

THESIS ON ECONOMICS AND BUSINESS ADMINISTRATION H56

Value Creation in Knowledge-intensive Business Services

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Declaration:

Hereby I declare that this doctoral thesis, my original investigation and achievement, submitted for the doctoral degree at Tallinn University of Technology has not been submitted for any other academic degree or examination.

Jana Kukk



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JANA KUKK

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LIST OF ARTICLES

Current thesis is based on three scientific articles. The articles are referred throughout the text by Roman numerals according to the following list:

- I. **Kukk, J.**; Leppiman, A.; Pohjola, A. (2014). Designing a business service experience: customer's perspective on value co-creation. *Journal of Research in Economics and Business: Central and Eastern Europe*, 6 (1), 51–64.
- II. **Kukk, J.**; Leppiman, A. (2016). The construct of value in knowledge-intensive business service from customer's perspective. An example of a long-term training activity. *Agronomy Research*, 14 (1), 91–108.
- III. **Kukk, J.**; Leppiman, A. (2016). Value creation in business services through the prism of experience economy: conceptualising value-in-experience. *Journal of Creating Value*, 2 (2), 1–14.

Other publications related to thesis:

Kukk, J.; Leppiman, A. (2013). Client's Willingness for Co-Creation in a Knowledge-Intensive Service Activity. In: Entrepreneurship and Innovation as Key Drivers of Regional Development: Book of Proceedings: International Conference Entrepreneurship and Innovation as Key Drivers of Regional Development; Ventspils, Latvia; 15-16 July 2013. Ventspils, Latvia: Ventspils University College, 34–46.

Kukk, J.; Leppiman, A. (2013). Increasing value perception in knowledge-intensive service activity by service design. *Journal of International Scientific Publications: Economy and Business*, 36–48.

INTRODUCTION

This Doctoral thesis has its roots in the practical dilemmas of the training and consultancy industry. At the moment of finalizing this thesis, the author has over 11 years of experience in the training and consultancy field. The research presented in this thesis is inspired by the aspirations of a great many professionals operating in the same business area to deliver maximum value to their customers, but struggling to figure out how to do it.

External competence is often essential for companies and organisations to develop or maintain competitiveness and sustainability of various kinds. Offerings delivering such external competence are categorized as one of the types of knowledge-intensive business services (KIBS) (OECD, 2006; OECD, 2012).

In KIBS knowledge is used to develop customized services that aim to solve customers' problems or address their specific needs (Bettencourt et al., 2002). During the previous two decades the economic significance of business services and KIBS in particular, has been increasingly appreciated by economic geographers, by innovation and management scholars, and by policymakers (Pina and Tether, 2015).

In practice, training and consultancy professionals, as the main agents of KIBS, comprehend the responsibility and the scope of impact of their work and therefore aim to deliver maximum value. At the same time they often receive puzzling feedback from their customers, indicating that the customer perceived value is not meeting the desired level.

The Doctoral research was conducted with a motivation to solve the problem of uncertainty regarding the value formation process, both in scientific and managerial literature, by developing a model of the value creation process in KIBS based on the customers' perception of the service. In modern economical relationships value creation is recognised as not only the driver, but also as the main purpose, of customer-provider relationships (Walter et al., 2001) and yet service marketing researchers know little about the process of value creation – when it starts, what it includes, and when it ends (Grönroos and Voima, 2011). At the same time there is also an on-going discussion on what value actually is. Some define it as a ratio of benefits and sacrifices (Zeithaml, 1988; Monroe, 1991); others argue that “value is a feeling, not a calculation” (Sinek, 2011). Scholars also question the role of the customer in the value creation (or co-creation) process (Santos & Spring, 2015).

The aim of this thesis is to contribute to service value literature via empirical research of the value creation process in KIBS and to determine the model of value creation in this type of service, providing thereby a clearer and comprehensive conceptual understanding of value formation from the customers' perspective. In addition to this, the author sees the purpose in

providing practical input for KIBS practitioners on how to improve customer value.

In order to achieve the research aim, the author phrases four research questions (RQ):

RQ 1: How is the process of value creation in KIBS structured from the customers' perspective?

RQ 2: In which way does co-creation influence service value perception?

RQ 3: Based on which constitutes of value does the customer evaluate KIBS?

RQ 4: How does experience influence the value-shaping process of KIBS?

Aiming to find answers to the four research questions, four research tasks (T) have been set:

T1: To discuss theoretical ground comparing academic literature on service value from different domains.

T2: To determine the structure of the process of value creation in KIBS via empirical research.

T3: To determine the main constitutes of value, based on gathered customers' insights.

T4: To compare the proportion of rational and emotional influencers of value in KIBS.

To reach the goal and answer the research questions, empirical research was conducted. The data gathered during a two-phase process was analysed by qualitative data analysis. Based on the results, a KIBS value creation model was compiled and compared to the existing theoretical body of knowledge on service value in three separate marketing literature domains: value theory, service design, and experience economy. Due to the lack of theoretic support for the detected value construct in those sources, the author suggests a theory development by proposing a new concept of *value-in-experience*, which is also explained and reasoned in this thesis.

As a result, this thesis contributes to academic literature in three new ways: first, it provides empirical data on the customers' perspective on value; second, it concludes the perspectives on value of different domains of marketing literature; third, it suggests theory development in order to fill the gap in theoretical grounds of value research.

The research questions of the thesis were answered in three research articles published in scientific journals between 2014 and 2016. All three articles are interconnected, being pieces to a greater picture: Article I covers T1 and T2 and thereby provides the answers to RQ 1 and partly to RQ 2. Article II fulfils T2 and T3 and develops answer to the RQ 2 further; also it provides the answer to the RQ 3. Article III once again focuses on T1 and T3 and also covers T4. This provides a sufficient ground to answer the RQ 4.

This Doctoral thesis is based on those three articles and presents the research results in a condensed and unified manner.

Figure 1 illustrates the connection between the articles, research questions, and research tasks.

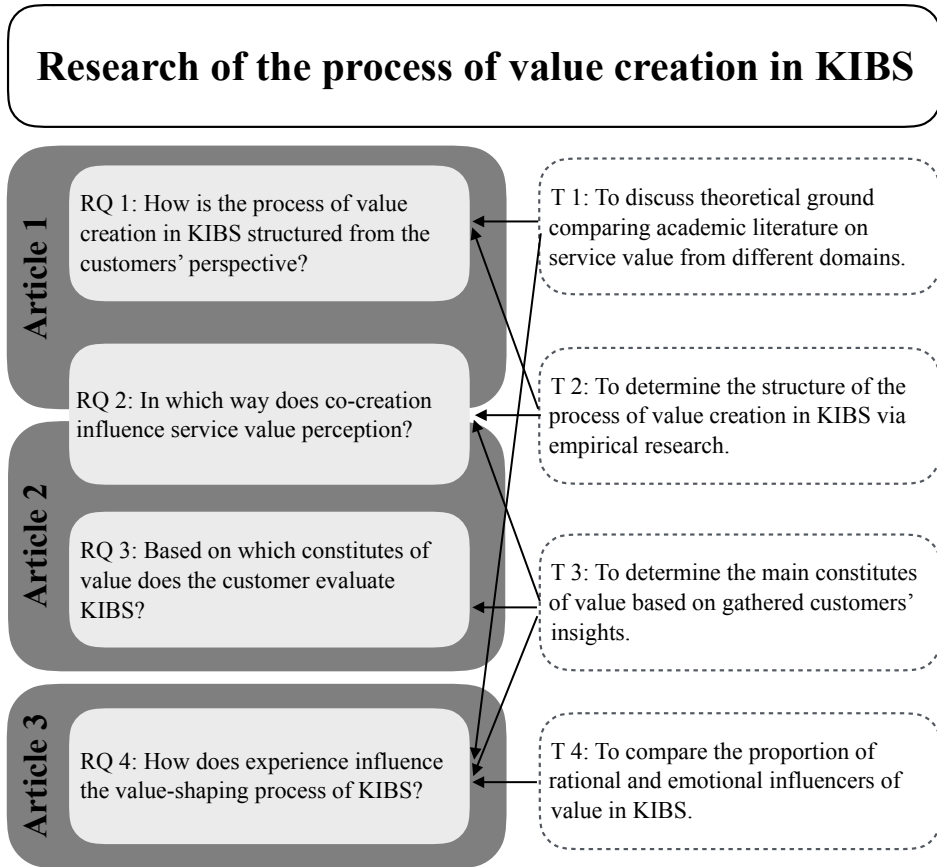


Figure 1. Research questions and research tasks of the thesis (compiled by the author).

Structure of the thesis

The work is structured as follows. Chapter 1 discusses the theoretical grounds of the research. It introduces the different concepts of value found in different domains of management and marketing literature. Moreover, it describes the specifics of value creation in KIBS and highlights the research gaps, which current research aims to fill.

Chapter 2 gives an overview of the research methodology. It also provides reasoning for the choice of tools, methods, and the samplings that were selected.

Chapter 3 introduces the results of the research and structures the findings. The key results of the empirical research are presented in this section. Furthermore, in this chapter the author compares the findings to the theoretical body of knowledge presented in Chapter 1 and suggests theory development on service value.

The chapters are followed by the conclusions, list of references and appendixes (incl. Articles I-III).

The contribution to the articles

The thesis is based on three academic articles, published in international scientific journals. The contribution to those articles made by the author of the thesis is described below.

Article I: “Designing a Business Service experience: Customer’s Perspective on Value Co-creation” (Appendix I). As the first author of the article, the author contributed the research idea, selection and execution of methodology of the research. Together with the co-authors, Anu Leppiman and Anneli Pohjola, the author contributed to the interpretations of the results.

Article II: “The construct of value in knowledge-intensive business service from the customers’ perspective. An example of a long-term training activity.” (Appendix II). Anu Leppiman provided ideas on the methodological design. The author of the thesis executed the data gathering and analysis. In co-operation, the authors have structured and interpreted the findings.

Article III: “Value creation in business services through the prism of experience economy: conceptualising value-in-experience” (Appendix III). Together with co-author Anu Leppiman the selection of analysed literature was performed. The author of the thesis performed the literature analysis and contributed to theory development. Jointly, the authors contributed to the structuring and setup of the article.

1. THEORETICAL FRAMEWORK

This chapter describes theoretical grounds of the thesis. It aims to give an overview of the theoretical body of knowledge on the topic, identify the research gap and to describe the positioning of the research.

1.1. Positioning and focus of research

Value creation process in services is a topical issue in value-related marketing management, experience economy and service design literature. There is a broad scope of theoretical grounds considering value creation process. Current research leans on the body of knowledge of value theory, service design theory and experience economy theory in order to compile the essential theoretical ground for the research.

Figure 2 illustrates the positioning of this interdisciplinary research considering existing body of knowledge.

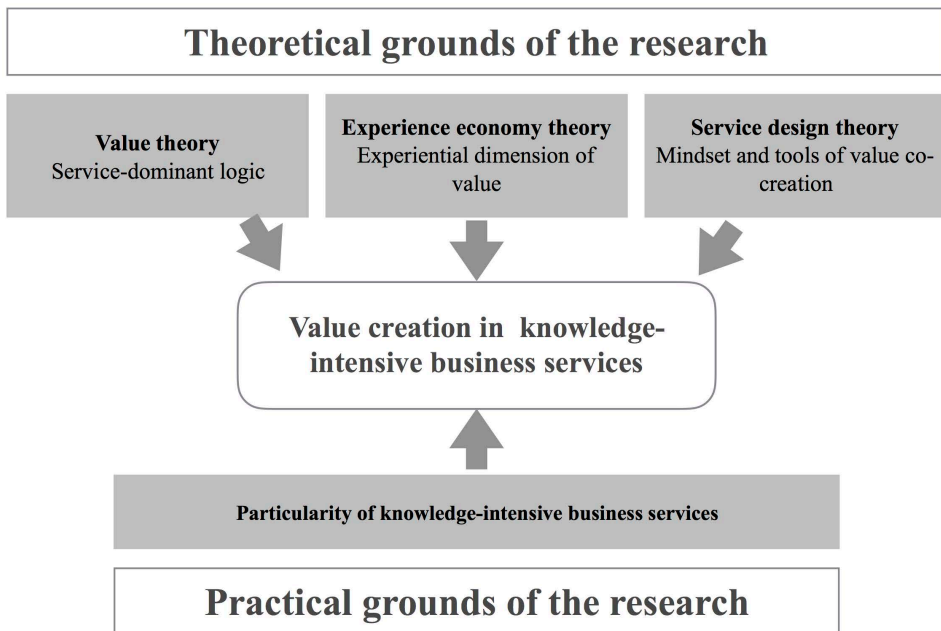


Figure 2. Positioning of the research (compiled by the author based on theoretical framework)

The ground basics of value concept and the specifics of the value of a more complex service (as KIBS is) are based on the body of literature of the domain of value theory. Author acknowledges the paradigm of service-dominant logic

(Vargo and Lusch, 2004) as the key approach to value formation and bases all the further assumptions on it.

When it comes to explanation of the process of value creation there is a clear overlapping of value theory with the theory of experience economy. Yet the latter includes an additional aspect of this process that value theory does not include or pays few attention to: experiential dimension of value (Pine and Gilmore, 1999, 171-173). For this reason author also acknowledges and takes into account the body of knowledge of experience economy.

As current work approaches value creation from practical perspective, aiming to determine concrete elements of value creation process, then the third dimension of theoretical grounds is service design theory. As service design aims to make services more useful and desirable (Mager, 2004; Saco and Goncalves, 2010; Moritz, 2005; Leppiman, 2010), the author acknowledges the contribution of service design literature to the development of the concept of value and finds the tools and guidelines of service design mindset appropriate for value research.

1.2. Value in service-dominant logic

Throughout the recent decades marketing theory has faced several shifts of dominant logics (Vargo and Lusch, 2008). The most recent transition from goods-dominant towards service-dominant logic has entirely transformed the view on value formation process presented in the literature (Vargo and Lusch, 2004, Vargo et al., 2008; Heinola 2012, 8).

The latest shift of dominant logics has caused the emerging trend of customer-centricity in service evaluation. The preceding dominant logic in the literature was purely provider-focused and the scholars approached the value concept accordingly.

This radical shift has given new meaning to existing value dimensions (Heinonen et al., 2013). In goods-dominant approach value is mostly associated with *value-in-exchange*, which is created and determined solely by the service seller and then further distributed to the market accordingly (Vargo et al., 2008).

When viewed from the customer's perspective, however, an alternative has taken dominance. Customer centric logic sees that "there is no value until an offering is used" (Grönroos, 2011b). The service buyer determines *value-in-use* (Vargo and Lusch, 2006, 44) based on how the service output is utilized. As an alternative view Grönroos (2011a) defines value creation as an *all-encompassing process*, meaning value is not shaped only during the last stage of service delivery and consumption, but during the whole process of service provision.

A few more approaches to evaluation exist in the marketing literature, *value-in-context* (Vargo et al, 2008; Chandler and Vargo, 2011) among them. This is a development from value-in-use approach, where value is still determined solely by service beneficiary, yet not just based on the direct output, but taking into

account a broader scope of indicators related to surrounding context, as well as more extensive network of actors involved.

Grönroos (2011b) provides an alternative perspective on value creation. He defines it as an all-encompassing process. Value is no longer shaped only during the last stage of service delivery and consumption (as in value-in-use or value-in-context) but during the entire process of the service creation. All-encompassing approach includes not only the provider and the customer spheres of the service, but also involves broader networks of other service providers (both of seller and buyer) into the service value creation process (Vargo et al., 2008).

Though having a solid theoretical background described above the concept of value-in-use is to some extent contradicting with empirical evidence (Aarikka-Stenroos and Jaakkola, 2010; Hakanen and Jaakkola 2012) on KIBS value perception by customer. According to scholars description value-in-use is more of what service provider aims to achieve. At the same time, consumers often evaluate the benefit not only based on the results of the encounter or according to how the outcomes of it can be further implemented but also based on the whole process of service contact, starting from the very first stage of it and until the outcome implementation. There is some reference to this gap in the body of knowledge on value in the experience economy literature described below.

1.3. Value creation in experience economy theory

Alternative view of value creation has emerged after the introduction of the theory of experience economy by Pine and Gilmore (1998). This theory sees value creation as a more holistic process. In the context of experience economy value is perceived not only based on the evaluation of outcome but also based on the assessment of the process. Since the introduction of the concept of experience economy nearly two decades ago, marketing literature has intensively discussed the experiential constructs of value (Boswijk, 2013; Sundbo, 2015).

Pine and Gilmore (1999, 22) classify offerings into four categories: commodities, goods, services and experiences. The last two of this list are seemingly close to the concept and are often united into one category, as the line between them is somewhat vague. Moreover, experiences and services have always co-existed. But before the two authors gave clear distinguishing definitions to the two phenomena in 1998 (Pine and Gilmore, 1998), both of them were categorised as services, uniting a very broad scope of activities, from the carwash and dry-cleaning to theatrical performances and amusement parks.

The primary distinguishing factor between those two phenomena is the output. In services, customers pay for certain intangible activities performed on ones behalf. Purchasing an experience, one pays for a “series of memorable events, that engage him in a personal way” (Pine, Gilmore, 1999, 2). Therefore

there is a clear difference between the value shaping components of the service and of an experience. At the same time both of those processes involve someone else performing the necessary tasks, and they might even involve a tangible outcome. The major difference between the two but the significant difference lies in the engagement of the customer and meaningfulness of the activity (Leppiman and Same, 2011).

As a development to the theory of experience economy scholars see emotional perception of service as an important component of value creation (Sandström et al., 2008). It is suggested that in general there are two components of the value proposition in services: functional value proposition and emotional value proposition. According to Sandström and his co-authors (2008) the joint effect of functional and emotional outcome produces service experience, and after this experience has been processed through the individual and situational filter, the value-in-use is being formed. This approach recognizes the importance of the experience, yet according to it service experience is just a pre-condition for value-in-use, and the *use* part is the key value-creating element of the service encounter.

1.4. Value creation in service design literature

There is no universal definition of service design. It is a broad concept that can be considered more as an approach to creating services than a field of study. Moreover, it is a rather young field and therefore the scope of the academic literature in the field is not broad (Mager & Sung 2001, Goldstein et al. 2002, Moritz 2005, Miettinen 2009, Tafel-Viia et al. 2012, Kuosa & Koskinen 2012).

