Value-in-use in a B2B food service logistic context
Valor de uso num contexto B2B na logística no sector alimentar

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Abstract
The main objective of this research is to understand the way a provider participates and contributes in the value co-creation process and identify the drivers that contribute to it. Given the nature of the phenomena under study a qualitative research approach was chosen to conduct this study. To reach a deep understanding about the phenomena in the B2B empirical context where it takes place, a case study was conducted and data was collected through semi-structured interviews to key informants involved in the process. A link between value-in-use dimensions emerged suggesting the importance to the logistic provider to adapt its operation and internal organization in order to better contribute to the value creation process. The mechanisms that influence the experience lived by the logistic provider’s customer were identified and point to the importance of interactions and building a strong relationship in order to create a trust and collaborative environment between companies.

Keywords: Value-in-use, value co-creation, service experience, logistic providers.

1. Introduction
Over the last 10 years several studies have been conducted about value-in-use and value co-creation. Vargo and Lusch (2004) have contributed to put this topic in the current research agenda by introducing the Service Dominant (S-D) Logic mindset in 2004. According to the Service Logic concept, defended by the Nordic School of services, service providers are not only restricted to make service propositions but they can participate with their customers in co-creating value with them and for them. Customers make use of resources made available to them during the usage processes for rendering value for themselves. In other words, this school of thought argues that service can be redefined “as how offerings are put to use in ways that support the creation of value from them” (Grönroos, 2011, p.240). It is central to note the importance of knowledge and skills (competences), also called operant resources which are capable of acting and producing effects on other resources (operand resources). Competition in SD-Logic occurs through service provision, thus it has important implications for firms to achieve a sustainable competitive advantage (Lusch, Vargo, & O’Brien, 2007). Agreeing with this view, Bjurldo, Edvardsson and Gabauer (2009) when referring to this service perspective argue that all employees become service providers and their competences (skills and knowledge) become a fundamental source of competitive advantage. The service provided by the firm serves as an input to be integrated with other resources for value to be realized (Vargo & Lusch, 2010). Gummesson and Mele (2010) agree with this perspective and point out that the resources by themselves do not have an intrinsic value, they need to be applied and integrated to become valuable for an actor to get a benefit from it. The SD-Logic model of value co-creation considers all actors as resource integrators, tied together in shared systems of exchange named by Vargo (2011) as service ecosystems.

Exploring the service experience and understanding how value (value-in-use) is generated by customers is fundamental for firms to gain a competitive advantage. By doing so, a provider will be able to integrate its customer’s processes with its own, facilitate its resources and ultimately will be able to influence the outcomes of those processes and influence the value that its customers will generate for their own benefit. If in a B2B context these aspect is not too much explored and there are authors claiming about the lack of empirical studies covering it, needless to say that studies covering this topic in a scope of a logistic services provider and its customers are even scarcer. Given the importance that understanding this phenomena of interacting with the customer to co-create value (with the customer and to the customer) can have in a firm’s competitiveness and ultimately in its survival in the market, together with the lack of empirical studies in this area, led to the conduction of this research. Understanding the service experience from the perspective of those who live it, how these experiences are translated to value-in-use

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and last but not the least what are the drivers behind it were the objective of the present research.

From a managerial point of view this research can make managers more sensitive to the importance of understanding how their customers make value emerge to them during their normal business processes and how they can improve performance and synergies between service and customer/provider business resources (Pascual-Fernández, Santos-Vijande, & López-Sánchez, 2014). Additionally, the knowledge of what can be the main drivers responsible for that may help managers, of both providers and customers, to strengthen their relationships and interactions. From the provider point of view, the awareness of these mechanisms can also help opening new avenues for collaboration with their customers resulting in value and growth to their companies.

From a theoretical point of view this research intends to help filling in a gap identified and claimed by several scholars of lacking of empirical studies in this area and by doing so it also builds on operationalizing some concepts of service logic and reinforcing it with the findings of the case study conducted.

The structure of this paper is as follows: in the first section literature is reviewed and concepts of service experience and value-in-use are explored, in the second part the methodology used to conduct this empirical study is described; thirdly the research findings are presented and discussed; and finally the conclusions are drawn.

