one thing I would change to add value would be that I'd be more <u>detailed and more focused in my practice project.</u> [...] I feel I <u>didn't take the most from the learning opportunity</u></i> '. (F5)

Performance improvement, both on personal and organisation level (subcategories 1a and 1b) was strongly represented. Informants provided a lot of specific examples, how they have improved their professional behaviour and how the organisation has optimised the performance and the results.

The second highlighted element of value construct is interaction. It is noteworthy that looking back at the service and evaluating it the participants highlighted only collecting knowledge on the experience of other practitioners (2a) and contact making (2c).

At the same time the aspect of sharing (contributing) knowledge (2b), which was described extremely high in value in previous service stages was no longer mentioned.

The value of motivation was also highlighted at this stage. Both the increase of will to implement the leanings (or in other words to change the professional behaviour) (3a) and the re-assurance of the correctness of knowledge and approach (3b), were described as the valuable outcomes by the informants.

The fourth element of value that informants referred to in this stage of the service was their contribution and involvement in the process (4a). There was a lot of appreciation expressed regarding involving the participants in the programme development process, encouragement to try out new skills in a safe environment and reflect afterwards. What is even more noteworthy – informants highlighted, that they feel, that the value of a service could have been higher for them in case they would have had time to contribute more time and effort into trying out the new skills to receive the expert's feedback and suggestions for improvement.

The examples in Table 5 illustrate how informants express the shared responsibility for the value of the programme. Even though in general they are satisfied with the service value, they still see that the value could have been larger in case the contribution from their side would have been more significant.

To summarise the results of the qualitative data analysis from all four service stages, we can say, that even though the categories and the keywords and the level of specifics of description varied noticeably throughout the whole research process, we see a definite pattern in the value co-creation process.

The general pattern of the dynamics of value-shaping service elements is as follows. When the customer first approaches the service provider he is mostly utilitarian value orientated, in other words, he seeks mostly practical and useful outcomes, such as performance improvement and potential partners. When the interaction begins – the hedonistic value constitutes come to play, which are more related to the process enjoyment. During the process delivery hedonistic approach to service, evaluation starts to dominate. The dynamics of the pattern is presented in Table 6.

It is noteworthy, that the traditionally considered key value component of KIBS, that has been mostly highlighted in the KIBS value studies so far – performance improvement– is not in the focus at service execution stage at all. In the post-service evaluation, the customer again becomes more practical and takes the utilitarian value constitutes into account. But at the same time, he also takes into account several experience-related factors, which also have a significant impact on value perception even after the service has been completed.

**Table 6.** The dynamics of value construct from customer's perspective in KIBS

Nr	Category	Identifica- tion of needs	Optimal service selection	Execution of the offering	Implemen- tion and exploitation
<b>1</b>	<b>Performance improvement</b>				
1a	improving personal professional performance	x	x		x
1b	improving performance of the organisation	x	x		x
<b>2</b>	<b>Interaction with other practitioners</b>				
2a	collecting knowledge on experience of other practitioners	x	x	x	x
2b	<i>sharing information on personal experience</i>	x	x	x	
2c	contact making for further cooperation	x	x	x	x
<b>3</b>	<b>Motivation</b>				
3a	<i>will to implement learning into practice</i>		x	x	x
3b	<i>re-assurance of one's competence in the field</i>			x	x
<b>4</b>	<b>Experience</b>				
4a	<i>active involvement</i>		x	x	x
4b	<i>training space comfort (working environment)</i>			x	
4c	<i>comfort of supporting facilities</i>			x	
<b>5</b>	<b>Content relevance</b>			x	
<b>6</b>	<b>Facilitator</b>				
6a	professional skills of the facilitator			x	
6b	<i>personality of the facilitator</i>			x	

\* - subcategories presented in italics are identified as hedonistic

The description of how the construct of value and the dynamics described above correlate with existing literature and the suggested conclusions from this study are presented in the discussion part of the current article.

## DISCUSSION

As described above, the results of our study confirm that KIBS client's perception of the value of the service is based on elements that vary in time throughout the service process. Table 2 provides an overview of the dynamics of value construct from customer's perspective. What is particularly interesting, is that those constitutes of value are not always in sound with the presumed utilitarian value of service (which value of KIBS is mostly associated with in literature).

Even the categories that at the first glance are more related to the utilitarian value, for example, the relevance of the information presented in the training (category 5), after the deeper data analysis appear to have more hedonistic dimension than it could be

expected. We draw this conclusion as the informants mentioned a lot how ‘interesting’, ‘exciting’ and ‘relevant’ the content of the programme is, yet at the same time there are no mentions regarding how it could be applied in the practice or how it would be useful in performance improvement further on. Same goes for other subcategories presented in Table 6 in italics: the evidence from the data analysis shows clearly, that those subcategories are much more related to the enjoyment of the process than to actual usefulness of the programme from the practical point of view.

Our findings show that the utilitarian approach to value that is the primary approach in the existing literature on KIBS (Aarikka-Stenroos & Jaakkola, 2012; Lessard, 2014) is not entirely compatible. The proportion of subjective, experience-based constitutes of value in the proposed model is indeed significant. We can even argue, that even though there we not enough evidence in current data set that subcategories 2a and 6a can also be categorised as hedonistic, those three categories also are potentially more leaning towards enjoyment or comfort *feeling*, than towards *practical value*. For example, there is evidence in the data that collecting knowledge on the experience of other practitioners (2a) is often related to re-assurance of one’s competence in the field (3b) and, therefore, is more connected to ‘*feeling doing the right thing*’ or ‘*not being alone with this question*’.