Based on a variety on definitions by different authors (Mager, 2004; Saco and Goncalves, 2010; Moritz, 2005; Leppiman, 2010) it can be summarized, that service design “aims to create services that are useful, useable, desirable, efficient, and effective”, “is a human-centred approach that focuses on customer experience and the quality of service encounter as the key value for success”, “is a holistic approach that considers in an integrated way strategic, system, process and touchpoint decisions”. In addition to that it is important to note that the methodology of service design enables co-creation activities during all steps of the design process (Rytilahti et al., 2015).

Therefore author concludes that service design can be defined as a mind-set and a toolkit that aims to maximize the value for all parties involved in the service in the broadest sense: targeting both functional and emotional value proposition.

As an alternative view the definitions exist that distinguish between service design and service experience design. For example, Pullman and Gross (2004) define service experience design as “an approach to promote highly positive emotions for customers by designing virtual or tangible services”. This

definition is highly emotion-centric and excludes the elements of service quality, efficiency and usability, that are mentioned in the definitions above.

The aim of service design is to shape the customer-client interaction while involving all the stakeholders of the service transaction (co-creation). In this way it is creating opportunities for producing higher value through the creation of facilities for personalisation (customer perspective) and customised service (service provider perspective) (Leppiman 2010, 215). For businesses, service design creates added value by differentiating themselves from competitors and also by utilising better their resources involved in service production. For customers this draws an improvement in the quality of service experience and service value (Moritz 2005, 57).

A client's service experience is formed by different touch-points (Mager 2004). Service design aims to ensure that the service interfaces are useful, usable and desirable from the client's point of view (Mager, 2009; Stickdorn & Schneider, 2011). Therefore it aims to improve both the value of the outcome and the value of experience. Service design means developing services in an innovative way, so that the service meets the needs both of the service provider and service buyer (Leppiman, 2010, 213).

To summarise, the emerging field of service design supports the principles of co-creation of value. On the academic level it provides concepts and principles of inclusive process of value creation. At the same time it provides tools and methods to implement this thinking in practice.

1.5. Particularity of value creation in knowledge-intensive business services (KIBS)

Among the broad variety of services several categories can be outlined. Knowledge-intensive business services (KIBS) are the type of intangible offering that uses and builds knowledge as primary component of value creation process (Hervas-Oliver et al., 2011; European Commission 2012; Hidalgo and Lemus, 2014; Pan et al., 2015). Training and consultancy services are the two types of KIBS among many others (European Commission, 2012). Over the decades the management and andragogy literature have been exploring the value shaping process in learning-oriented business services (Baldwin and Ford, 1994). The main component and driver of value according to andragogy literature is transfer of training (Yamnill and McLean, 2001). Transfer of training indicates the extent to which the learnings are applied to practice after the end of the service process.

Shaw and Williams (2009) point out that knowledge transfer is a major component in innovation process due to the fact that passing on knowledge in a sustainable way is the key to the knowledge-based development of the organization and not starting from scratch when new employees enter the organization. According to Caloghirou et al. (2004) "capability of a firm to

absorb knowledge and information from external sources is one of the pillars in the process of transformation of knowledge and information into new knowledge and its conversion into new value". In consultancy services, the facilitation of organisational learning faces similar challenges in relation to value creation (Massey and Walker, 1999).

Value creation in KIBS is performed via co-creation process, where service provider closely co-operates with customer (Aarikka-Stenroos and Jaakkola, 2010; 2012). Roughly described, customer purchases external competence to solve a certain problem, which is impossible or inefficient to be solved using internal resources only. Yet it is notable, that in many cases this external competence can be applied in it's best only in case of high involvement of the customer. The fact of customer involvement is quite positive: in almost any service co-creation is the key to the outcome of higher value (*Ibid.*). At the same time the existing literature fails to give KIBS providers a clear understanding of how should a co-creation process be organized in order to provide maximum value according to customer's perspective.

This gap provokes the first research question of current thesis: *How is the process of value creation in KIBS structured from the customers' perspective?*

The other challenge in value creation in business services, however, is also related with the co-creation process. High level of co-creation and customization of KIBS increases the complexity of the value creation process. Due to these characteristics KIBS cannot be pre-designed to a large extent. Therefore these types of services are often customised in an agile way while reacting to specific customer needs (Pine, 1999, 105) or even created in a tailor-made manner. This, in its turn, causes a significantly high level of customer involvement into value creation process with the purpose to receive an on-going feedback on expectations, needs and preferences. Literature lacks to provide empirical data if and how does the intensity of involvement of the stakeholders into co-creation process impact the value perception. Therefore the author of the thesis formulates the second research question in response to this gap: *In which way does co-creation influence service value perception?*

Another evident barrier in the way of efficient collaboration of stakeholders: asymmetry of the information possessed by the service seller (Gummesson, 1978; Thakor and Kumar, 2000; Ojasalo, 2001). This factor also causes intense need for co-creation and therefore is related to the second research question. But in addition to the impact on the need of communication there is another dimension of impact.

The uneven spread of information is caused by the fact that service provider is the expert on the topic, yet customer possesses the core competence in their particular situation. Being an essential element of any KIBS (hardly any company would purchase an external competence, if an internal recourse of equal kind existed), this asymmetry also has multiple negative impacts. First of all it stands in the way of smooth process of service delivery, causing the need to

ensure sufficient informational exchange to reach mutual grounds on the specifics of the offering. Second, the competence and information imbalance causes the possible difference between customer's and provider's view on KIBS value. Those two perceptions may differ to a quite large extent. Lessard (2014a) suggests that since the meaning and determination of value is perspective-dependent, value co-creation might better be termed values co-creation in the context of KIBS engagements. In other words that there may be as many value perceptions of the KIBS encounter as there are stakeholders involved. Lessard (2014b) also suggests that one of the keys to the higher value of KIBS is an exchange of the information throughout the service encounter. It includes alignment of expectations and perspective on the outcome between the service buyer and seller in the early phase of the encounter and further mutual feedback on value perceived throughout the process.

To summarize - the key challenge of value-creation process in KIBS is caused by the core essence of that type services. In a service where an organization purchases an external expert input or facilitation in order to produce influential solutions, the stakeholders cannot equally evaluate the service. Failure to communicate in appropriate proportion may cause inability to deliver maximum value from the service provider's side as well as from the clients side inability to evaluate on the outcome appropriately (Aarikka-Stenroos and Jaakkola, 2010; Lessard 2015). At the same time it is essential for the KIBS to ensure that customers perceive the value of the provided service as high as it will directly influence their repeat purchase behaviour (Patterson and Spreng, 2005). Based on this practical need author formulates the third research question: *Based on which constitutes of value does the customer evaluate KIBS?*

In addition to the confirmation of the complexity of value co-creation process in KIBS there is plenty of evidence in the existing literature giving there are other dimensions in value creation process in the services of such type, that are nor purely rational. Researchers that belong to the domain of marketing and management and touch value creation in KIBS in their research mostly describe it as a (intellectual) resource-based model, where the collaboration and co-implementation of resources are aimed to solve a (customer's) problem. They explain that due to the fact, that KIBS is of a problem-solving nature the value of this service depends on how well the service buyer's problem is solved and how one is later able to maintain this state. (Aarikka-Stenroos and Jaakkola, 2010; Heinola 2012; Lessard's 2014a, 2014b).

However researchers who belong to the domain of andragogy clearly underline the role of interaction and shared experience in the process of inter-organisational knowledge creation (Nonaka and Takeuchi, 2004). Those points of view have also been adopted by latest management research. For example in his research Koukkari (2014) has developed Nonaka and Takeuchi's (2004) model further, specifying it for the situation of the collaboration of product manufacturer and a research organisation. Koukkari (2014) ads "mutual

understanding and trust through shared experiences – between individuals” to the model. This small, yet very meaningful specification contributes to persuasion, that even though KIBS are performed between organisations, the key factor of value-creation process is human-to-human interaction, which in turn is creating a personal service experience. Also Jaakkola and Hakanen (2013) note that even though their study of value co-creation in KIBS-client cooperation was focused mainly on operational effectiveness, they found that perceived value was affected by interaction processes between stakeholders.

This contradiction between practical and experiential views on KIBS formation cause the fourth research question of this thesis: *How does experience influence the value-shaping process of KIBS?*

Scholars dealing with the subject of value creation, particularly in KIBS, (Aarikka-Stenroos and Jaakkola, 2010; 2012; Leppiman 2010, pp. 158–159; Heinola, 2012, p. 66) generally agree that in complex services, value is created in cooperation between service actors and throughout the whole service life cycle, making value creation in the KIBS an all-encompassing process. The main aim of this thesis is to either confirm or refute this notion with the help of empirical research and to identify the constitutive elements of the value formation process in business services.

This shows, that even though the classical approach to value creation (and co-creation) in KIBS leans towards value-in-use there are other dimensions there. Those extra dimensions involve rational evaluation of the result of the service, but also the experiential dimension plays a large role. Existing literature however views those concepts as two separate concepts and does not provide sufficient input on how those two dimensions can be combined and used together for achieving maximum value.

2. RESEARCH METHODOLOGY

This chapter introduces the methodological choices of the thesis. First of all the epistemological perspectives are introduced. Second, the detailed description of the research design is given. In the third part of the chapter the methods of sampling and data analysis are described.

2.1. Choice of the methodology

Service value is a complex construct that is formed and influenced by various social components (Edvardsson et al., 2011). For this reason a constructivist approach was applied to the research as a main philosophical paradigm.

The main purpose of research – to create understanding of the process of value creation – also defines the methodological approach: interpretivism. To ensure quality of the work, author recognises the limits of generalisations in the interpretivist approach (Williams, 2000) throughout the whole research process. Aiming to decrease the risk of misinterpretation of phenomena a multi-stage and multi-tool approach is used.

To provide the answers to the research questions of current thesis empirical work was conducted in the period between September 2012 and December 2015. All the data that was gathered and analysed for the purpose of compiling empirical part of this thesis was gathered specifically for this and was not applied elsewhere.

As current thesis is based on the service design theory and principles, the choice of methods of data collection and analysis was strongly influenced by the mind-set and tools of service designers (Saco & Goncalves, 2010). As the study overall aims to gather specific insights rather than create a generalised view on phenomena, a qualitative research methods were chosen. The methods included qualitative data analysis of the interviews and written narratives.

In order to avoid the questioning of trustworthiness of the research due to it being purely qualitative, the author strictly followed the criteria suggested by Guba (1981) to ensure trustworthiness of a qualitative study. The criteria are: credibility, transferability, dependability (in preference to reliability) and confirmability. These criteria are taken into account while designing the study and are in place in all of the stages of the research.

In addition to the criteria listed above extra attention was paid to reflexivity. Reflexivity is “commonly viewed as the process of a continual internal dialogue and critical self-evaluation of researcher’s positionality as well as active acknowledgement and explicit recognition that this position may affect the research process and outcome” (Berger, 2015). As during the study process the author was closely involved in the service processes that were being researched, the tools of data gathering and analysis were chosen in way to maximize the objective approach to findings.

2.2. Design of the study

The empirical part of the study was designed as a two-stage process. The first stage aimed to gather general insights on customers' perception on value creation process. To achieve this the qualitative data was gathered via semi-structured in-depth interviews. The qualitative method was selected in order to gain a sufficient overview of informants' expectations and experiences related to the KIBS and the services they provide. As each service experience is unique, author chose a semi-structured (responsive) interview approach to obtain a maximum scope of opinions (Salmons 2010, 65).

The additional purpose of this phase of the research was to provide data to determine the structure for the second stage of the research. The detailed results of the first stage of the study are presented in the Article I.

In the second stage a longitudinal multi touch-point qualitative research was conducted. Longitudinal research allows comparing identical or comparable variables from different time periods (Menard, 2002, 2). The multi-touch point research tactics was borrowed from service designers, who use various tools to break the service down to different phases and design each stage separately. Table 1 presents an overview of the research design and methods used for data collection and analysis.

Table 1. Research design and methods (compiled by the author).

Nr of the Article	Title	Data collection method	Research method
I	Designing a Business Service experience: Customer's Perspective on Value Co-creation	In-depth interviews	Qualitative content analysis
II	The construct of value in knowledge-intensive business service from customer's perspective. An example of a long-term training activity.	Written narratives (with supporting questions; focus-group interviews	Qualitative content analysis
III	Value creation in business services through the prism of experience economy: conceptualising value-in-experience	Analytical literature review	Systematic literature analysis

Touch-point in service design is a contact point between service provider and customer (Stickdorn & Schneider, 2011, 35). In the research context author defines it as a contact point between a researcher and informant. The qualitative approach of the second stage of the research is reasoned by the same arguments

as in the first one: author aimed to gather rich data that would reflect the wide scope of the opinions of the informants.

Second part of the study builds on the results of the first data collection process. The duration of the data gathering process in this stage of the research was nine months during which there were six separate touch-points that provided data that was valid for analysis. The touch-points included e-forms with guiding questions that produced written narratives and focus-group interviews. The results of this study are described in the Article II.

After collecting and analysing the data author re-evaluated the findings and placed them in the context of the existing body of knowledge on service value. The results of this analytical work are presented in the Article III.

A more detailed overview of the research methods is presented in the articles I, II and III. The articles are published in relevant scientific journals and presented as appendixes of current thesis.

2.3. Sampling, data collection and analysis

The qualitative method was chosen to gather and analyse the data used for the first step of the research (Article I) to get a detailed overview of informants' expectations and experiences related to the KIBS. The data was collected via six face-to-face semi-structured in-depth interviews (Mason, 2002; Mason and Dale, 2002; Salmons, 2010). The interview guide (presented in Appendix 4) provided structure, yet left the opportunity and freedom to react to the personal and unique details of experience and to gather the maximum scope of opinions.

Purposeful strategic sampling (Mason, 2002, 120-125) was used in order to meet the needs of the study. There were three main criteria for the informants:

1. the informant is in a position at the company to purchase a business service,
2. the informant has a recent KIBS purchase experience (within the last 6 months),
3. the informant is eligible to actively participate in strategic decision making and innovation processes in the company.

The criteria were developed following the purpose of the study. Moreover, as the interviews were focusing on the service experience author took into account that cultural aspects can influence customer attitudes and expectations (Veldnik, 2010). For this reason the informants of different cultural backgrounds were chosen for the study so that a broader scope of data could be obtained and therefore significantly more universal conclusions could be drawn.

The results of the first study provided insights for the structure of the second part of the research (Article II). During the second phase of the study empirical data was gathered during a nine-months real-life service process that allowed informants to elaborate on service value at each service stage separately. In total there were nine data-gathering touch-points: four of them were written narratives

(with supporting questions) and two were focus-group interviews. The descriptions of the narrative gathering tool and the guidelines for the focus-group interviews are presented in the Appendixes 5 and 6.

Purposeful strategic sampling (Mason, 2002, 120-125) was also used to select the participants for the second part of the research. The participants were selected among the applicants for a professional training course for non-formal education field specialists. The following three criteria were applied:

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

There were 33 informants in the sample. Participation in the research was voluntary and the participants gained no material or immaterial benefits by submitting the responses. The responses of the second stage of the research were gathered via e-forms that produces written narratives and via focus-group interviews.

The e-form encouraged informants to reflect on the service. In addition to that it also encouraged them to analyse the value of the service evaluating this experience in a larger scale, taking into account the professional reality, personal development and impact over time. As a result the submitted replies qualified as narratives, as they didn't just describe the immediate experience of an individual, but also allowed to make sense of the role of the experience looking at the bigger picture (Webster & Mertova, 2007, 2-3).

As the participants have been spending a lot of time with each other during the service process, the group dynamics was in favour of implementing a focus-group interview data gathering method. The uniqueness of a focus group is its ability to generate data based on the synergy of the group interaction (Green et al., 2003). Using this method allowed to enrich the data gathered from the participants and thereby to harvest more meaningful insights.

A more detailed description of sampling and data gathering methods of the second phase of the research can be found in the Article II.

In both stages of the research written (or transcribed) data was analysed using qualitative content analysis (Gibbs 2007; Leppiman, 2010; Schreier, 2012; Bazeley, 2013). During the process of the analysis the data was coded in order to discover the undisclosed ideas. After this the information was categorized based on the analogies discovered in the data.

In the first stage of the research the data coding provided new categories that described the perception of the service flow from customers' perspective.

The analysis of the data gathered in the second stage of the research followed similar pattern as the one in the first stage. Yet, as the purpose of the study was to determine deeper insights, the data analysis of the data in second phase of the

research took part in two 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 the author with new categories that are described below in the sections of the article dedicated to the four stages of KIBS respectively.

The third part of the research (Article III) aims to give an overview of how the findings of Articles I and II relate to the existing body of knowledge on knowledge-intensive service value formation. To provide a holistic approach an analytical literature review was performed. The data gathering and analysis was performed following the Ogawa and Malen's (1991) method (Gall et al. 1996). The analysis allowed placing the findings into the frame of existing literature and developing new concepts.

The results of all three stages of the research are described in the following chapter of the thesis.

3. RESULTS AND DISCUSSION

Current chapter describes the key findings from the empirical research. The structure aims to give a full overview of findings in order to answer the research questions of the thesis. Sections 3.1. – 3.4. describe the model of value creation in KIBS, which was determined via empirical study. The introduction of the results is accompanied by the discussion that puts the results of the research in perspective compared to existing body of knowledge on value.

In the final section of the chapter author concludes the discussion over the results and proposes a theory development based on the findings and introduces the new concept of value-in-experience, that was developed based on empirical findings.

3.1. Structure of value co-creation process in KIBS

The first stage of the research aimed to find the answer to the question “how is the process of value creation in KIBS structured from the customers’ perspective?” (Article I).

During this stage of the research the analysis of the interviews provided interesting insights on how the service buyer sees the process. The in-depth face-to face interview procedure allowed collecting various reflections on value perception based on specific examples of service experience. On the other hand qualitative data analysis allowed to draw the general patterns from those stories.

According to the research the service process can be divided into four phases: identification of a need or problem, selection of the optimal service solution, execution of the service and implementation/exploitation of the results. All of those three phases have different purposes and also different expectations from the side of service buyer.

In addition to the description of the four phases research also provided insights on what is the preferred engagement of the customer at each phase. Figure 3 summarises the process of value creation in KIBS according to the customers’ perspective.

Identification of the need/problem is the initial contact stage between the buyer and the KIBS provider. This stage is clearly separated by all others by the client. Interesting feature of this service stage is that the touch-points, which precede the direct contact between service stakeholders, are not perceived as a part of the value-creation process in which the customer is actively involved. This fact is remarkable as in general in service designers often consider these touch-points to be a part of the service process: for example finding out about the KIBS firm on their website.