2. Literature Review

2.1 Service Experience

Shostack (1977) addressed the need of service marketing to adopt, what the author called, a “mirror-opposite view” approach compared to the conventional practices used for “products”. By that time the author already referred and drew the attention for the ephemeral, subjective and dynamic characteristics of the intangible factors that drive a service experience. As a result, the importance of a marketer to be able to “control” the environment or the context in which the service is experienced in order to be able to influence the outcome of the service experience is rather important. On the basis of this view was the principle defended by the author that a service could only be experienced. Sandström, Edvardsson, Kristensson, and Magnusson (2008) developed a framework in which it is clear the link between the functional and emotional dimensions that influence the service experience and the cognitive evaluation of the latter that result in the value in use realized by who experience that service. In a literature review study about the concept of service experience Helkkula (2011) identified three main categories, considered complementary rather than exclusive, in which that concept was categorized. First, the “phenomenological” characterization, as defined in the Stanford Encyclopedia of Philosophy phenomenology can be understood “as the study of structures of experience, or consciousness. Literally, phenomenology is the study of “phenomena”: appearances of things, or things as they appear in our experience, or the ways we experience things, thus the meanings that things have in our experience. Phenomenology studies conscious experience as experienced from the subjective or first person point of view” (Smith, 2013, What is Phenomenology? section, para. 2). Basically, under this category are the studies that investigate the service experience from the perspective of a specific individual in a specific context. Caru and Cova (2003) criticize the fact that some studies that fall under this category very often emphasize the hedonic (pleasure seeking) type of service experience giving little attention to what is the instrumental (rational, problem solving, need driven) type of experience or a combination of both (Lofman, 1991). In regard to this topic, it is interesting to note that Vargo and Lusch (2008) when explaining the experiential nature of value opted to choose the word “phenomenological” instead of experiential in their tenth Service Dominant Logic Foundational Premise “Value is always uniquely and phenomenologically determined by the beneficiary” to avoid what they called the “Disneyworld event” association that can be made when discussing service experiences. The main focus of this categorization is on the individual and how the service is uniquely experienced by him. Despite this, Helkkula (2011) also found that there are more studies considering the impact of the social aspects in the service experience as it is accepted that an individual, the subject of a service experience, does not live in isolation. The second category of the service experience concept characterization found by Helkkula was the “process-based”. This was explained by the fact that many authors defend the process nature of services. As a consequence, the main focus of the “process-based” characterization is on, what the author called, the phases or stages of the service experience process, the evolution in time is considered and transformation or changes occurring over time is highlighted. Finally, the last characterization of the service experience concept was the “outcome-based” which considers a set of variables or attributes and their link to the outcomes. The focus of characterization is not on an individual but on a consolidated service experience of a group of individuals.

In a B2B context a business “experience” is, as defended by Meyer and Schwager (2007), no more than its manner of functioning. Similarly to and as effective as in a firm-customer relationship, in a B2B relationship the provider company helps its customer company to fulfill its needs by helping it resolving its business problems. In a B2B relationship there are many interactions involving many actors in both organizations with particular purposes that should in the end contribute to a common objective of each organization. The actors that are involved in these interactions are in contact with each other and have the opportunity to influence each other’s processes. Given the functional knowledge of the interactions, in a B2B context, meaning that people in one organization tend to interact with their counterpart in the other organization with similar function knowledge, helps spreading an awareness of experiencing issues and priorities (Meyer & Schwager, 2007). Enz and Lambert (2012) go further and defend that increasing the involvement of provider and customer companies’ representatives and forming cross-firm and
cross-functional teams will help develop and maintain B2B relationships. Moreover, these authors concluded that promoting the cross-firm and cross-functional teams leads to increased value co-creation.

2.2 Value in use

Under the service logic concept value takes a broader sense. It is not the transactional value a customer is used to exchange when acquiring a product or a service (value-in-exchange), usually in a sporadic interaction with a supplier, but it is seen as a broader concept in which the value for the customer emerges for him during its usage. The first concept is known in the literature as value-in-exchange and it is distinguished from the latter concept described and known as value-in-use. According to Heinonen et al. (2010) in value-in-exchange the value is delivered to the subject, whereas value-in-use could be seen as a process where value emerges. According to Vargo, Maglio and Akaka (2008), these two concepts reflect two different ways of thinking about value and its creation. The concept of value-in-exchange is linked to the Goods Dominant Logic (traditional view) in which the value is embedded in the product that is produced by a provider and delivered to the customer normally in exchange for money. In this logic, the role of producer and consumer are distinct and separated. On the other hand, the concept of value-in-use is linked to the recent Service Dominant Logic where the role of the provider and the beneficiary are interrelated in order for value to be created. Other scholars go further and argue that the value a customer can get from a service will depend on the resources that are made available to him, the ones they have available by their own and finally the way the customer is able to integrate all these resources to create value for himself during the consumption process (Grönroos & Ravald, 2011; Lusch & Webster, 2011). These authors advance even further when argue that “there can be no other value creator than the customer” (Grönroos & Ravald, 2011, p.15). Vargo et al. (2008) in part recognize this fact, however they defend that value “is always co-created, jointly and reciprocally, in interactions among providers and beneficiaries through the integration of resources and application of competences” (p.146).