Similar logic applies to the professional skills of the facilitator (6a) that has been marked by several informants as a critical component of value during the service delivery process. As customers often lack the competence to evaluate on the facilitator’s professionalism, they base their judgement on the structure of the programme (‘too long days’ or ‘suitable intensity’ or ‘good variety of methods’). That, in turn, is again more an element of subjective perception than of an evidence-based evaluation.

Based on this we could say, that only performance improvement (1, inc. 1a and 1b) and contact making for further co-operation (2c) express value-in-use (Grönroos, 2011). The other categories are leaning towards value-in-experience (Kukk & Leppiman, forthcoming). It shows how big role does experience play in the value shaping process in KIBS.

The second interesting finding of the research, which we also find critical in understanding the value-shaping process in KIBS, is the amount of responsibility that customer himself feels. Active involvement (subcategory 4a) is essential for the client in three out of four stages of the service. When analysing customer’s post-service reflections on the value we see clear evidence that he feels that the service would be more valuable if he would have contributed more effort to it.

Based on this statement, and also looking at the pattern presented in Table 6, we can assume, that active involvement (in other words contribution to the service process from the customer’s side) is closely related to motivation (category 3). Inspiring and motivating elements of the service could potentially increase the client’s level of involvement in the process and, as a result, increase the perceived service value significantly. This finding confirms the importance of value co-creation in KIBS, that has earlier been described in marketing literature (Aarikka-Stenroos & Jaakkola, 2010; Leppiman 2010; Aarikka-Stenroos & Jaakkola, 2012; Heinola, 2012).

We also find, that the pattern of the dynamics of value construct in KIBS described above provides insight on why KIBS practitioners often face the situation where they fail to create the desired high value for the customer. The KIBS process is typically arranged in a way that service provider has close cooperation with the client during the

first two stages of the service (Kukk et al., 2014). The purpose of such co-operation is to find out the particular needs and expectations of the customer and to create the tailor-made offering that would meet those needs and expectations precisely.

The results of our research show, that if the service is planned according to the expectations that the client states during the first two stages of the service, the result will not satisfy him when he evaluates the service during service execution and implementation of the results (stages 3 and 4). The data shows that customer evaluates the service based on a broader scope of (subjective) elements that he does not foresee at the beginning of the service process.

Those three key findings made based on current research provide significant insight on understanding value shaping process in KIBS and potentially as well in other types of services.

## CONCLUSION

The value of a business service is a highly topical issue both for scholars and practitioners. Due to intangible nature of the offering, it is rather complicated to put a finger on what exactly shapes the result of customer's evaluation of the service. At the same time, it is a crucial question, as the answer to it would potentially provide the key to competitive advantage and sustainability of KIBS providers.

KIBS, such as training and consultation services, where the essence of the service can be described as purchasing the missing competence to solve an operational problem of the organisation, have one common feature: a significant informational imbalance between the service provider and service buyer. This imbalance concerns many blocks of information: information about client's situation and problems to be solved, professional competence, etc. But most importantly customer and provider don't have the same view of what makes the service valuable.

In the service-dominant logic of the economy, customer's perspective on value becomes the most important. Understanding this point of view is the key to the competitiveness of service provider. To perform with maximum efficiency provider needs to adapt to customer's needs and expectations and deliver accordingly. It seems (and previous research confirms this) that service provider does not always manage to meet the expectations of the client regarding the value.

Our study sheds the light on how does customer evaluate KIBS. After performing a 9-month long study of customer's perspective on KIBS value, we have made three general conclusions.

First of all, it is evident that construct of customer value is changing throughout the service process. At the beginning of the process, the client is very result-orientated and leans towards value-in-use as the central logic of value formation process. As the process of service delivery evolves much more experiential constitutes of value become important to the customer. To be more precise is not only about how *useful* the service is but also about how *pleasant* it feels to be receiving it. Even though after the service is completed, customer returns to evaluating the rational outcomes of service, the experience still continues to play a significant role in value perception.

Second, the customer feels that he also holds the responsibility for the service value. Value co-creation process is quite inevitable in KIBS, where the whole service offering is a result of the close cooperation between the service provider and customer. According

to the results of our study, the customer does not see his contribution as a binding element of the service and expect all the value coming from the service provider. To the contrary: he feels that he has a significant role in value creation and is in the position to increase or decrease the value by his actions.

The third conclusion of the study is that the typical approach, where KIBS providers rely on the insights of customer's expectations gathered at the very beginning of service process, does not lead to value maximisation. The reason behind this is again the dynamics of value construct throughout the service. As service provider gathers the expectations in the first stage of the service, he manages to get an overview only of less than half of the elements that the client is going to base his evaluation of the service later on.

Those findings provide a significant amount of new information both for scholars and practitioners. The study contributes to the body of knowledge on service value, delivering new data on the KIBS value construct from the customer's point of view. It also highlights the importance of *experience* in shaping the value of a business service.

We suggest that further qualitative research could be performed to confirm the applicability of the suggested value construct in other types of KIBS. In addition to that, we propose a quantitative analysis to test the model suggested in the current article.

As for the practitioners – present study provides them with specific tips on organising the value co-creation process in KIBS to maximise the value. All three conclusions drawn from this research have practical applications for service providers in training and consultancy sector.

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