Customers see the typical aim of the problem identification stage as clarifications of the purpose of the service purchase. Also, they find this as the moment where to express their expectation towards the results to the service

provider. Analysis of the interviews allows to highlight the fact that that from customer's perspective the identification of a true need is the key to maximum value creation. Therefore, this stage of the service is of a significant importance in the whole process.

The stage that follows the need identification is optimal service solution selection phase. This is a relatively short stage where the service provider proposes their view on how the customer's problem could be solved the best. In this phase the customer mainly sees their role as approving or rejecting the proposed offering. In some specific cases this stage may contain a longer process of negotiation between the stakeholders on the exact content or form of the offering and other related details (such as price or duration of execution).

The third stage is execution of the service solution. This is the part of the service where service buyers see their role as rather insignificant and their preferred impact on the process as minimal. In other words they expect service provider to deliver what is agreed on. According to customers they expect that the input and contribution that was performed during the previous stages is sufficient for the service provider to deliver the agreed offering.

Execution of the service solution is followed by another phase of the KIBS value creation process: implementation and/or exploitation of the results. Nevertheless the service provider is often no longer engaged in this stage, service buyer perceives this as part of the service value creation process. In the context of training this is the part, where the participant returns to ones daily routine and has the opportunity to apply the knowledge obtained during the training. In case of consultancy, this is the stage where the consultant has finalized their contribution and has transferred the result of it to the customer for further use.

This phase is rarely part of the service offering as such, yet interviews reveal that clients see it as an inseparable part of KIBS. Also, the evaluation of the service solution is sometimes (yet not always) completed only once the fourth stage of the service has been implemented.

The result described above is especially interesting, as previous researches of this topic pointed out only three main stages (Aarikka-Stenroos and Jaakkola, 2010, 2012). The service process (as seen from customer's perspective) that was revealed during this research follows the service pattern suggested by Aarikka-Stenroos and Jaakkola (2010), yet it distinguishes specific stages of service dynamics that clearly show the difference between four, not three, key steps of the value creation process. This outcome of the study provides a significant contribution to the research of KIBS from service-design perspective, as it provides a detailed overview of the structure of KIBS process from customer's perspective.

3.2. Client's perspective on co-creation in KIBS

The first part of the research (presented in the Article I) concludes, that clients' desired participation in value co-creation may vary to some extent depending on the nature of the KIBS activity. Generally customer is eager to contribute to the value-creation process, yet this has to be planned and agreed on with service provider. Figure 3 illustrates how the expectations of the customer vary throughout the service process.

Further research (Article 2) develops this thought and shows that customers actually see their contribution as the value-adding component of the service. What is even more noteworthy – author concludes that customers see their responsibility if the service does not achieve maximum value. In case the service process was pleasant to the customer, but the outcome of it did not meet service buyer's practical expectations, customers see the lack of their effort during the service process as the reason of it.

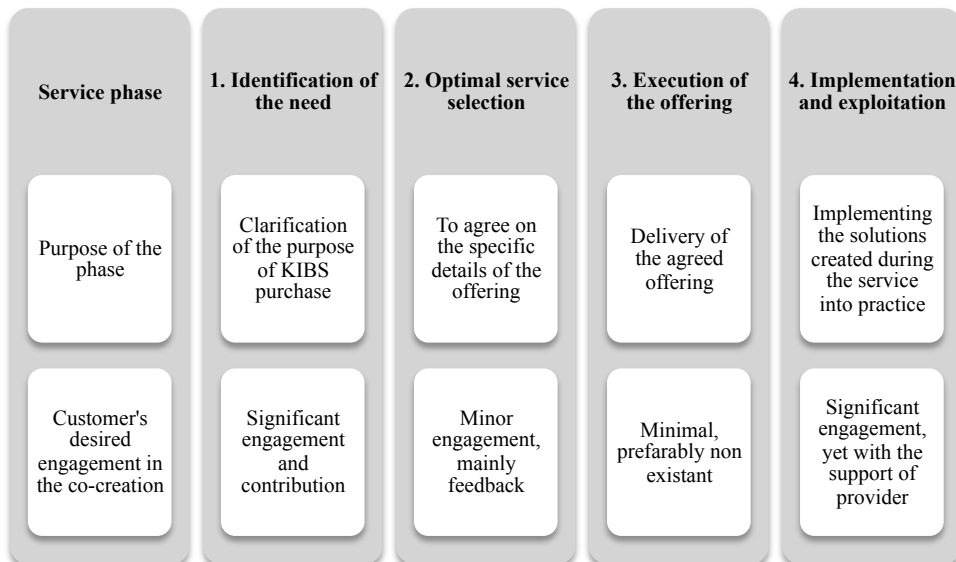


Figure 3. Phases of KIBS and level of engagement into co-creation process according to customer's perspective (compiled by the author based on the Articles I and II)

The examples in Article II illustrate how informants express the shared responsibility for the value of KIBS. Even though in general service buyer may be satisfied with the outcome, one may still consider the possibility of achieving better result in case the contribution from their side would have been more significant.

These findings provide novice perspective on value creation process. Even though the existing literature has acknowledged the importance of communication and cooperation between service provider and client (Lessard, 2014b; 2015), it did not give any specific insights on what is the optimal dynamics of the co-creation process from the perspective of maximising service value for the customer. As the results described above show, the dynamics of the flow of value co-creation process plays an important role in KIBS. This finding contributes to the existing body of knowledge on value co-creation by providing empirical evidence, that it is not the general amount of customer contribution to the process influences evaluation of the service, but the dynamics of contribution during the process. Also, it allows determining that engaging customer in co-creation makes him feel responsible for the value.

3.3. Value shaping elements in KIBS

The second part of the research aimed to identify how the components that have the direct influence on value perception to KIBS customer. As a result the research has identified six main constructs of value creation in KIBS: performance improvements, interaction with other professionals, motivation, experience, content relevance and facilitator. Majority of categories also have subcategories that were determined during the analysis. The category system of the categories is provided in the Table 2.

As the research results described in the Article I provide the direct evidence, that throughout the service process customer's expectations may vary to a significant extent, the second part of the research aimed to identify key constituents of value not just in the general perception, but also separately in the process stages.

One of constituents that have a significant impact on the value of KIBS is *performance improvement* (as an expected outcome). The vast majority of the informants identified that they expect to acquire or develop specific *professional skills*, or *learn* new information on the topic or *improve the performance of organisation*. This is the reason, why in the system of constructs the two subcategories of personal professional performance and organisational performance were distinguished. Even though a broad variety of keywords were used to describe this category, the pattern of skill, competence and performance improvement orientation is evident. Even though those two subcategories are closely linked, the analysed data provides evidence that customers of KIBS see those two components as separate. They also see the importance in both.

Another element of the KIBS is *interaction with other professionals*. This is particularly applicable in the context of a training service, where indeed offering is being delivered to multiple individuals (possibly representing different organisations) simultaneously. What is particularly noteworthy here, is that even though customers value highly the input from the other professionals, they also see value in *contributing* as well. This is a clear example of a hedonistic

constitute of value, as sharing their knowledge to the others does not create any practically beneficial outcome for the customer, yet it allows to position oneself as an expert and enjoy the attention and possibly earn the respect of others.

In addition to short-term impact of interaction with other professionals data also shows that in some it is a potentially longer-lasting value factor. Analysis revealed several references, that important element of value would be the after-training cooperation with individuals and organisations met during the programme.

Table 2. The dynamics of value construct of KIBS from customer's perspective (compiled by the author adopted based on Article II)

Nr	Category	Identifi- cation of needs	Optimal service selection	Execution of the offering	Implemen- tion and exploitation
1	Performance improvement				
	improving personal	x	x		x
	professional performance				
2	Interaction with other				
	professionals				
	collecting knowledge on	x	x	x	x
3	experience of other				
	practitioners				
	sharing information on	x	x	x	
4	personal experience				
	contact making for further	x	x	x	x
	cooperation				
5	Motivation				
	will to implement learning		x	x	x
	into practice				
6	re-assurance of one's			x	x
	competence in the field				
7	Experience				
	active involvement		x	x	x
	service environment			x	
8	Content relevance			x	
9	Facilitator				
	professional skills of the			x	
	facilitator				
10	personality of the			x	
	facilitator				

The third element that has been determined during the research is *motivation*. The researched data allowed to determine a pattern which showed the motivation

is mostly referred to in relation to personal performance improvement. The customers tend to be confident that carefully chosen service will complete the task of providing new skills and knowledge necessary to achieve performance improvement, but they see the extra value in the fact that the service also provides the motivation to apply this in practice. Another perspective on motivation that was strongly represented in the data was the re-assurance of the existing competence. The insights from the data allow to interpret this construct in a way that even in case the discovery of any new information did not happen during the service, confirmation of ones competence and skills are still valuable to the customer.

The fourth constitute of value that, in turn, compliments the motivation is *experience*. According to the data, there are three main elements that shape the value of training experience. First of all, there is involvement of the participant in the process, which leads to maximum engagement (and the positive emotions related to this). Another experience-shaping element is the service environment. Is necessary to add that the analysed data also brought to author's attention that there are links between experience and motivation in the general value construct.

Fifth element that impacts the perception of the value in KIBS is service *content relevance*. This includes both the information topicality according to customer's judgement and also the methods how this information is being delivered and/or applied.

The sixth factor that impacts the perception of value is the service *facilitator*. It is remarkable, that this factor includes both utilitarian and hedonistic. Analysis concludes that there are two subcategories of this constitute. First of all the customer evaluates the service based on the competence of the facilitator. Of course, in the conditions of the information imbalance between stakeholders this evaluation is mostly subjective, yet it plays an important role in the general perception of value. The second component is facilitator's personality. This, in turn, is a hedonistic factor that contributes more to the service experience, than to a rational outcome.

The results of the second part of the study also confirm the conclusion of the first part - the elements according to which the client analyses the value of KIBS vary in time throughout the service process.

Table 2 concludes the result of the analysis of the dynamics of value construct from customer's perspective and shows the dynamics of influence of different service elements to value. The detailed description of meaning and subcategories of each category is presented in the Article II.

Among the six constitutes of value there are both hedonistic and utilitarian factors represented. Author finds it also necessary to add, that in some cases the information imbalance between service stakeholders could prevent the service buyer from evaluating such factors as performance improvement, content relevance and competence of facilitator in an adequate way. Therefore the vast majority of value perception would be shaped by utilitarian components.

3.4. Utilitarian and hedonistic dimensions of value creation in KIBS

Among the constitutes of value that were detected during the analysis, the two general groups can be outlined: the elements of the service that are evaluated based on rational assessment and features, and the ones that are evaluated based on emotional perception (enjoyment). Based on the definitions given by the Oxford Dictionary we can describe those two opposites as utilitarian (“designed to be useful or practical rather than attractive”) and hedonistic (“engaged in the pursuit of pleasure”) value-shaping elements of KIBS.

In the spectrum of the six constitutes of value both hedonistic and utilitarian factors are represented. Author finds it also necessary to add, that in some cases the information imbalance between service stakeholders could prevent the service buyer from evaluating such factors as performance improvement, content relevance and competence of facilitator in an adequate way. Therefore the vast majority of value perception would be shaped by hedonistic components.

The proportion of subjective, experience-based constitutes of value that this research has identified is significant. Based on empirical data (Article II) author concludes, that only performance improvement is entirely in sound with value-in-use (Grönroos, 2011). The other categories either include emotional dimension, or are purely emotionally evaluated. This shows how big is the role of experience in the value shaping process in KIBS. Figure 4 below illustrates the split between utilitarian and hedonistic components of value in KIBS.

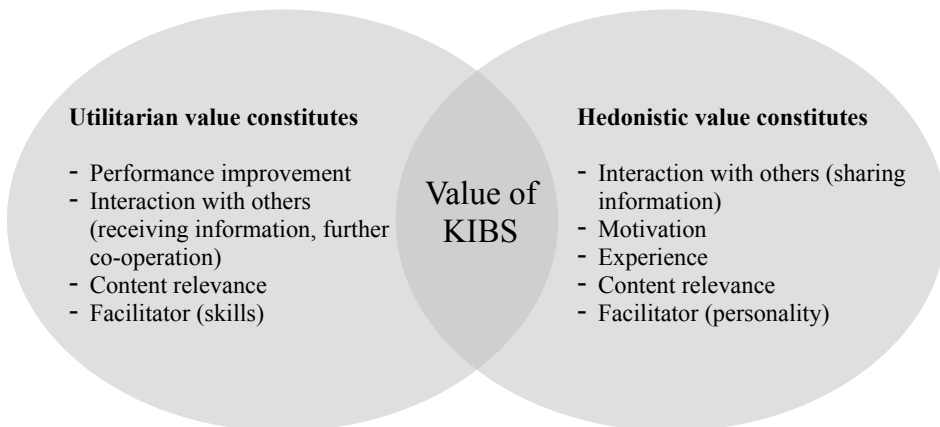


Figure 4. Utilitarian and hedonistic constructs of value from customer's perspective (compiled by the author, based on Articles II and III)

The categorisation of the determined constitutes of value into utilitarian and hedonistic based on the keywords found in data contributes to the understanding

the importance of emotional dimension in evaluating KIBS. In addition to that, the existing categorisation of value, described in the Chapter I (value-in-exchange, value-in-use or value-in-context), does not allow to place the findings of this research presented in the sections above in any of the existing theoretical frames. Therefore the author suggests developing existing theory on value creation further. The following section gives an overview of the proposed new concept that is based on findings of this research described above.

3.5. The concept of value-in-experience

The conclusions of the two stages of qualitative research show that the utilitarian approach to value (which is the primary approach in the existing literature on KIBS (Aarikka-Stenroos and Jaakkola, 2012; Lessard, 2014)) is not entirely compatible.

Discussion over the results of empirical study (Article III) aims to find relevant theoretical grounds of the phenomena detected via empirical research and to develop the value-related concepts in existing literature via generalisation of the findings (Article I and II).

As the overview of the literature in the chapter I of this thesis illustrates, the value is often referred to as a quite abstract and rather subjective concept with definitions that vary according to context. Value of KIBS is an even more complex notion due to a multi-stakeholder composition, which, in turn, provokes significant variation of the perception of value by different parties.

The emergence of S-D logic in marketing literature has caused an evolution of understanding of the value shaping process shifting value formation to the customer's side. The appearance of experience economy theory, in turn, caused the rise of entirely new perspective on value creation process. As in S-D logic approach this perspective remains customer-dominant, but it is no longer limited neither to the strict linear process (as illustrated by Grönroos, 2011b, Figure 1) nor to rational outcome. According to the theory of experience economy, there is no clear border between provider value creation sphere and customer value creation sphere. In this concept value creation encompasses a broad scope of variables that create a *valuable experience* for the client.

Author proposes to apply a term that would meet the complex composition of service value and incorporate the experiential dimension of value as well. The suitable term (continuing the logic suggested by the previous value researchers) for this concept is *value-in-experience* (Article III).

Author recognizes the mismatch behind the linguistic feature of the word “*experience*” in English language. In this wording the term has two meanings (Leppiman, 2010, 74-75; Sundbo 2015, Same 2015, 18-22). While Germanic (German, Swedish, Danish, etc.), Finno-Ugric (Estonian, Finnish, etc.) and Slavic (Russian, Ukrainian, Bulgarian, etc.) languages have separate terms for

practical contact with and observation of facts or an event, which leaves an impression on someone.

The term “value-in-experience” has been used in the scientific literature previously for a few times (Turnbull, 2009; Heinonen et al., 2013), but the meaning that the authors have assigned a different meaning to it compared to what the author of current thesis aims to describe. Previous literature on value-in-experience leans towards the first, more practical and instrumental, meaning of experience. On the other hand, the research on value co-creation (Jaakkola and Hakanen, 2013; Koukkari, 2014) leads to believe, that the most valuable part of the experience lies in what the Germans would call “*erlebnis*”, Estonians “*elamus*” and Russians “*впечатление*”, in other words in the *meaningful experience* (Leppiman, 2010, 82-83; Leppiman and Same, 2011) or *real experience* (Kim, 2015, 19).

Based on the empirical research author suggests that value-in-experience incorporates the meaningful dimension of experience, not just the evaluation of the process of interaction. The rational part of the service is still present in this concept, as useless or even harmful result can wipe out the value perception created by experience.

Table 3 compiles the main features of value-in-exchange and value-in-use based on the literature review (see the Chapter I of the thesis) and uses the same criteria to describe the proposed concept of value-in-experience.

Taking into account the importance of the experience, author finds it still necessary to underline that value-in-experience does not entirely shift the focus of value towards the hedonistic concept. Value-in-experience incorporates the utilitarian purpose to service, but in addition to that it includes an important and influential hedonistic variable to the value formation process. Transferred to the KIBS purchase example: participants of training will transfer the knowledge to their practice (and, therefore, ensure achieving the ‘higher’ utilitarian goals of buying a service) more likely if the training process was enjoyable to them (Mathieu et al. 1992; Pine and Gilmore, 1999, 173).

The understanding of value-in-experience provides significant insights for service practitioners, who can use this concept and in order to comprehend customer’s perspective on value. In particular, the construct of KIBS above provides tips and ideas for training and consultancy professionals on how to maximize value perception.

What, on the other hand, makes value-in-experience a challenging concept for practitioners is the complexity of estimation of it in advance. In practice, value-in-use is often predictable by service provider, even though it does not resonate with value-in-exchange.

Table 3. Description of the concept of *value-in-experience* and it's comparison to previously existing concepts of value (compiled by the author, source: Article III)

	Value-in-exchange	Value-in-use (and value-in-context)	Value-in-experience
Creator of value	Provider	Customer with the assistance of service provider (and related actors)	Customer together with service provider (and possibly related actors)
Value creation process	Provider creates value prior to contact with customer, possibly in cooperation with other members of the supply chain	Customer creates value after making a purchase via implementing the solution into ones specific situation	Involved parties create value in close co-operative and responsive process
Aim of value creation	Increase wellbeing of provider by adding value to existing resources by modification	Improving wellbeing of the customer by offering an applicable option of problem solution	Improving wellbeing of the customer by adding value to existing resources while pleasant co-creation process
Perspective of value creation	Utilitarian, provider-centred	Utilitarian, consumer centred	Combination of utilitarian and hedonistic, consumer centred
Indicators of value	Customer's willingness to pay desired price for added value	Usability and usefulness of the solution created	Usability and usefulness of the solution and meaningfulness of the experience of value creation

At the same time it is very hard to predict the value of a meaningful experience (or even if there would be any meaningful experience at all). This is due to the reason that experience is always highly personal and the evaluation of it is performed from a very subjective perspective.