The value a user can get from the utilization (value-in-use) of, for instance a tablet, will depend, on one hand, of his ability and knowledge for using new technologies and to find the apps that are useful for him and, on the other hand, on the services (other resources) like internet access that are available to him. In summary, the value-in-use that can emerge from a tablet use will depend very much on the ability of the user to integrate all the resources that are made available to him. Certainly, this value can be enhanced if the service providers interacted with the user in such a way that his experience of using their services is improved. Meaning that, in this case a provider puts himself in a situation where the output of a process can be influenced by him and therefore, as he is learning about his customer he is also co-creating value with him. Consistent with this perspective are other authors when they suggest that the customer’s value-in-use begins with the presentation of the provider value proposition and interactions are generators of service experience and value-in-use (Ballantyne & Varey, 2006). Sandström et al. (2008) make the link between value-in-use and service experience. The value that a user perceives as emerging during a service usage will depend also on the satisfaction the customer feels, either positive or negative, when using a service and what stays on his mind. Therefore, personal feelings like emotion, excitement or others that influence a user’s service experience should also be considered when evaluating value-in-use. Reinforcing this aspect Edvardsson, Ng, Min, Firth and Yi (2011) clarify that “in the broader context of value-in-use, there are operant resources in the form of embedded knowledge and experienced intangibles, such as the emotional attributes, that will create a lasting impression in the minds of the users” (p.553). As far as this is concerned, it is important to note that value is constructed by whom lives it based on past, present and future imaginary experiences (Hellkula, Kelleher, & Pihlstrom, 2012). Lusch, Vargo and Tanniru (2010) are also consistent with this concept and according to SD Logic only the customer can assess value that is created through the use of a service and under a certain context as it is noted in SD Logic tenth foundational premise “value is always uniquely and phenomenologically determined by the beneficiary” (Vargo & Lusch, 2008, p.7). For these authors, value that one can get is experiential and context dependent (value-in-context).

Vargo et al. (2008) extended the study of service for service exchange to what they called service systems. A service system is defined as “a configuration of resources (including people, information, and technology) connected to other systems by value propositions” (p.145). Those resources are allowed to be integrated for mutual beneficial, of the entities involved in the service system, and value is co-created and assessed on the basis of value-in-context. In short, Vargo and Lusch (2008) enlarged the scope of exchange that had started to be focused on two parties to a much broader view where SD Logic applicability was extended “to all entities that exchange to improve their own state of being (e.g., individuals, families, firms, societies, nations, etc)” (p.5). Gummesson and Meke (2010) advocate that SD Logic contributed to dissolve many dichotomies of midrange theory and elevated them to a more abstract level, namely services and goods become service, offer becomes value proposition, the role of customer and supplier has been redefined and value-in-exchange and value-in-use become components of value-in-context. Moreover, the B2B, B2C/C2B relationships have all been generalized and merged into actors to actors (A2A) relationships. As defended by Vargo and Lusch (2011) “all social and economic actors engaged in exchange (e.g., firms, customers) are service-providing, value-creating enterprises; thus, in this sense, all exchange can be considered B2B” (p.181).

3. Methodology

The research methodology should be chosen considering several factors. Thus, given the ontological and epistemological position assumed by the researcher, the nature of the research question posed (How, in what circumstance and contexts the logistic providers facilitate,
or make it more difficult, the creation of shared operant resources aligned to the development of service experiences?) and the nature of the phenomenon under study, a qualitative research approach was chosen to conduct the study. Under this “qualitative research” label, as Flick (2002) referred, there are several research approaches in social sciences that differ in their theoretical assumptions, in their understanding issues and in their methodological focus. This research is based on an interpretative perspective as it seems to be the most appropriate to understand the phenomenon and interpret the actors’ interpretation of reality and the meanings they assign to the situations they experience in their social context. An exploratory study, embedded in the qualitative research framework followed, was conducted in order to obtain a better understanding of how the logistic company could influence the service experience of its customers by facilitating the use of shared operant resources. The exploratory approach was used to help the authors to get a pre-understanding of the phenomenon which was in parallel complemented with the literature review conducted about service experience and service logic to set the theoretical framework under which the phenomenon was studied.