CONCLUSIONS

The following section provides a condensed overview of the conclusions that author has made based on the research described in this thesis.

In scientific literature, the value is often referred to as an abstract and rather subjective concept, with definitions that vary according to the circumstances. The specific elements of KIBS (such as multi-stakeholder structure, competence and information imbalance) evoke significant variation in the perception of value by different parties. The latest trends in marketing and management literature have not only enched the importance of comprehension of the details of value creation, but have also caused an evolution of understanding of the value shaping process shifting value formation to the customer's side.

In light of those trends in value-related research, the current thesis stands as an opportune contribution to the body of knowledge in this field. The unique advantage of the thesis is the approach to service value through the prism of experience economy and service design – a combination that is unexplored in the existing body of literature.

The thesis has produced two main results. First of all, the empirical research has provided a model of value creation process in KIBS. Second, the model has provided information that was used to develop existing theory on value creation by suggesting a new concept of value-in-experience.

The model of the value creation process suggested in this thesis resonates with the previous research on KIBS value co-creation (Aarikka-Stenroos and Jaakkola, 2010; 2012; Koukkari, 2014), yet due to a novice multi-domain perspective and customer-oriented approach it delivers a more detailed overview of the value construct. Consistent qualitative research in combination with an analysis of the existing body of knowledge on value form the domains of value theory, experience economy theory and service design theory, allowing one to propose theory development that contributes a new concept of *value-in-experience* to the marketing literature.

The research was conducted in two stages that produced separate, yet interconnected findings. The first stage of the research provided the overview of structure of value creation process from the customer's perspective, therefore giving the answer to the first research question (how is the process of value creation in KIBS structured from the customers' perspective?). It can be concluded, that customer views value creation in KIBS as a four-stage process. In addition to that the first stage of the research also generated the insights on the existing gaps in the empirical evidence. These results (presented in Article I) were used as the starting point for the design of the second phase of the study.

The second stage of the research produced the findings that allow concluding that the nature and quality of the value co-creation process has an impact on the value perception by customers. This, in turn, addresses the second research question: in which way does co-creation influence service value perception? The

findings conclude, that first of all customers, in general, feel eager to contribute to value creation; this was highlighted both in the first, and the second part of the research. The second, even more noteworthy finding regarding value formation is the fact that customers expect a different level of contribution from their side in different stages. They are ready to be engaged a lot in co-creation towards the beginning of the service, during the first two stages. Later on, they expect to contribute much less. In the last stage of the service, they again are prepared to be actively involved in the creation of value. The research results allow for the conclusion to be drawn that in case the expected proportion of contribution to the value creation process is not met, there is a direct impact on value perception. Furthermore, in case the service process was pleasant, yet the practical outcome of the service does not meet the expectations, customers tend to take responsibility, stating that they did not contribute their maximum to the value creation process. A more detailed description of the findings and conclusions on this topic can be found in Articles I and II.

The second part of the research also allows one to conclude that there is a broad scope of factors influencing value perception. Based on the data, the author outlines six key factors that have an impact on customer value formation: performance improvement, interaction with other professionals, motivation, experience, content relevance, and facilitator. Most of those factors also have subcategories that were identified during the research. Those findings answer the third research question: based on which constitutes of value does the customer evaluate KIBS?

Alongside the identification of value constitutes, the second phase of the research (presented in the Article II) also allowed for the factors listed above to be split into utilitarian (the ones that the customer evaluates rationally) and hedonistic (the ones that are evaluated based on emotions). The proportion of the two is quite equal. This leads the author to the answer to the fourth research question: how does experience influence the value-shaping process of KIBS?

The answers to the four research questions all together provide the holistic description of the model of value creation in KIBS from customer's perspective.

As the research provides significant empirical evidence on the split between utilitarian and hedonistic constitutes of value, the author turns to the existing literature on value theory, experience economy theory, and service design theory in order to find relevant grounds in academic research. The existing theoretical basis on the concept of value fails to match the construct of value developed based on the empirical research presented in the current thesis (Articles I and II). Therefore, the author suggests and describes a new concept: *value-in-experience* (Article III).

Value-in-experience is a customer-centric value creation, where value is created by the customer together with the service provider (and possibly related actors). Service stakeholders create value in a close co-operative and responsive process. The aim of value creation, according to the value-in-experience

concept, is improving the wellbeing of the customer by adding value to existing resources while being a pleasant co-creation process. Value-in-experience combines utilitarian and hedonistic aspects of value, both of which are evaluated by the customer. Therefore the main indicators of value according to this concept are usability and usefulness of the created solution and meaningfulness of the experience of service delivery.

The contribution of the thesis to scientific research is threefold. Firstly, it reduces the scarcity of empirical data on constructing the value of KIBS from the customers' perspective. The qualitative research performed by the author contributes three main findings on KIBS value: description of a four-stage structure in the KIBS value creation process; six key components that shape customer value; knowledge on the customer's perspective on value co-creation in KIBS. These contributions build solid ground for further research in the field of KIBS value and also provide a generalised understanding of the value-shaping process that allows for expanding the validation of findings to other service fields.

The second contribution to scientific literature is cross-domain research of value. The development of value theory is complicated by the fact that the theoretical grounds on this topic lie in separate directions of literature (value theory, experience economy theory and service design theory among them). The current thesis contributes to creating a cumulative knowledge of value-formation that combines the approaches of the three domains of marketing science.

The third contribution of the author to the body of knowledge on value is the suggestion of a new concept: value-in-experience. As the existing literature does not provide theoretical grounds to match the theoretical findings, the author builds on the existing theoretical knowledge and empirical findings to suggest and describe a new conceptual approach to value. The novice concept suggested by the author incorporates the utilitarian hedonistic variables into the value formation process.

The contribution split between the three articles included in the thesis is the following: Firstly, Article I contributes to the literature of service design that seeks to answer the question of when service begins, when it ends, and what happens in between from the customers' perspective. Moreover, this article contributes to the literature of the value theory domain, discussing the value co-creation process.

Article II contributes to the research on KIBS value, which takes place both in value-related literature of the management domain and in andragogical literature.

Article III makes a contribution first to the body of knowledge on experience economy, and second to the domain of value-theory by creating a bridge between those two pillars of value-related literature suggesting a new conceptual approach to value.

In addition to the theoretical contribution, the thesis makes **managerial contributions** to the improvement of practice in the fields of service design, training and consultancy. As it is essential for practitioners to understand their customers' perspective of the service when delivering it, the body of knowledge described in the current thesis contributes to the improvement of service practice.

Description of the four-stage process and the expectations regarding value co-creation contribute to the practical field of service design. The structured service model allows service designers to optimise the service design process, breaking it down into steps, instead of viewing it as a generalised whole. Insights on the expectations on value co-creation contribute to the creation of an optimal customer journey in each particular case, without compromising the value perception of the customer. The study also determines what is the beginning and the end of KIBS, according to the customer – a question faced regularly by service design practitioners.

For trainers and consultants the research provides very practical tips on what to pay attention to when designing and delivering a service. This study gives answers to dilemmas faced by practitioners on a regular basis: should I involve my customer more? should I deliver what the customer is expecting, or what I think one needs? should I concentrate more on the outcome or on the process? Research results allow practitioners to optimise their work in order to deliver maximum customer value.

Nevertheless research has very concrete theoretical and practical outcomes, although it also has several **limitations** that can be used to build on in further research.

Firstly, as the study focuses on a very specific type of a service, critique may be addressed to the relevancy of the findings and the resulting theory development in the broader scope of service offerings. This is a valid limitation, yet the author sees that findings and conclusions based on KIBS can potentially be extended to other categories of services. This provides the ground for further research of service value using the same multi-domain perspective. The author advises the findings to be tested on KIBS of other types, structures and fields.

The research tool developed for this study can easily be applied elsewhere. Replicated research would allow for the testing of the model in other service conditions, maintaining the structure of the research.

Secondly, as the research described in this thesis is qualitative, the author suggests that the six-component model of value construct can be tested via quantitative research. This would provide an overview on the dependencies between the constituents of value, and also help to prioritise the list.

A third direction for further research is the concept of *value-in-experience*. As the author builds on the existing body of knowledge on value based on the research of a very specific type of service, it is favourable that further development of the concept incorporates discussion on services of other types.

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KOKKUVÕTE

Teenuse väärtus ja selle kujunemine on teaduslikus juhtimis- ja turunduskirjanduses üks keskseid teemasid. Vaatama sellele, et väärtuse kujunemist on käsitlenud mitme eri valdkonna (sh juhtimise, turunduse ja elamusmajanduse) uurijad, ei leidu akadeemilises kirjanduses siiski selget kirjeldust selle kohta, millal teenuse väärtuse loomine algab, kuidas see kulgeb ja millal lõpeb.

Väitekirj keskendub teadmistepõhise äriteenuse väärtuse loomise protsessi ning kliendi väärtuse tajumist mõjutavate tegurite uurimisele. Töö eesmärk on selgitada välja, milline on väärtuse loomise protsess kliendi seisukohalt vaadatuna, ning pakkuda praktilist sisendit seda tüüpi teenuseid pakkuvatele ettevõtetele, aidates neil sisendi kaudu pakutavat väärtust tõsta.

Eesmärgi saavutamiseks püstitas autor neli uurimisküsimust: 1) kuidas on struktureeritud väärtusloomiseprotsess teadmistepõhistes äriteenustes kliendi vaatest lähtudes; 2) millisel moel mõjutab koosloomine (ingl *co-creation*) väärtuse tajumist; 3) millistele peamistele väärtust kujundavatele komponentidele tuginedes hindab klient teadmistepõhist äriteenust; 4) kuidas mõjutab elamus väärtuse loomise protsessi teadmistepõhises äriteenuses.

Küsimustele vastamiseks püstitas autor neli uurimisülesannet: 1) arutada teoreetiliste käsitluste üle võrreldes teenuse väärtuse käsitlust erinevates teaduseharudes; 2) selgitada empiirilise uuringu abil teadmistepõhise äriteenuse väärtuse loomise protsessi struktuur; 3) selgitada peamised väärtust kujundavad komponendid, tuginedes kliendi sisendile (ingl *insight*); 4) võrrelda teadmistepõhise äriteenuse puhul ratsionaalselt ja emotsionaalselt hinnatavate väärtust mõjutavate komponentide proportsiooni.

Uurimisküsimustele vastamiseks teostas autor kvalitatiivse uuringu. Uurimistöö neli järeldust on alljärgnevad. Esiteks, koosneb teadmistepõhine äriteenus kliendi seisukohast neljast etapist: vajaduse määramine, teenusepakkumise täpsustamine, teenuse elluviimine ja tulemuste rakendamine või kasutamine. Teiseks, suhtub klient väärtuse loomise protsessis omapoolsesse panustamisse positiivselt. Teenuse protsessi jooksul on kliendi eelistatud panuse osakaal dünaamiline. Suuremat panust koosloomisesse on klient valmis tegema esimeses ja viimases teenuse etapis ning kõige väiksemat kolmandas etapis. Kolmandaks, lisaks valmisolekule luua väärtust ühiselt näeb teenuse klient selles protsessis ka enda vastutust. Juhul kui klient hindas teenust meeldivaks, kuid teenuse tulemuse praktiline väärtus oli võimalikust tasemest väiksem, siis tajus klient selles oma vastutust, leides, et ta ei andnud omalt poolt maksimaalset panust. Neljandaks, uuring tõi välja kuus peamist väärtusekomponenti, mis mõjutavad teadmistepõhise äriteenuse väärtust: tulemuslikkuse parandamine, suhtlus teiste spetsialistidega, motivatsioon, elamuslikkus, sisu aktuaalsus ja teenuse osutaja (*facilitator*). Nendele kuuetele komponendile viitavad sõnad ja väljendid võimaldavad määrata ka seda, milliseid neist hindab klient

ratsionaalselt ning milliseid emotsioonide põhjal. Sealjuures peab autor oluliseks toonitada sedagi, et suurt osa ratsionaalselt hinnatavaid tegureid ei ole kliendil tihti piiratud kompetentsi tõttu võimalik õiglaselt hinnata.

Eelpool loetletud neli järeldust moodustavad kokku uurimistöö esimese põhitulemi: teadmistepõhise äriteenuse väärtuse loomise protsessi mudeli.

Võrreldes mudelit olemasolevate teooriatega selgus, et teaduskirjanduses käsitletud teenuse väärtuse kontseptsioonid ei kirjelda empiirilise töö raames välja selgitatud väärtuse struktuuri ja kliendipoolse hindamise aluseid. Mõisted *value-in-exchange*, *value-in-use* ja *value-in-context* ei hõlma endas märkimisväärset elamuslikkuse tähtsust, millele viitavad empiirilise uuringu tulemused. Sellega seoses teeb oma väitekirjas autor ettepaneku teooriat edasi arendada, ning tutvustab uut kontseptuaalset mõistet *value-in-experience*, mis arvestab ratsionaalsete väärtuse komponentidega, kuid tõstab ühtlasi esile teenuse emotsionaalset (teatud juhtudel elamuslikku) poolt. Uue kontseptsiooni kirjeldus on käesoleva väitekirja teine peamine tulem.

Väitekiri annab oma panuse kolme peamise teadusvaldkonna arengusse. Esiteks panustab see teenusedisaini valdkonda, kuna annab empiirilise teadmise selle kohta, millal kliendi hinnangul teadmistepõhine äriteenus algab, millal see lõppeb, ja kuidas selle teenuse raames väärtuse protsess toimib. Teiseks panustab töö elamusmajanduse ja väärtuseteooria valdkondadesse, pakkudes välja uudse väärtuseteoreetilise kontseptsiooni ja selle kirjelduse. Kolmandaks panustab töö väärtuseteooria kitsamasse valdkonda, mis keskendub teadmistepõhiste äriteenuste väärtusele, esitades kliendivaatest lähtuva koosloomise protsessi mudeli, selgitab selle mõju väärtuse tajumisele ja kirjeldab tegureid, mis kujundavad seda, kuidas klient väärtust tajub.

Järgnevad teadmistepõhiste äriteenuste väärtusega seotud uuringud võiksid keskenduda käesolevas väitekirjas välja pakutud kuuest komponendist koosneva, väärtust mõjutavate tegurite mudeli testimisele kvantitatiivse uurimismeetodi abil.

ABSTRACT

The process of service value creation is one of the central issues in marketing and management literature. Regardless of the fact that the topic has been researched by scholars of various fields (including management, marketing and experience economy researchers), contemporary academic literature fails to provide a clear description of when service value creation begins, how it works, and when it ends.

The thesis investigates the value creation process in knowledge-intensive business (KIBS) service encounters and the factors that influence value perception by customers. The main aim of the research is to determine the process of value creation in KIBS and to provide insights for practitioners in the field, in order to increase customer value.

In order to achieve the aim, the author raises four research questions: 1) How is the process of value creation in KIBS structured from the customers' perspective? 2) In which way does co-creation influence service value perception? 3) Based on which constitutes of value does the customer evaluate KIBS? 4) How does experience influence the value-shaping process of KIBS?

To find the answers to the research questions, the author formulated four research tasks: 1) to discuss theoretical ground comparing academic literature on service value from different domains; 2) to determine the structure of the process of value creation in KIBS via empirical research; 3) to determine the main constitutes of value based on gathered customers' insights; 4) to compare the proportion of rational and emotional influencers of value in KIBS.

To answer the research questions a qualitative research was conducted. The four main findings of the research were as follows. First of all, according to customer's perception, the process of knowledge-intensive business service consists of four service stages: identification of the need, optimal service selection, service delivery, and implementation or exploitation of the result. Second, customers have a positive attitude towards contributing to the value creation process themselves. Customers' expectations towards the proportion of their own contribution remain dynamic throughout the service. Customers expect to contribute the most during the first and the last stages of the service; during the third stage of the service they expect their contribution to be insignificant. Third, in addition to being ready to contribute, customers also feel responsible for value. In case the service experience has been a pleasant one for the customer, but the practical value of the service outcome is less than expected, the customer tends to see their responsibility in it, feeling that he or she has not contributed enough during the service encounter. Fourth, there are six key components that were pointed out during the study, which influence value creation and perception: performance improvement, interaction with other professionals, motivation, experience, content relevance, and a facilitator. The keywords and phrases referring to those categories that are found in the data also

allow one to identify that some of the constitutes are evaluated rationally, while other are evaluated based on emotions. Also, the author points out that, due to information imbalance in the service the customer often does not have the opportunity to evaluate several rational constitutes of value in an adequate manner.

The four findings of the empirical research together form a model of value creation process in KIBS, which is the first main result of the current Doctoral research.

The analysis performed by the author has shown that the existing theoretical concepts of value creation do not support the model of value creation identified during the empirical study. Concepts of value-in-exchange, value-in-use, and value-in-context do not reflect the importance of the hedonistic dimension, which is evident based on the research results. Therefore, the author proposes theory development and introduces the concept of value-in-experience. This concept takes into account the utilitarian (practical, rational) components, but also highlights the importance of the hedonistic dimension of the value creation process. The description of this new concept is the second main result of the research.

This thesis contributes mainly to the three domains of academic literature. Firstly, it contributes to the field of service design by providing insights on when the value creation process starts, when it ends, and what is the process in between, from the customers' perspective. Secondly, the thesis contributes to the domains of experience economy and value theory by suggesting a new theoretical concept of value. Thirdly, the thesis contributes to the body of knowledge on value creation in knowledge-intensive business services by delivering a model of the value co-creation process from customers' perspective and describing the constitutes of value and explaining their influence on value formation.

Further research of value creation in knowledge-intensive business services should test the suggested six-element model of value creation with the tools of quantitative research.

Appendix 1. Article I

Kukk, J.; Leppiman, A.; Pohjola, A. (2014). Designing a business service experience: customer's perspective on value co-creation. *Journal of Research in Economics and Business: Central and Eastern Europe*, 6 (1), 51–64.

Designing a Business Service experience: Customer's Perspective on Value Co-creation

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Abstract

Research on value creation in knowledge-intensive business services (KIBS) has grown in recent years. The problem-solving nature of KIBS often results in a situation where a service is delivered under the conditions of information asymmetry between buyer and seller, which successively influences value formation in KIBS.

This paper provides an overview of the results of our empirical research in the field of service design, specifically focusing on value co-creation in KIBS. While scholarship in the field reveals a great deal of interest in the concept of value creation, the existing body of knowledge on service-dominant logic lacks empirical data on value co-creation, and therefore, does not provide adequate practical advice or insights for service designers. This study addresses this gap in the research and aims to identify the key elements of the value formation process in business services.

JEL classification codes: L84 (Personal, Professional, and Business Services), M31 Marketing

Keywords: service design, customer experience, service value, value co-creation,
knowledge-intensive business services

1. Introduction

Value creation has been established as the driver, as well as the main purpose, of customer-supplier relationships (Walter et al., 2001), and yet service marketing researchers know little about the process of value creation – when it starts, what it includes, and when it ends (Grönroos and Voima, 2011). Furthermore, as an abstract concept, value has many meanings that vary from context to context (Sweeney, 1994). Since the introduction of the new, service-centred, dominant logic of marketing (service-dominant logic, S-D logic) by Vargo and Lusch (2004), researchers have disputed the interactive process of value creation and the role of stakeholders in it.

Early definitions of value state that it constitutes “the consumer’s overall assessment of the utility of a product based on a perception of what is received and what is given” (Zeithaml, 1988). Recently, service value has also been conceptualised as the mutual gain of service buyer and seller, described as gains created mutually and reciprocally by business partners (Grönroos and Helle, 2010). The concept of service value has evolved from being determined first by the seller, then by the buyer, and then within a multilateral value creation process.

In parallel with this evolution, service design has gained attention as a field of research. A number of attempts have been made to establish a link between the concepts of S-D logic and service design (Edman, 2009; 2010; Haukkamaa et al., 2010). Studies on value creation have also implied that service design tools could promote value creation (ex. Payne et al., 2007, Kukkk and Leppiman, 2013). However, despite lively theoretical debates on how value is created, there is still a lack of empirical evidence regarding the value co-creation process (Grönroos, 2011b). It is also not fully known what preferences customers hold in terms of co-creation (Jaakkola and Hakanen, 2013). As a result, one of the key critiques directed at S-D logic is that it lacks concrete guidelines for service development and implementation (Edman, 2009; Haukkamaa et al., 2010).

This paper seeks to fill these gaps in the research by investigating the value creation process from a service designer’s perspective. We aim to develop a deeper understanding of how value emerges in business services in order to enable designers to create services with maximum utility. As a result, our empirical research provides insights into how business service buyers see value and their role in value creation.

We employ the conceptual framework of S-D logic (Vargo and Lusch, 2004; 2008) as well as service logic (Grönroos, 2008; 2011a, 2011b; 2012). We also rely on findings from our previous theoretical analysis, which indicated that service design methodology can be applied to knowledge-intensive business services (KIBS) (Kukkk and Leppiman, 2013).¹ Our paper aims to contribute to the current body of knowledge on service value and to the domain of business services as well as provide insights for service designers and managers working in the field of business services.

The article is structured as follows: we begin by introducing the theoretical considerations on which our research is based, the second section of the paper then explains our research method and the research process, and the third section describes the results of the study. This is followed by a discussion and suggestions for further research.

¹ Among business services the knowledge intensity required to provide a particular service varies considerably. Services that require the most competence and knowledge input from the service provider can be classified as knowledge-intensive business services (KIBS) (Miles et al., 1995).

2. Theoretical considerations

2.1. Value creation within a service-dominant logic framework

Taking into account the specific problem-solving nature of knowledge-intensive business services (KIBS) (Hertog, 2000; Aarikka-Stenroos and Jaakkola, 2010; 2012; Jaakkola and Hakanen, 2013), value creation within these services is an example of S-D logic in practice: the service provider can offer available input resources for value creation but the outcome depends on a collaborative process with the buyer (Vargo and Lusch, 2004). According to S-D logic, as well as existing research on KIBS (Aarikka-Stenroos and Jaakkola, 2010; 2012; Leppiman 2010, pp. 214, 234–235), the efforts and resources of both customer and provider contribute to the value creation process. Thus, in this framework, the role of a service buyer becomes that of “co-creator” and “resource” rather than “recipient”.

Moreover, keeping within the framework of S-D logic, our approach concurs more specifically with that of Grönroos (2011b), who proposes that as “there is no value until an offering is used” (value-in-use) (Vargo and Lusch, 2006, p. 44) the service buyer is rather a creator than a co-creator of value and the role of a service provider is to be either a facilitator of the value creation process, or a co-creator, depending on the process structure and content. Value-in-use is determined by the service buyer based on how the service output is utilised. As an alternative view on value creation, Grönroos (2011a) defines value creation as an all-encompassing process, meaning it is no longer shaped only during the last stage of service delivery and consumption, but during the whole process of service delivery.

2.2. Value creation in service design literature

Service design literature is currently witnessing an on-going debate on whether a service should be created with rather than for clients (Leppiman, 2010, p. 53). The emerging field of service design supports the principles of co-creation: the aim of service design is seen as producing for clients while involving them in the process of production (co-creation) (Leppiman, 2013). Service design is creating opportunities for change in customer service through the creation of facilities for personalisation (involving the customer’s perspective) and customised service (involving the service provider’s perspective) (Leppiman, 2010, p. 215). Service design creates added value for businesses by differentiating them from their competitors and also by enabling them to better utilise the resources involved in service production. For customers this marks an improvement in the quality of the service experience (Moritz, 2005, p. 57).

A client’s service experience is formed by different touch points (Mager, 2004; Leppiman, 2010). Service design aims to ensure that the services are useful, usable and desirable from the client’s point of view (Mager, 2004; Schneider and Stickdorn, 2011). Service design means developing services in an innovative way, so that the service meets the needs both of the service provider and service buyer (Leppiman, 2010, p. 213).

Another suitable definition (Mager, 2004; Saco and Goncalves, 2010; Moritz, 2005; Leppiman, 2010) states that service design:

- “...aims to create services that are useful, useable, desirable, efficient, and effective.”
- “...is a human-centred approach that focuses on customer experience and the quality of the service encounter as the key value for success.”

- “...is a holistic approach that considers in an integrated way strategic, system, process and touch point decisions.”

This holistic view contrasts with the definition offered by certain authors who distinguish between service design and service experience design. For example, Pullman and Gross (2004) define service experience design as “an approach to promote highly positive emotions for customers by designing virtual or tangible services”. This conceptualisation is highly emotion-centric and excludes the elements of service quality, efficiency, usability and value; as such, its appropriateness in the context of business services is questionable.

2.3. Value creation in knowledge-intensive business services

S-D logic and service design – as a theoretical framework and methodological approach, respectively – both posit value creation as one of the central purposes of service interaction. Both also suggest that co-creation is the key to maximising the value of a service. In addition, the client’s experience and expertise are increasingly being seen as a starting point for service design and the source of valuable input (Tooman, 2007, p. 20). As early as 1993, Anneli Pohjola stressed that in the service co-creation process the customer should be seen as an expert on the context (problem, need for service, implication of the result) while the service provider is the expert on the solution created during the service (Pohjola, 1993, p. 72).

In order to apply the general view of service value creation to a business service context, it is important to keep in mind that customisation and interaction with the client are typically intense and complex processes in KIBS (e.g., Cova and Salle, 2008; Sawhney, 2006, pp. 368–369, Aarikka-Stenroos and Jaakkola, 2010). The main challenge in value co-creation within business services is the asymmetry of the information possessed by the service seller and that of the service buyer (Gummesson, 1978; Thakor and Kumar, 2000; Ojasalo, 2001). Therefore, informational input from both sides and the exchange of information are critical components of a business service. In addition to this, complexity, specialist knowledge requirements, a high level of uncertainty regarding the exact content of the service and the expected outcome, and unrealistic customer expectations are quite common within the KIBS industry (Aarikka-Stenroos and Jaakkola, 2010).

The issue of asymmetry of information in business services complicates rational value evaluation for the KIBS buyer. In the case of a buyer possessing less specialist knowledge than the provider, he or she may lack the competence to objectively estimate the impact of a service. However, it is essential for KIBS to ensure that customers perceive the value of the provided service as high, as it will directly influence their repeat purchase behaviour (Patterson and Spreng, 2005).

Scholars dealing with the subject of value creation, particularly in KIBS, (Aarikka-Stenroos and Jaakkola, 2010; 2012; Leppiman 2010, pp. 158–159; Heinola, 2012, p. 66) generally agree that in complex services, value is created in cooperation between service actors and throughout the whole service life cycle, making value creation in KIBS an all-encompassing process. Our aim is to either confirm or refute this notion with the help of empirical research and to identify the constitutive elements of the value formation process in business services.

3. Research method

In order to reach an in-depth understanding of how perceived value is formed, a qualitative research was conducted. As our research was based on the premise that the service buyer is the expert on the context in question (Pohjola, 1993, p. 72), our main focus was on analysing the client's point of view. The research process was executed in two stages.

In the first stage of the study, empirical data was collected via semi-structured in-depth interviews (Mason, 2002; Mason and Dale, 2002; Salmons, 2010). The qualitative method was chosen in order to gain a sufficient overview of the informants' expectations and experiences related to KIBS and the services they provide. As each service experience is unique, we chose a semi-structured (responsive) interview approach to obtain a maximum scope of opinions (Salmons 2010, p. 65).

Purposeful strategic sampling (Mason, 2002) was conducted in order to meet the needs of the study. The informants were selected according to the following criteria:

- the informant is in a position at the company to purchase a business service,
- the informant has a recent KIBS purchase experience (within the last 6 months),
- the informant is eligible to actively participate in strategic decision making and innovation processes in the company.

The selected informants were medium or top level managers. In total seven interviews were conducted, although one interview was found to be ineligible for the study as the informant did not meet the set criteria. The profiles of the informants included in the study are summarized in Table 1.

Table 1. Informant profiles

No. of informant	Position	Experience with KIBS within past 6 months
1	Production director	Product design service, web-design service
2	Customer service director	Web-marketing agency service
3	Marketing manager	Advertising agency services, IT consultancy services
4	Head of HR	Various training services
5	Head of customer service	Training in customer service
6	Marketing manager	Advertising agency services; marketing consultancy service

Assuming that customer attitudes and expectations can be influenced by cultural aspects (Veldnik, 2010), informants from a variety of cultural backgrounds were selected in order to obtain a broader scope of data and conclusions that are easier to generalise upon.

The interviews were conducted in person and lasted approximately 40 to 60 minutes each. The interviews covered three main topics: (1) the client's general expectations in terms of the service solutions offered by KIBS; (2) the client's perceptions and expectations regarding value formation in KIBS; (3) the client's perceived and desired role and contribution to the KIBS outcome.

In the second stage of the study, a qualitative content analysis (Gibbs 2007; Leppiman, 2010; Schreier, 2012; Bazeley, 2013) of the interview transcripts was performed in order to extract valuable information and to identify common attitudes and expectations.

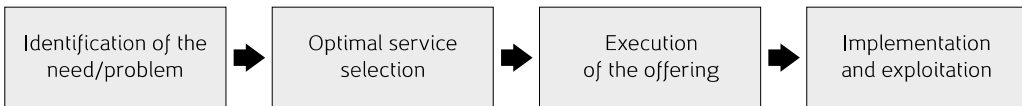
4. Results

4.1. Value formation process in KIBS

The qualitative content analysis resulted in the following findings. First of all, our research provides insights into how clients perceive the process of value formation in KIBS. If asked directly, the informants all replied that the perception of value in KIBS is formed according to how useful and usable the outcome is (in line with the value-in-use concept). A deeper analysis of the interview transcripts, however, revealed that the process of service delivery has an equally strong impact on value perception.

This empirical research of client perspectives on value co-creation in KIBS showed that according to the perceptions of service buyers, the KIBS delivery process can be divided into four phases: identification of a need or problem, selection of the optimal service solution, execution of the service and implementation/exploitation of the results (Figure 1).

Figure 1. Phases of KIBS according to client perceptions



Identification of the need/problem is the initial contact stage between the buyer and the KIBS firm, identified clearly by the client. The touch points before the direct contact with KIBS, which service designers often consider to be a part of the service process (e.g. finding out about the KIBS firm on their website), are not perceived as a part of the value creation process in which the customer is actively involved. From the customer's perspective, a typical aim of the problem identification stage would be to clarify the purpose of the service purchase and to articulate the expected results. Customers recognise that the identification of a true need is the key to value creation, and therefore, point out the importance of this stage in the KIBS delivery process.

The *optimal service solution selection phase* of KIBS is a relatively short stage where the service provider proposes his view of the solution. In this phase the customer mainly sees his role as approving or rejecting the proposed solution. In some cases this stage may contain a longer process of negotiation on the exact content or form of the proposed solution.

Execution of the service solution is the stage where service buyers see their role as insignificant and their preferred impact on the process as minimal. It is expected that the service buyer's contribution during the previous stages of KIBS (mainly during the identification phase) is sufficient to provide all the necessary input.

Besides, the analysis indicates that the process of value creation continues for the KIBS client also once the production of the result is finished and the intended result of the service has been achieved. Execution of the service solution is followed by another phase of the KIBS value creation process: *implementation and/or exploitation of the results*. Even though this phase is rarely part of the service as such, our research shows that clients see it as an inseparable part of KIBS, as the evaluation of the service solution is only completed once the outcome of the service has been implemented.

4.2. Client perspectives on co-creation

Our analysis of the interviews revealed that the general willingness of clients to co-create is fairly high. In addition, the flow of a co-creative service process has an impact on several value constructs; for example, the expectations regarding the result and the perception of how much effort the KIBS firm had put into achieving it.

According to the informants, clients are in general eager to contribute to value creation, yet their participation in the process depends very much on the type and the purpose of a particular service as well as on the provider's eagerness to engage with the client and their methods of doing so.

The informants stated that their desired participation in value co-creation varies depending on the nature of the KIBS activity. Nevertheless, all the informants emphasized that any contribution that is made on their end when purchasing a particular service needs to be justified as well as planned beforehand. Active co-creation is possible without a perceived decrease in the value of a service provided that the service provider and the buyer have agreed on the timeline and structure in advance. This sort of planned communication does not only ensure a higher level of perceived value but also allows the service buyer to feel in control of the situation.

During the identification of the need/problem phase buyers of KIBS are prepared to be active and to collaborate with the service provider. The general expectation of the client in this phase is that the service provider will procure the information necessary to provide the service. Face to face meetings, interviews and client visits are the expected forms of collaboration during the identification stage.

As it is largely acknowledged that service providers possess more competence on the issue at hand, they are also expected to "ask the right questions" and to choose appropriate info-gathering methods and tools. However, clients also feel a strong need to not only assist in the identification of the problem but also to explain their precise expectations in terms of the result.

The informants reported that, in their experience with KIBS, they had never felt overwhelmed by the communication with the service provider during the problem identification phase, and were considerably motivated to provide access to all the required information. The informants also noted that when there is a lack of communication at this stage, the service buyer will become cautious in terms of the quality of the KIBS and will eagerly take the initiative himself to provide more input to the service provider.

Interviewees commented that the demanding problem/needs identification process did not bother them; on the contrary, their involvement in the early stage of KIBS even increased their trust in the service provider:

Being involved from the very beginning gives you an opportunity to get to know the people and to trust them. (Informant 6)

Furthermore, their expectations regarding the KIBS outcome were also raised as a result of the collaborative preparatory process:

In the beginning [...] the more your strategic partner is able to get to know your business, the more he is able to deliver results later on his own. (Informant 3)

When we started cooperation with our current strategic partner, they insisted on meeting everyone and having interviews in the company. Yet after five years of cooperation we somehow feel that they haven't done the preparatory work professionally enough, that they weren't listening. (Informant 3)

Profound preparatory work led us to thinking that there is a very strong base to the [service delivery] process. It led to thinking that we won't need to give a lot of input later. What happened in reality – was a surprise. (Informant 2)

When it came to the selection of the optimal service solution, clients seemed to expect a decline in their participation in the value creation process. The informants stated that, in general, they were eager to negotiate and to contribute to shaping the final service solution:

I would like to be involved [in selecting the service solution] [...] it's creative agency, it's our face, it's important to get to know the people you are working with at the very beginning, so that I would know that I could trust them and to make sure that I like what they are doing. (Informant 6)

However, it was clear from the interviews that the informants expect their contribution at this stage to remain minimal. It is preferred that service providers communicate their vision of an optimal service solution and their reasoning for it.

In cases where the service buyer is expected to deliver feedback or suggestions regarding the proposed result, the informants emphasize that it is preferable to keep the negotiation process as short as possible. Interviewees also stated that by the time agreement on a service solution is reached, the informational asymmetry between the buyer and the seller of KIBS should be minimal; this means that the client expects by this point to have gained a clear understanding of what is going to happen when the service is provided and the KIBS firm should have already gathered all the necessary information to solve the problem.

The third phase, execution of the service solution, is the phase where the clients expect to play only a minimal role in co-creation. In fact, they often expect their contribution to the value co-creation process to be completed after the exact content of the service solution has been agreed upon in the previous stage of KIBS delivery. Contrary to expectations, according to the informants, the service providers often initiate frequent and unexpected communication with clients during the execution phase. Mostly, this is done to receive feedback on the process or to gather additional information.

All the informants explained that frequent engagement with the service buyer during the execution phase reduces the perceived value of KIBS significantly. Typical comments regarding high customer involvement in the execution of the service solution included the following:

We didn't expect our contribution to the process to be so big. (Informant 4)

We experienced how the service provider was constantly asking for feedback and sending us materials to review. After some time I felt that I had done 50% of the job we were paying them to do, so I would actually ask in this case if what we paid them should also be 50% less. (Informant 1)

The client's expectation is generally that the person responsible for the project on the KIBS end should be competent enough to make decisions without consulting the client too often:

I would assume that it's the project manager who would do the preliminary "filtering" and eliminate something that he knows we wouldn't like or need. (Informant 3)

I could have just a made call to one person and everything would be taken care of [without my participation]. (Informant 6)

In the case of communication with the aim of receiving feedback on the process, the service buyer feels his contribution to value creation to be too high in relation to the KIBS firm's contribution, and therefore, the resulting value is not created through the competence of the KIBS firm. Moreover, if during the execution phase the KIBS firm initiates a process to gather additional information, it also reduces the perceived value of the service, as it devalues the problem identification phase. Informants noted that continuous information requests during the execution phase raised doubts regarding the KIBS provider's professionalism and competence.

The final stage of KIBS, the implementation and/or exploitation of the results, was described by almost all the informants as crucial regarding the evaluation of service value. KIBS buyers state that in this phase the perceived value of the service that has been forming during the service process until this stage may either increase or decrease. A typical situation to illustrate a decrease in perceived value would be when a client receives the result produced by the KIBS firm but lacks the competence to use it in practice. In this case even though the quality and outcome of the service process are good, the value of the service to the client is minimal. To avoid this, KIBS buyers believe that the provider needs to make an effort to deliver "instructions for implementation and exploitation" or to facilitate the creation of value-in-use directly, in other words to minimize the informational asymmetry in this phase:

After finishing the product design process we have to still figure out on our own how to put that into production. (Informant 1)

The informants stated that, in their experience, when a KIBS provider builds the whole service around the precise expectations that the client describes in the first phase of KIBS, the results are usually more "usable"; however, the client might feel that his contribution to the value co-creation was disproportionately high. In order to form the maximal value-in-use the result has to be something that the service buyer would not be able/willing to produce on his own, yet something that he can apply in practice.

5. Discussion

The empirical research conducted for this study shows that clients acknowledge the role of co-creation in the process of value shaping in KIBS. At the same time our research confirms the statement first presented by Aarikka-Stenroos and Jaakkola (2010) that KIBS buyers do not see themselves as equal partners in creating value, even if a KIBS firm is referred to as a "partner".

Furthermore, our research shows that the proportion of the client contribution towards value co-creation is connected to the client's perception of the value of the service. If this contribution is disproportionate in either direction – if the client's involvement is too low or too high – the perceived value of the service declines. Therefore, it is essential for the KIBS firm to keep the client involved to the extent required to provide an optimal outcome but also for the client to feel involved to the extent that maximises his perception of the value.

Another useful finding is that when a client is engaged in the value creation process in KIBS, in order to maximise this value, the process of co-creation should not be conceived as linear or flat. Clients of KIBS firms are sensitive not only to the total extent of involvement during the service process but also to its variation. Therefore, an important challenge for service designers attempting to develop an optimal model of KIBS will be to create

opportunities for dynamic involvement. Greater involvement in the first phase of the KIBS process (identification of the need/problem) seems to generate higher expectations and also a higher perceived value of the outcome. However, if involvement remains high during the execution of the service solution it lowers the perceived value. Therefore, in order to maximise the client's perception of the value of KIBS, service providers need to re-think their service delivery structure, taking into account both the provider's perspective and needs regarding value co-creation and the service buyers' view and expectations.

Furthermore, our findings indicate a lack of co-creation in the final stage of KIBS, as this phase might not always be considered still part of the service. Considering that a crucial part of the client's value perception forms as value-in-use, the only way for a service provider to really engage in a value co-creation process is to be ready to contribute to the implementation and exploitation of the results after the results have been delivered. Otherwise the customer remains the only creator of value (Grönroos, 2011b), which in turn can cause a decrease in the perceived value of KIBS due to the complexity of the process. In order to avoid this we recommend that KIBS firms extend the service solution from a 3-stage model (problem identification – selecting the optimal solution – execution) to a 4-stage model that includes facilitating the implementation of the results. This will enable KIBS firms to ensure their role as value-co-creators in KIBS.

6. Conclusion

The question of how value emerges in services has become an increasingly important subject in service marketing literature since the emergence of S-D logic. Researchers have described various approaches to value creation and co-creation, including value-in-use and value creation as an all-encompassing process. At the same time the newly emerged service design literature has been aiming to provide tools and tips for service practitioners in order to facilitate value creation process and make services more useful, usable and desirable. Our study sought to fill the gap in empirical evidence in this area and offers practical advice on how the value creation process can be made more efficient.

In order to provide insights into how business service buyers assess value and how they see their role in value creation we interviewed the clients of KIBS. The interviews were focused on the client's perspective of the value creation process and on his willingness to co-create value. A qualitative content analysis of the interview transcripts revealed a number of interesting findings. The first finding of the study was that the co-creation process and value perception are very much related in the KIBS process; the client's engagement in the value creation process can influence the perceived value both positively and negatively. The second finding of the analysis was that in each of the stages of the process the client expects to contribute a different amount of time and effort in order to assist the KIBS provider in creating value. This shows that an optimal process of value co-creation will have a dynamic character, responding to the client's willingness to co-create at each stage of a service process. Third, we conclude that clients perceive the value of KIBS neither as an all-encompassing process nor purely as value-in-use but as a combination of the two, the value-in-use playing a critical role while at the same time being very much influenced by the service process flow.

This study contributes to the body of knowledge on service value and value co-creation by providing empirical evidence on how value is created in a knowledge-intensive business

service. While the results of the study provide input and directions for further research for scholars working on the topic of service value and value co-creation, we consider our major contribution to be the practical insights we offer to service managers and service designers seeking to improve customer perceived value.

7. Implications and limitations

Our research offers significant advice to service designers and service managers on the key aspects of value co-creation in KIBS that influence the value of a service. We suggest that, in business, the service buyer's perspective on value should be shaped through an "all-encompassing process" of value creation involving dynamic collaboration with stakeholders, with the most critical value-forming moment being the last stage of the service when the result is being implemented in practice ("value-in-use"). Therefore, when applying the principles of S-D logic to practical service design the focus cannot be solely on either one or the other of these approaches to value creation but rather both must be taken into consideration and seen as complementary.

As the conclusions of this study relate solely to KIBS, the results should be tested on other types of services before any generalisations can be made. Furthermore, in order to provide a holistic picture of the value creation process further research could extend to include service providers' perspectives on value co-creation.

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Appendix 2. Article II

Kukk, J.; Leppiman, A. (2016). The construct of value in knowledge-intensive business service from customer's perspective. An example of a long-term training activity. *Agronomy Research*, 14 (1), 91–108.

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).

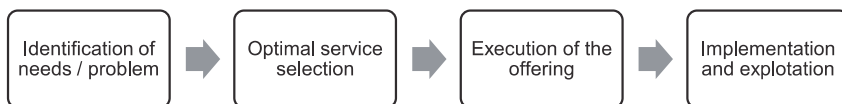


Figure 1. Phases of KIBS according to clients' perceptions (Kukk et al., 2014).

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	E	focus-group interview	November 2015
	perceived value constituents	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
1	Performance improvement	
1a	improving personal professional performance	'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) 'Participation in the programme should allow me to <u>learn</u> , how to share my knowledge and skills with youngsters'. (A14) 'I think I should be able to <u>improve my skills</u> in giving feedback'. (A3)
1b	improving performance of the organisation	' <u>We need to engage our youngsters more into activities we offer at the centre</u> , we are also looking to <u>expand our audience in 2016</u> '. (A6)
2	Interaction with other practitioners	
2a	collecting knowledge on experience of other practitioners	'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)
2b	sharing information on personal experience	'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) 'The importance of <u>sharing experiences</u> cannot be overlooked.' (A9)
2c	contact making for further cooperation	'Every new <u>contact</u> is extremely valuable. I am looking forward to <u>meeting</u> Latvian colleagues. (A14) 'I expect to <u>broaden my cooperation network</u> '. (A24)

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	Motivation	<p><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)</p> <p><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)</p> <p><i>'I see it [value] in not loosing <u>motivation</u> after the programme.'</i> (B3)</p>
4	Experience	<p><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)</p> <p><i>'I see this programme as <u>experience</u>, and therefore it can only be valuable in any case'.</i> (B19)</p>

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 adding 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
3	Motivation	
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>
4	Experience	
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) ‘I like that most of the sessions <u>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>
5	Content relevance	<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) ‘For me it is positive, that we are <u>diving into topic</u>, it is important that we receive <u>so much in-depth information</u>’. (D25)</i>
6	Facilitator	
6a	professional skills of the facilitator	<i>‘It adds a lot that trainers are <u>friendly and available</u>’. (D8) ‘Trainers are very <u>caring and careful</u> towards us’. (D24)</i>
6b	personality of the facilitator	<i>‘I am very happy about very <u>professional trainers</u>, they are very good’. (D9) ‘Facilitators have done a <u>professional job</u> with the topic, the <u>expertise</u> is very valuable’. (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
1	Performance improvement	
1a	improving personal professional performance	<i>The most important [outcome] for me is that <u>I approach the whole work process differently</u>'. (F3)</i>
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>'. (F14)</i>
2	Interaction with other practitioners	
2a	collecting knowledge on experience of other practitioners	<i>'[I value] <u>working on topic with others</u>, hearing <u>what they had to say</u> and share about [their experience]'. (F12)</i>
2c	contact making for further cooperation	<i>'The important added value of the programme was the <u>opportunity to network</u> with other participants and to <u>start long-term cooperation</u> with some of them.' (F6)</i>
3	Motivation	
3a	will to implement learning into practice	<i>'For me it was an <u>attitude-lifting programme</u>, I am now more <u>motivated</u> to set higher standards for myself and for my organisation'.(F1) <i>I cannot even explain, it's <u>a feeling</u>, but all this process has a power. It completely changed the way I see things. (E2)</i></i>
3b	re-assurance of one's competence in the field	<i>'It is very <u>motivating</u> 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.'(F20)</i>
4	Experience	
4a	active involvement	<i>'I would have loved to <u>dedicate more time to my practice</u> task and in parallel to have the mentoring sessions that were offered. I feel I <u>missed that chance to get the maximum out of the programme</u>'. (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</u> from the learning opportunity'. (F5)</i></i>

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
1	Performance improvement				
1a	improving personal professional performance	x	x		x
1b	improving performance of the organisation	x	x		x
2	Interaction with other practitioners				
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
3	Motivation				
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
4	Experience				
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	
5	Content relevance			x	
6	Facilitator				
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’, ‘exiting’ 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 (Kuk & 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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Appendix 3. Article III

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Value Creation in Business Services through the Prism of Experience Economy: Conceptualizing Value-in-experience

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Abstract

The research of body of knowledge on service value has grown remarkably over the last few decades. Moreover, the whole view of value formation has undergone a shift of paradigms from provider-centric to customer-centric.

In parallel to these changes, the theory of experience economy has emerged. Even though the researchers of various schools have been contributing a significant effort to conceptualize service value, the experiential dimension of value has remained unexplored.

Current research aims to identify and describe the concept of value in the service-dominant economy, where the role of experience cannot be underestimated. This article presents the results of a comparative review of the literature on service value formation from the perspectives of service value and experience economy domains of marketing literature. As a result of this analysis, we present the concept of value-in-experience, which continues the evolution of value and includes service experience as an element of service value formation.

Keywords

Service value, KIBS, experience economy, value-in-experience

Introduction

Marketing theory has faced several shifts of dominant logics (Vargo & Lusch, 2008a). The transition from goods-dominant (G-D) towards service-dominant (S-D)

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logics has entirely transformed scholars' view on value formation process. Since the introduction of the concept of experience economy (Pine & Gilmore, 1998) nearly two decades ago, marketing literature has mainly discussed the experiential constructs of value (Boswijk, 2013; Sundbo, 2015).

Empirical research shows that the experience of co-creation process and perception of the value of the service are very much dependent on each other and that the client's engagement in the value creation process can influence the perceived value both positively and negatively (Kukk & Leppiman, 2013; Kukk, Leppiman, & Pohjola, 2014). Customer evaluates service (including knowledge-intensive business services [KIBS]) by evaluating service encounter as a process, not just estimating the value of the result of the encounter. Experienced KIBS practitioners are aware of this fact and often take this under consideration when planning and executing the offering. Yet, the academic body of knowledge on service value formation lacks theoretical framework matching these observations.

The general view on business service value formation that dominates KIBS-related literature (and service value literature in general) is of utilitarian nature (Grönroos, 2011b; Lessard 2015; Stenroos & Jaakkola, 2010). The contradiction between existing theoretical literature on service value and the results of empirical research on value co-creation in KIBS indicates the need for developing a new theoretical concept of value creation that would take into account the dimension of service experience. Current research aims to develop the existing theory on value creation by incorporating it into the body of knowledge on experience economy. To achieve this goal, we performed a systematic literature review. This article presents the results of this work and based on the outcome of the literature analysis, it suggests and describes a novel concept of value formation: value-in-experience. The theory development contributes to the body of knowledge on service value that belongs to the domain of marketing and management literature.

The structure of the article is organized as follows. The first part of the article presents the overview of the existing body of knowledge on service value. This part introduces the multiple approaches to service value that have been described in the marketing literature over time and also presents an alternative view on service value that is defined in the experience economy related literature. The literature review on value creation in services is compiled mainly based on the works of Nordic School of value research.

The second part of the article explains the challenges of evaluation of KIBS and reasons why the approach of school of experience economy is relevant for those types of services. In order to be concise and concrete, we limit the introduction of principles of experience economy mainly to the ground works on this subject. We recognize the scope of the literature on experience economy and experience marketing and the variety of constitutes of experience that certainly deserve to be taken into consideration. At the same time, in order to introduce a concrete framework that would serve as a base for future research, we aim to focus on the general theory on experience economy.

The third part of the article introduces the concept of value-in-experience and explains its applicability in business services. This is the original contribution of the authors to the body of knowledge on service value.

The Evolution of Value

The rise of S-D logic (Heinola 2012, p. 8; Vargo & Lusch, 2004; Vargo & Lusch, 2008a, quoted by Vargo, Maglio, & Akaka, 2008; Vargo & Lusch, 2008b) has caused the emerging trend of customer-centricity in service evaluation. The preceding dominant logic (G-D logic) was purely provider-focused, and the value concept was approached accordingly. Such focus shift from a provider-dominant logic to a customer-dominant logic gives new meaning to existing value dimensions (Heinonen, Strandvik, & Voima, 2013). In G-D approach, value is mostly associated with ‘value-in-exchange’, which is created and determined solely by the service seller and then further distributed to the market accordingly (Vargo et al., 2008).

The shift of focus from provider to customer created a new approach to value: ‘there is no value until an offering is used’ (Grönroos, 2011b). The service buyer determines ‘value-in-use’ (Vargo & Lusch, 2006, p. 44) based on how the service output is utilized. As an alternative view, Grönroos (2011a) defines value creation as an ‘all-encompassing process’, meaning value is not shaped only during the last stage of service delivery and consumption, but during the whole process of service provision.

A few more approaches to evaluation exist in the marketing literature, ‘value-in-context’ (Chandler & Vargo, 2011; Vargo et al., 2008) is among them. This is a development from value-in-use approach, where value is still determined solely by service beneficiary, yet not just based on the direct output, but taking into account a broader scope of indicators related to surrounding context, as well as more extensive network of actors involved.

Grönroos (2011b) provides an alternative perspective on value creation. He defines it as an all-encompassing process. According to Grönroos, value is no longer shaped only during the last stage of service delivery and consumption (as in value-in-use or value-in-context), but during the entire process of the service creation. All-encompassing approach includes not only the provider and the customer spheres of the service, but also involves broader networks of other service providers (both of seller and buyer) into the service value creation process (Vargo et al., 2008).

Lessard’s (2014a; 2014b) suggestions regarding the process of value construction in KIBS is very much in sound with value-in-use concept, as the whole effort of suggested information exchange is aiming to improve the outcome and the usability of it.

Although having a solid theoretical background described above, the concept of value-in-use is to some extent contradicting with empirical evidence (Hakanen & Jaakkola, 2012; Kukk et al., 2015; Stenroos & Jaakkola, 2010) on KIBS value perception by customer. According to the scholars’ description (Hakanen & Jaakkola, 2012; Kukk et al., 2014; Stenroos & Jaakkola, 2010),

value-in-use is more of what service provider aims to achieve. At the same time, consumers often evaluate the benefit not only based on the results of the encounter or according to how the outcomes of it can be further implemented, but also based on the whole process of service contact, starting from the very first stage of it and until the outcome implementation.

The alternative perspective on value can be seen through the prism of experience economy. Literature of this domain introduces an alternative dimension that demonstrates a richer scope of service value construct.

Pine and Gilmore (1999, p. 22) classify intangible offerings into four categories: commodities, goods, services and experiences. The last two of this list are seemingly close to the concept and are often united into one category, as the line between them is somewhat vague. As Pine and Gilmore (1999, p. 2) state, experiences and services have always coexisted. But before the two authors gave clear distinguishing definitions to the two phenomena in 1998 (Pine & Gilmore, 1998), both of them were categorized as services, uniting a very broad scope of activities, from the carwash and dry-cleaning to theatrical performances and amusement parks.

The primary distinguishing factor between these two phenomena is the output (Sundbo, 2015). In services, customers pay for certain intangible activities performed on his behalf. Purchasing an experience, he pays for a series of memorable events that engage him in a personal way (Pine & Gilmore, 1999, p. 2). Both of these processes involve someone else performing the necessary tasks, and might even involve a tangible outcome, but the significant difference lies in the engagement of the customer and meaningfulness of the activity (Leppiman & Same, 2011).

Pine and Gilmore (1999, pp. 171–173) also introduce the concept of transformation, a type of encounter, where the experience is so meaningful and aspiring to the buyer that it provokes a change in the following behaviour. Due to the scarcity of literature on service value in transformation economy and also because of the fact that according to the authors the critical components of transformation are the combination of experience and outcome of it, current article focuses on the relation between KIBS experience and the perceived value.

Peculiarity and Challenges of Evaluation of Knowledge-intensive Business Service

The impact-focused approach is real for a broad scope of services, from healthcare to beauty services, but it is especially topical for KIBS. Various business consultancy and training services have been around for a long time. While declaring an orientation for positive change for the customer's benefit, they are often (according to customers' perception) selling value that does not meet the price charged or the expectations of the client (Kukk et al., 2015).

Training and consultancy services are the two types of KIBS among many others (European Commission, 2012). Management and andragogy literature

has struggled for decades to find the answer to the question of how to maximize the value of a training service (Baldwin & Ford, 1988), viewing the transfer of training as the key driver of value (Yamnill & McLean, 2001). Similarly, consultancy services, in the position of provider and facilitator of organizational learning, also face similar challenges in relation to value creation (Massey & Walker, 1999).

The mismatch between service value and the amount charged may come from a variety of reasons, one of which can, of course, be the low quality of a particular service. Even in the situation, where the service provider is, in fact, making an effort to provide maximal value, this type of failure to correspond may occur.

The reason for this phenomenon lies in the core essence of KIBS. Individuals and firms may need not only outside sources of cognition and competence to complement their own but also inter-organizational linkages in order to convert knowledge into new types of knowledge and develop new products, processes or services (Nonaka & Takeuchi, 1995 in Caloghirou, Kastelli, & Tsakanikas, 2004). In the conditions of information imbalance (service provider is the expert on the topic, yet customer possesses the core competence in his particular situation), failure to communicate in appropriate proportion may cause inability to deliver maximum value from the service provider's side as well as from the clients side inability to evaluate on the outcome appropriately (Kukk et al., 2014; Lessard, 2015; Stenroos & Jaakkola, 2010).

Shaw and Williams (2009) point out that knowledge transfer is a major component in innovation process due to the fact that passing on knowledge in a sustainable way is the key to the knowledge-based development of the organization and not starting from scratch when new employees enter the organization. According to Caloghirou et al. (2004), 'capability of a firm to absorb knowledge and information from external sources is one of the pillars in the process of transformation of knowledge and information into new knowledge and its conversion into new value'.

High level of co-creation and customization in KIBS causes the situation where these services cannot be pre-designed to a large extent. Due to this, service provider, aiming for the more considerable value of the service, in fact, customizes service offering in an agile way while reacting to specific customer needs (Pine, 1999, p. 105). This, in its turn, causes a rather high level of customer involvement into value creation process in order to maximize feedback on expectations, needs and preferences.

From one side, the fact of customer involvement is quite positive: as in almost any service, co-creation is the key to the outcome of higher value (Stenroos & Jaakkola, 2012). Previous research shows that from the customer's point of view, too high level of involvement in KIBS can cause a decrease in perceived service value (Kukk et al., 2014).

Minimizing customer's participation in service process is also not a good option. In fact, customer's desired level of participation in co-creation varies during the service process. In case this desired proportion of contribution and

outcome is not met, the perceived value starts decreasing dramatically. Therefore, it is quite challenging to arrange information flow and cooperation process during the whole service delivery in a way that it would provide all the necessary data on the one hand, and on the other hand, it would not decrease the service value perception from the customer's point of view (Kukk et al., 2014).

The desired process of involvement is not linear flat, and value co-creation is affected by customer's preferences for participation (Hakanen & Jaakkola, 2012; Kukk et al., 2014). Clients of KIBS have a certain expectation for involvement on each of the four stages of the service: identification of needs, optimal service selection, execution of the offering, and implementation and exploitation. Any mismatch between this expectation and reality results in an adverse effect on perceived value (Kukk et al., 2014).

It is also notable that competence and information imbalance cause the situation where service stakeholders' perception of value may differ to a large extent. Lessard (2014a) suggests that since the meaning and determination of value are perspective-dependent, value co-creation might better be termed values co-creation in the context of KIBS engagements. In other words, there may be as many value perceptions of the KIBS encounter as there are stakeholders involved. Lessard (2014b) also suggests that one of the keys to the higher value of KIBS is an exchange of the information throughout the service encounter. It includes alignment of expectations and perspective on the outcome between the service buyer and seller in the early phase of the encounter and further mutual feedback on value perceived throughout the process.

Despite the complexity of KIBS content, there is plenty of evidence in the existing literature, which proves that there are other dimensions in value creation process in the services of such type that are not purely rational. By definition, KIBS providers are organizations that use and build knowledge as primary component of value creation process (European Commission, 2012; Hervás-Oliver, Albors-Garrigós, & Hidalgo, 2011; Hidalgo & Lemus-Aguilar, 2014; Pan, Jackson, & Limburg, 2015). Knowledge building in KIBS is performed via co-creation process, where service provider closely cooperates with the customer (Kukk et al., 2014; Stenroos & Jaakkola, 2010, 2012). Roughly described, customer purchases external competence in order to improve his position. It is notable that in many cases, this external competence can be applied in its best only in case of high involvement of the customer.

Nonaka and Takeuchi (2004) have explained the process of inter-organizational knowledge creation process, where they clearly underline the role of interaction and shared experience. Their model is potentially applicable to a broader scope of KIBS that includes service provider and customer collaboration processes.

Stenroos and Jaakkola (2010) focus specifically on KIBS in their research of value creation and visualize the result of their work as an (intellectual) resource-based model, where the collaboration and co-implementation of resources are aimed to solve a (customer's) problem. They explain that due to the fact that KIBS is of a problem-solving nature, the value of this service depends on how well the service buyer's problem is solved and how he is later able to maintain this state. As Figure 1 shows, they also lean towards Grönroos' (2011b) concept

of value-in-use as most applicable to the KIBS value discussion. Several other researchers working on KIBS topic follow a similar discussion line (Heinola, 2012; Lessard, 2014a, 2014b).

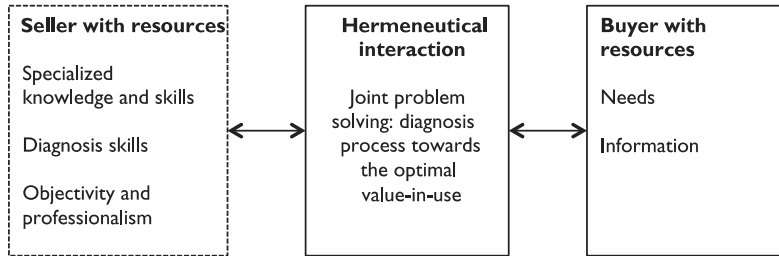


Figure 1. Joint Problem-solving as Value creation

Source: Stenroos and Jaakkola (2010).

Empirical data brings a new perspective to research on value perception in KIBS. It shows that in training and consultancy services, customer evaluates on how valuable the service is for him not only based on the outcome, but also on the process. Moreover, from customer's perspective, smoothness and pleasantness of how the service was delivered (in other words, service experience) seem in some cases more defining to the general value perception of the service than the actual outcome (Kukk et al., 2014). Transfer of training or implementation potential of a solution developed by a consultant is one of the possible examples. Therefore, viewing KIBS value via value-in-use concept has a valid rational justification from either service provider's or neutral evaluator's perspective. When it comes to real customer-centric evaluation of KIBS, there seems to be another dimension of criteria to impact how service buyer perceives the value of service he purchased.

In his research, Koukkari (2014) has developed Nonaka and Takeuchi's (2004) model further, specifying it for the situation of the collaboration of product manufacturer and a research organization. In his model, he adds 'mutual understanding and trust through shared experiences—between individuals' to the crossing point of the triangles. This small, yet very meaningful, specification contributes to persuasion that even though KIBS are performed between organizations, the key factor of value-creation process is human to human interaction, which in turn is creating a personal service experience.

Jaakkola and Hakanen (2013) note that even though their study of value co-creation in KIBS client cooperation was focused mainly on operational effectiveness, they found that a perceived value was affected by interaction processes between stakeholders. Authors describe that in the studied cases, 'relationship bonds and activity links between suppliers were reflected on the customer experience of the solution process'. For example, when there was lack of trust or information exchange among stakeholders, the service buyer 'may not have known or made full use of the resources that its suppliers could have offered'.

This conclusion, though still referring to objective operational value indicators, also emphasizes the importance of human-to-human interaction experience.

Introducing the Concept of “Value-in-experience”

As the overview of the literature above illustrates, the value is often referred to as a quite abstract and rather subjective concept with definitions that vary according to context. In addition, the multi-stakeholder structure of a KIBS encounter provokes significant variation of the perception of value by different parties. The emergence of S-D logic in marketing literature has caused an evolution of understanding of the value shaping process shifting value formation to the customer’s side.

As well as the transition from G-D to S-D logics, the emergence of experience economy theory has provoked the rise of an entirely new perspective to value creation process. No doubt, this perspective remains customer-dominant, yet it is not limited neither to the strict linear process (as illustrated by Grönroos, 2011b, Figure 1). In experience economy approach to value, there is no clear border between provider value creation sphere and customer value creation sphere. In this concept, value creation encompasses a broad scope of variables that create a ‘valuable experience’ for the client.

The term we suggest to apply to this value concept is ‘value-in-experience’. This combination of words is not entirely new in marketing literature. There have been attempts to introduce value-in-experience a few times (Heinonen et al., 2013; Turnbull, 2009), but the authors have assigned a different meaning to it that we aim to describe in this article.

We find that the problem of the term mismatch lies behind the linguistic feature of the word ‘experience’. In the English language, this term has two meanings (Leppiman, 2010, pp. 74–75; Same, 2015, pp. 18–22; Sundbo, 2015). While Germanic (German, Swedish, Danish, etc.), Finno-Ugric (Estonian, Finnish, etc.) and Slavic (Russian, Ukrainian, Bulgarian, etc.) languages have separate terms for practical contact with and observation of facts or an event, which leaves an impression on someone. Previous literature on value-in-experience leans towards the first, more practical and instrumental, meaning of experience. On the other hand, the research on value co-creation (Jaakkola & Hakanen, 2013; Koukkari, 2014; Kukk et al., 2014) leads to the belief that the most valuable part of the experience lies in what the Germans would call *erlebnis*, Estonians *elamus* and Russians *впечатление*, in other words, in the ‘meaningful experience’ (Leppiman, 2010, pp. 82–83; Leppiman & Same, 2011; Same & Larimo, 2012) or ‘real experience’ (Kim, 2015, p. 19).

Also, there have indeed been previous attempts to incorporate the dimension of service experience to the value creation process. Sandström, Edvardsson, Kristensson and Magnusson (2008) suggest that there are two components of the value proposition in services: functional value proposition and emotional value proposition. Their research explains that emotional perception of service process plays a large role in value shaping process. The joint effect of functional

and emotional outcome produces service experience, and after this experience has been processed through the individual and situational filter, the value-in-use is being formed. This approach recognizes the importance of the experience, yet according to it, service experience is just a pre-condition for value-in-use, and the *use* part is the key value-creating element of the service encounter.

Our suggestion is, however, that value-in-experience incorporates a more meaningful dimension of experience, not just the evaluation of the process of interaction. Therefore, the meaningful experience as the hedonistic dimension of the service is in focus in this case. At the same time in value-in-experience, the rational part of the value is still present, as the value perception created by experience can be ruined by a useless or even harmful result. The creation of value ideally continues after the encounter is over (e.g., application of a solution created with the assistance of the external competence or simply by re-living the positive memories of the meaningful experience).

In Table 1, we summarize the main features of value-in-exchange and value-in-use presented in the existing literature and use the same criteria to describe the proposed concept of value-in-experience.

It is important to highlight that value-in-experience does not entirely shift the focus of value towards the hedonistic concept. In the case of utilitarian perspective on the value, the purpose of achieving the service goal is to achieve other (higher) goals (Kim 2015, p. 125). For example, in the case of KIBS, purchasing a service of a training company could be aimed to increase the effectiveness of organizational functions or/and higher profitability. The concept of value-in-experience acknowledges the higher utilitarian purpose to service, yet adds an important and influential hedonistic variable to the case. Transferred to the same KIBS purchase example, participants of a training will transfer the knowledge to their practice (and, therefore, ensure achieving the ‘higher’ utilitarian goals of buying a service) more likely if the training process was enjoyable to them (Mathieu, Tannenbaum, & Salas, 1992; Pine & Gilmore, 1999, p. 173).

Table 1. Value Creation Process in Value-in-exchange, Value-in-use and Value-in-experience

	Value-in-exchange	Value-in-use (and value-in-context)	Value-in-experience
Creator of value	Provider	Customer with the assistance of service provider (and related actors)	Customer together with service provider (and possibly related actors)
Value creation process	Provider creates value prior to contact with customer, possibly in cooperation with other members of the supply chain	Customer creates value after making a purchase via implementing the solution into his specific situation	Involved parties create value in close cooperative and responsive process

	Value-in-exchange	Value-in-use (and value-in-context)	Value-in-experience
Aim of value creation	Increase financial well-being of provider by adding value to existing resources by modification	Improving well-being of the customer by offering an applicable option of problem solution	Improving well-being of the customer by adding value to existing resources while pleasant concretion process
Perspective of value creation	Utilitarian, provider-centred	Utilitarian, consumer-centred	Combination of utilitarian and hedonistic, consumer-centred
Indicators of value	Customer's willingness to pay desired price for added value	Usability and usefulness of the solution created	Usability and usefulness of the solution and meaningfulness of the experience of value creation

Source: Authors' own work (based on theoretical framework and the proposed concept of value-in-experience).

The complex aspect of value-in-experience is the estimation of it in advance. In practice, value-in-use is often somehow predictable. But it is very hard to predict what would be the value of a meaningful experience (or if there would be any meaningful experience at all) for the customer as experience is highly personal and the evaluation of it is performed from a very subjective perspective. At the same time, we find that the subjective constructs of value could be possibly categorized and structured in the same way that the rational constituents of value are, in order to understand how value-in-experience is being formed.

Implications and Directions for Further Research

Customer-centric mindset in marketing is not novice; the concept of mass customization based on real desires and needs of the customer has been first introduced in the 1980s (Tseng & Piller, 2011, p. 2) and since then has developed both in theory and in practice to a larger extent. Yet in mass customization approach, the value is created by 'delivering exactly what customer wants' (Pine, 1999, p. 47) on the outcome, still leaning more towards value-in-use.

Emergence of the concept of value-in-experience, as well as rise of the experience economy theory, opens up a whole new area in service research. As the fact that most valuable experiences are not economically driven (Boswijk, 2013) is already established, solely utilitarian perspective on value creation could no longer be dominant. Instead of operational constructs of value, the focus would shift to the experiential part of the process.

The focus shift towards the experience, for sure, does not eliminate the importance of actual usefulness of the solution the customer buys. Yet, this underlines that not only 'what' is delivered is shaping value, but also 'how' it is delivered.

It's a fact that the components of a meaningful experience are highly subjective (Pine & Gilmore, 1999, pp. 12, 172; Leppiman, 2010, p. 86; Same, 2015). Yet, there is no empirical evidence that these subjective and personal constructs are not somewhat similar, or that they cannot be structured and categorized. This indicates the need for a deeper empirical research of the formation of value-in-experience in order to identify possible key constructs and to build a more detailed theoretical model with such an approach to value.

As for managerial implication in the sector of KIBS, the rise of value-in-experience described in this article indicates the clear need for service providers to step into customer's shoes, instead of just declaring of to be doing so. Customer centricity in KIBS so far has mostly had a utilitarian approach; in other words, service providers have been estimating what would be the desired service outcome (value-in-use) for the customer and then adapting the offering accordingly. The perspective of value-in-experience requires an extra effort from the service provider in order to understand also the desired experience that the customer would value most. Aiming for maximum value according to customer's perception is, in turn, a key to maximizing economic benefit of the service provider. This brings the importance of service design in focus more than it has ever been considered in business services.

From the KIBS client perspective, value-in-experience means the shift in the service provider selection criteria. The utilitarian approach to value urges clients to select service providers based on the expected service outcome only. The experience dimension is hardly ever in focus in KIBS provider selection process. Based on this article, we can conclude that this type of approach does not allow KIBS clients to select the optimal offering that would provide maximum value to the company. The awareness of the role of hedonistic dimension of business service on the other hand encourages managers to pay more attention to service delivery process as one of the key criteria of selecting the best type of KIBS and the most suitable service provider.

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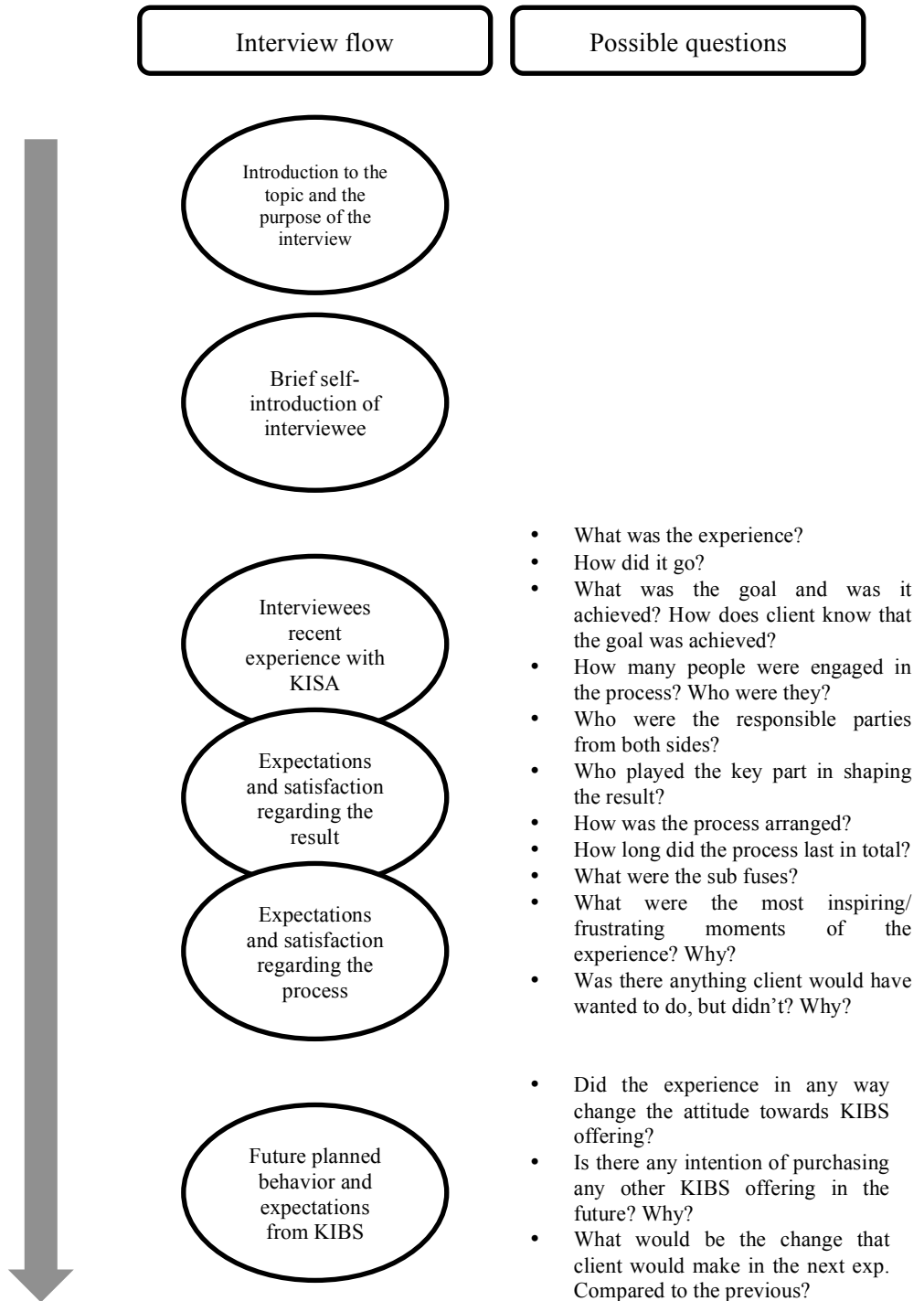
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Appendix 4. Interview guide



Appendix 5. Supporting questions of the narrative gathering

Training diary. Part 1. (April 2015, e-form)

This is a short anonymous questionnaire, designed to better understand how you see and perceive the flow of the training course. Please take a few minutes to fill that in. A detailed and explanatory answers will be much appreciated. Feel free to fill out the responses in your mother tongue, if that is more convenient for you.

We'd really appreciate a detailed response!

This will help us to improve the course and to make sure that your needs are met well. The results of the survey will also used in my PhD research, anonymously, of course.

In case of any questions - feel free to contact me at jana@ideesahtel.ee

Thanks in advance!

Questions:

1. Please describe your daily work

What topics, tasks, projects you deal with in everyday life? What are your favourite parts of it (and perhaps not so favourite ones)? Experience etc.

2. Why did you decide to participate in Level Up?

What are your main arguments to contribute your time to this Level Up long-term training program? What about it seems appealing and relevant to you?

3. What do you think will be the most important results of participating in the Level Up for you?

At this point what do you see as the criteria of success of Level Up? What do you expect to happen as the best-case scenario, so that you'd feel that participation was worth it?

Optional: Name and e-mail

If you don't mind you can also leave your contact below. This is not obligatory and you may remain anonymous.

Thank you for submitting your reply!

Training diary. Part 2. (May 2015, e-form)

Up to today you have participated in 6 days of LEVEL UP training programme. Please be so kind and look back on the training modules taking place in Estonia and Latvia and let me know what you think about the following questions:

- 1. What do you value the most in the two training modules that have already taken place? Please explain in detail why these things are important.**

You can evaluate not only the training content but also other factors (for example learning environment, organisation, time schedule etc).

- 2. Which of the two training modules was more valuable for you? Why so?**

- 3. What would you suggest to improve in LEVEL UP programme in the following seminars in the autumn, so that it would be more valuable for you. Please specify why are those elements important.**

If needed please also mark elements, that are there at the moment, but are not really adding value, so that we shouldn't concentrate on them.

Optional: Name and e-mail

If you don't mind you can also leave your contact below. This is not obligatory and you may remain anonymous.

Thank you for submitting your reply!

Training diary. Part 3. (July 2015, gathered on paper as an element of the programme)

Please evaluate the LEVEL UP project so far. In order for us to be able to improve the process, please accompany your replies with examples and explanations.

- 1. What have been the most valuable elements to you in the LEVEL UP programme so far? Why?**
- 2. What have been the least valuable elements to you in the LEVEL UP programme so far? Why?**
- 3. What do you expect during the upcoming modules of the programme in the future to increase it's value?**

Thank you! Your response is very important to us!

Training diary. Part 4. (December 2015, e-form)

You have participated in 4. modules LEVEL UP training programme, plus you have experience with mentoring and practice project.

Please, be so kind and look back on the experience you had and let me know what you think about the following questions.

- 1. What has been the most important and valuable for you in Level UP programme? If possible please explain why you pointed out these things.**
- 2. Which part of the programme (international seminars, national seminars, mentoring, practice projects or something else) would you have liked to have more of?**

Please explain why.

- 3. Which part of the programme (international seminars, national seminars, mentoring, practice projects or something else) would leave out of the programme?**

Please explain why.

Optional: Name and e-mail

If you don't mind you can also leave your contact below. This is not obligatory and you may remain anonymous.

Thank you for submitting your reply!

Appendix 6. Focus-group interview guide

Focus groups in ‘Level-Up’

Focus groups with training participants should be held twice during the process: one on the first national seminar and one on the last international seminar. Training groups should be split in half to achieve optimum number of people.

Purpose

To find out how we can help participants to reach maximum value outcome from the programme

The main question we want to ask during focus groups

What are facilitators and obstacles for bringing ‘learning to learn’ into local practice?

Duration

Approximately 45 - 60 minutes

Documentation

The conversation in the focus groups is taped. (The programme ‘Audacity’ is free downloadable and allows your computer to be a reasonable recorder) Afterwards the conversation is transcribed (and translated if needed) in order to analyse.

Concrete guidelines for facilitating the focus group meetings

Before starting with the interview, please introduce the aim of the focus group meeting and how it is part of the research in ‘Level Up’. Explain that this is an open conversation in which participants are invited to react on each other. Try to avoid that one by one members of the group answer the question without interaction.

Introduce the main question: *What are facilitators and obstacles for bringing ‘learning to learn’ into local youth work practice?*

To structure the conversation start with the facilitators (**What helped?**) and then the obstacles (**What was the obstacle...?**) These are the two basic questions and ask them as open as they are.

When needed you can ask more specific questions as:

- how did the environment (space, group atmosphere, relation to youth worker) help for bringing in learning?
- what kind of methods/tools helped?
- what signs/elements make you decide that learning takes place?
- how do you think you can overcome obstacles?

ELULOOKIRJELDUS

1. Isikuandmed

Ees- ja perekonnanimi	Jana Kukk
Sünniaeg ja -koht	09.02.1985, Tallinn
Kodakondsus	Eesti
E-posti aadress	janakukk@gmail.com

2. Hariduskäik

Õppeasutus (nimetus lõpetamise ajal)	Lõpetamise aeg	Haridus (eriala/kraad)
Tallinna Tehnikaülikool	2016	Ärikorraldus, doktorikraad, PhD
Tallinna Tehnikaülikool	2009	Ärikorraldus, magistrikraad, MA
Tallinna Tehnikaülikool	2006	Haldusjuhtimine, bakalaureuse kraad

3. Keelteoskus (alg-, kesk- või kõrgtase)

Keel	Tase
Vene keel	emakeel
Eesti keel	kõrgtase
Inglise keel	kõrgtase
Saksa keel	algtase
Prantsuse keel	algtase

4. Täiendusõpe

Õppimise aeg	Täiendusõppe korraldaja nimetus
2016	International Service Design Conference (Amsterdam)
2014	International Service Design Conference (Stockholm)
2012	AS Erahariduskeskus (Eesti Ettevõtluskõrgkool Mainor), Ettevõtluspedagoogika kooolitus,
2009	ETKA ANDRAS, andragoogi kvalifikatsioonikursus

5. Teenistuskäik

Periood	Organisatsioon	Positsioon
10/2016 –	Tallinna Tehnikaülikool	lektor
12/2013 –	SEB Pank	turunduse projektijuht
2/2010 –	Eesti Ettevõtluskõrgkool Mainor	külalislektor
9/2010 – 2/2011	SA Noored Kooli	kommunikatsi- oonispetsialist
2/2008 – 5/2010	Tallinna Konverentsid	konverentside projektijuht
2005 -	ettevõtja, ideesahtel.ee	koolitaja ja konsultant projektijuhtimise, turunduse ja teenusedisaini alal

6. Teadustegevus, sh tunnustused ja juhendatud lõputööd

Publikatsioonid

Kukk, J.; Leppiman, A. (2013). Client's Willingness for Co-Creation in a Knowledge-Intensive Service Activity. In: Entrepreneurship and Innovation as Key Drivers of Regional Development: Book of Proceedings: International Conference Entrepreneurship and Innovation as Key Drivers of Regional Development; Ventspils, Latvia; 15-16 July 2013. Ventspils, Latvia: Ventspils University College, 34–46.

Kukk, J.; Leppiman, A. (2013). Increasing value perception in knowledge-intensive service activity by service design. Journal of International Scientific Publications: Economy and Business, 36–48.

Kukk, J.; Leppiman, A.; Pohjola, A. (2014). Designing a business service experience: customer's perspective on value co-creation. Journal of Research in Economics and Business: Central and Eastern Europe, 6 (1), 51–64.

Kukk, J. (2015). Kommunikatsioon elamusmajanduses. Kaja: kommunikatsiooni ja suhtekorralduse ajakiri, 25, 40–41.

Kukk, J. (2015). Miks peaks juht mõtlema nagu disainer? Director, 152, 58–63.

Kukk, Jana (2016). Teenusedisain – tööriist mis aitab astuda sammu teenusest elamuseni. Kaja: kommunikatsiooni ja suhtekorralduse ajakiri.

Kukk, J.; Leppiman, A. (2016). The construct of value in knowledge-intensive business service from customer's perspective. An example of a long-term training activity. *Agronomy Research*, 14 (1), 91–108.

Kukk, J.; Leppiman, A. (2016). Value creation in business services through the prism of experience economy: conceptualising value-in-experience. *Journal of Creating Value*, xx–xx [ilmumas].

Ettekanded konverentsidel

“Client's willingness for co-creation of a service on the example of KIBS” ; konverents Entrepreneurship and Innovation as Key Drivers of Regional Development, 15.-16. juuli 2013.

“Kuidas kujuneb elamusteenuse väärtus kliendi jaoks?”, Elamus turunduses - turundus elamuses, TTÜ Majandusteaduskond, 6. mai 2014.

“Mis on elamuse väärtus”, Tarbimisest elamuse turundamiseni, TTÜ Majandusteaduskond, 7. mai 2015.

“Väärtus elamusest”, Elamuse disain, TTÜ Majandusteaduskond, 10. mai 2016.

“The construct of value in knowledge-intensive business service from customer's perspective. An example of a long-term training activity.” Biosystems engineering 2016, Eesti Maaülikool, 12.-13. mai 2016.

Lõputööde juhendamine

Kaia Kriiva magistritöö “E-ettevõtte konkurentsivõime mõjutamine läbi väärtuse loomise ettevõtte vaatenurgast.”, kaitstud Tallinna Tehnikaülikooli majandusteaduskonnas 15.06.2015

Lõputööde retsenseerimine

Markus Kamps'i magistritöö “Elektromobiilsusprogrammi protsess ja tõhusus ELMO näitel”, kaitstud Tallinna Tehnikaülikooli majandusteaduskonnas 15.06.2015

Airi Kello magistritöö “Ärikliendi ostuotsustusprotsess tõlketeenuse valikul OÜ Luisa Tõlkebüroo Juuniorteenuse näitel”, kaitstud Tallinna Tehnikaülikooli majandusteaduskonnas 15.06.2015

CURRICULUM VITAE

1. Personal data

Name	Jana Kukk
Date and place of birth	09.02.1985, Tallinn
Kodakondsus	Eesti
E-mail address	janakukk@gmail.com

2. Education

Educational institution	Graduation year	Education (field of study/degree)
Tallinn University of Technology	2016	Business administration, PhD
Tallinn University of Technology	2009	Business administration, master's degree, MA
Tallinn University of Technology	2006	Public administration, bachelor's degree

3. Language competence/skills (fluent, average, basic skills)

Language	Level
Russian language	native
Estonian language	fluent
English language	fluent
German language	basic skills
French language	basic skills

4. Special courses

Period	Educational or other organisation
2016	International Service Design Conference (Amsterdam)
2014	International Service Design Conference (Stockholm)
2012	AS Erahariduskeskus (Estonian University of Applied Sciences Mainor), Course on entrepreneurship pedagogics

2009	ETKA ANDRAS, andragogy qualification course
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5. Professional employment

Period	Organisatsioon	Position
10/2016 –	Tallinn University of Technology	lecturer
12/2013 –	SEB Pank	marketing project manager
2/2010 –	Estonian University of Applied Sciences Mainor	guest lecturer
9/2010 – 2/2011	SA Noored Kooli	communication specialist
2/2008 – 5/2010	Tallinna Konverentsid	conference project manager
2005 –	entrepreneur, ideesahtel.ee	trainer and consultant in the fields of project management, marketing and service design

6. Research activity, including honours and thesis supervised

Publications

Kukk, J.; Leppiman, A. (2013). Client's Willingness for Co-Creation in a Knowledge-Intensive Service Activity. In: Entrepreneurship and Innovation as Key Drivers of Regional Development: Book of Proceedings: International Conference Entrepreneurship and Innovation as Key Drivers of Regional Development; Ventspils, Latvia; 15-16 July 2013. Ventspils, Latvia: Ventspils University College, 34–46.

Kukk, J.; Leppiman, A. (2013). Increasing value perception in knowledge-intensive service activity by service design. Journal of International Scientific Publications: Economy and Business, 36–48.

Kukk, J.; Leppiman, A.; Pohjola, A. (2014). Designing a business service experience: customer's perspective on value co-creation. Journal of Research in Economics and Business: Central and Eastern Europe, 6 (1), 51–64.

Kukk, J. (2015). Kommunikatsioon elamusmajanduses. Kaja: kommunikatsiooni ja suhtekorralduse ajakiri, 25, 40–41.

Kukk, J. (2015). Miks peaks juht mõtlema nagu disainer? Director, 152, 58–63.

Kukk, Jana (2016). Teenusedisain – tööriist mis aitab astuda sammu teenusest elamuseni. Kaja: kommunikatsiooni ja suhtekorralduse ajakiri.

Kukk, J.; Leppiman, A. (2016). The construct of value in knowledge-intensive business service from customer's perspective. An example of a long-term training activity. *Agronomy Research*, 14 (1), 91–108.

Kukk, J.; Leppiman, A. (2016). Value creation in business services through the prism of experience economy: conceptualising value-in-experience. *Journal of Creating Value*, xx–xx [forthcoming].

Conference presentations

“Client's willingness for co-creation of a service on the example of KIBS” ; konverents Entrepreneurship and Innovation as Key Drivers of Regional Development, 15.-16. juuli 2013.

“Kuidas kujuneb elamusteenuse väärtus kliendi jaoks?”, Elamus turunduses - turundus elamuses, TTÜ Majandusteaduskond, 6. mai 2014.

“Mis on elamuse väärtus”, Tarbimisest elamuse turundamiseni, TTÜ Majandusteaduskond, 7. mai 2015.

“Väärtus elamusest”, Elamuse disain, TTÜ Majandusteaduskond, 10. mai 2016.

“The construct of value in knowledge-intensive business service from customer's perspective. An example of a long-term training activity.” Biosystems engineering 2016, Eesti Maaülikool, 12.-13. mai 2016.

Supervised thesis

Kaia Kriiva master thesis “Influencing competitiveness of e-business through value creation from business perspective”, defended at Tallinn University of technology on 15.06.2015

Opponent

Markus Kamps' master thesis “The process and efficiency of an electric mobility programme on the example of ELMO”, defended at Tallinn University of technology on 15.06.2015

Airi Kello master thesis “B2B consumer decision-making process when purchasing translation services: case of Luisa Translation Agency`s junior service”, defended at Tallinn University of technology on 15.06.2015

**DISSERTATIONS DEFENDED AT
TALLINN UNIVERSITY OF TECHNOLOGY ON
*ECONOMICS AND BUSINESS ADMINISTRATION***

1. **August Aarma.** Segmented Analysis of Bank Customers and Banking Information: Estonian Case. 2001.
2. **Enn Listra.** The Development and Structure of Banking Sector: Retail Banking in Estonia. 2001.
3. **Tatyana Põlajeva.** The Comparative Analysis of Market's Attractiveness. 2001.
4. **Tuuli Tammeraid.** Modeling Flow of Funds for Estonia. 2002.
5. **Ivo Karilaid.** The Choice in General Method for Investment and Performance Evaluation. 2002.
6. **Hele Hammer.** Strategic Investment Decisions: Evidence from Survey and Field Research in Estonia. 2003.
7. **Viljar Jaamu.** The Methods and Instruments for Solving the Banking Crisis and Development of the Banking Sector in Estonia. 2003.
8. **Katri Kerem.** From Adoption to Relationships: Internet Banking in Estonia. 2003.
9. **Ly Kirikal.** Productivity, the Malmquist Index and the Empirical Study of Banks in Estonia. 2005.
10. **Jaanus Raim.** The PPP Deviations between Estonia and Non-Transitional Countries. 2006.
11. **Jochen Sebastian Heubischl.** European Network Governance – Corporate Network Systematic in Germany, the United Kingdom and France: an Empirical Investigation. 2006.
12. **Enno Lend.** Transpordiühenduse ja logistikasüsteemi interaktsioon (Saaremaa ja Hiiumaa näitel). 2007.
13. **Ivar Soone.** Interrelations between Retail Service Satisfaction and Customer Loyalty: A Holistic Perspective. 2007.
14. **Aaro Hazak.** Capital Structure and Dividend Decisions under Distributed Profit Taxation. 2008.
15. **Laivi Laidroo.** Public Announcements' Relevance, Quality and Determinants on Tallinn, Riga, and Vilnius Stock Exchanges. 2008.

16. **Martti Randveer.** Monetary Policy Transmission Channels, Flexibility of the Economy and Future Prospects of the Estonian Monetary System. 2009.
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18. **Tõnn Talpsepp.** Investor Behavior and Volatility Asymmetry. 2010.
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20. **Jüri Kleesmaa.** Economic Instruments as Tools for Environmental Regulation of Electricity Production in Estonia. 2011.
21. **Oliver Parts.** The Effects of Cosmopolitanism on Estonian and Slovenian Consumer Choice Behavior of Foreign *versus* Domestic Products. 2011.
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25. **Tobias Wiebelt.** Impact of Lease Capitalization on the Development of Accounting Standards: A Theoretical Research. 2012.
26. **Sirje Pädam.** Economic Perspectives on Environmental Policies: The Costs and Benefits of Environmental Regulation in Estonia. 2012.
27. **Juhan Värk.** Venemaa positiivse hõlvamise poliitika ja teiste välispoliitiliste liinide mõjud Eesti-Vene suhetele aastail 1991–2011. 2012.
28. **Mari Avarmaa.** Implications of Capital Structure and Credit Constraints for Company Performance: A Comparative Study of Local and Multinational Companies in the Baltics. 2012.
29. **Fabio Filipozzi.** The Efficiency of Interest Rate and Foreign Exchange Markets in the Euro Area and Central and Eastern Europe. 2012.
30. **Aleksei Netšunajev.** Developments and Determinants of Intra-Industry Trade in the Baltic States. 2012.
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38. **Alar Kolk.** Co-evolution of Capabilities' and Alliance Portfolios: Multinational Firms in Global ICT Industry. 2014.
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51. **Olga Nežerenko**. Formal Cluster Formation in the Development of the Transport Sector in the Baltic Sea Macro-Region. 2016.
52. **Merike Kukk**. Essays on Household Consumption and Income Underreporting. 2016.
53. **Anatoli Beifert**. Regional Airports as a Driving Force for Economic and Entrepreneurial Growth Through Air Cargo Value Chains. 2016.
54. **Leon Miller**. Value Creation: An Integrative Strategy for Performance Improvement. 2016.