This qualitative research is based on methods of data generation sensitive to the social context where data is produced and the data analysis methods allow a detailed understanding of the phenomenon and its context (Denzin & Lincoln, 2000). So, to help reaching a deep understanding of the phenomenon a case study was conducted. Halinen and Tornroos (2005) point out that case studies allow the researcher to be very close to the object of study and therefore they enable inductive and rich descriptions of the phenomenon. These authors, amongst others, also argue that case studies are a strong method as they allow studying contextual factors and process elements in the same real-life situation. Moreover, Halinen and Tornroos (2005) state that case strategy is most suitable for the study of business networks (p.1286). As the unit of analysis of the research is the relationship between the logistic company and its customers, all incorporated in a value network, the use of case studies strategy seemed to be the adequate approach. The case study was conducted to understand how logistic providers can participate and influence the service experience of its customers. The access to data was considered by Yin (1994) as one of the greatest hurdles to conduct a research and hence it could be considered as a selection criterion to choose the empirical context. Taking this into consideration, the logistic sector was chosen to be the empirical context of this research. The case study was conducted in a multinational company operating in Portugal as a logistic operator and its customers operating in the restaurant sector.

In this research data was gathered by conducting semi structured interviews (Yin, 1994), recorded with the permission of the respondents, with key actors with an active role in the phenomenon under study. Special attention needs to be given to the choice of the respondents as in B2B no single source of information represent the point of view of an organization (Enz & Lambert, 2012).

Thus, the respondents, chosen randomly, were logistic provider customer’s staff with managing responsibilities and working for several years in the company and in close contact with both their customers and the logistic provider. To capture the logistic provider point of view regarding the relationship respondents from the logistic provider organization were also randomly chosen. By collecting the information from different actors working for both parties of the B2B relationship, with different roles and in different levels of the organizations, the trustworthiness of the results may be higher. Other sources of information such as documentation available in the organizations and observation were also used to find patterns and triangulate results. The interviews’ aim was to understand the service experience of both the end customers and the logistic provider’s customers, capturing the value-in-use emerged for the customers and identifying the drivers responsible for it that could be influenced or facilitated by the service provider.

In case study research it is important to consider the validation criteria due to the subjectivity involved, possible bias of the researchers and generalizability limitations (Enz & Lambert, 2012). In order to ensure research construct, internal and external validity and reliability, several tactics identified by Beverland and Lindgree (2010) were used. To improve construct validity several sources of information (interviews and documentation) were used for triangulation and interviewees were allowed to review the draft case report and provide feedback. The internal validity was not addressed due to the fact that it was not the aim of this exploratory research to make causal relationships between variables. Although external validity was identified as a limitation of this research, its results were compared with existing theory as a tactic to increase it. This empirical study has some limitations as it was conducted in two specific companies working in a specific context in order to understand the phenomenon under study. Therefore, statistical generalization is not possible and analytical generalization to other contexts should be very carefully considered. Moreover, data were collected from a limited number of informants from both seller’s and buyer’s side although both perspectives were captured. Finally, for reliability purposes a research protocol with the steps followed and the semi-structured interviews were maintained.

4. Findings and discussion

The service experience in a business-to-consumer (B2C) context in which the consumer’s individual perceptions, the resources he has available, his know-how and the context itself are important factors for determining the value that might emerge for him during the consumption process. In a B2B relationship these factors are not less important although they should be evaluated in an “aggregated mode”, meaning that in a business relationship the result of the various experiences of the actors involved are eventually the ones that become the predominant view in the organizations rather than the individual perceptions. The data obtained during the interviews support this and it is evident the use of words like “us” or “we” when individuals
refer to their opinions about the organization to which they belong. In some cases, interviewees voiced their opinions as if they were almost the “official” version of certain subjects. The key informants interviewed were people with management and coordination responsibilities with deep knowledge about the business and the relationship with the logistic service provider. By conducting a content analysis to the interviews using an open/inductive approach it was possible to identify some patterns of how organizations’ service experience are translated in value-in-use for themselves and the main value-in-use drivers categories emerged. Following Sandström et al. (2008) approach the service experience in this B2B relationship context was analyzed focusing on the outcome of the experience itself. Nevertheless, during the semi-structured interviews it was given freedom to the interviewees to transmit their experience during the processes that conducted to certain outcomes. Table 1 shows the results obtained when analyzing the final customer’s experience and how these were translated and codified in five value-in-use dimension.

### Table 1 – Final customer service experience and value-in-use dimensions

<table>
<thead>
<tr>
<th>Final Customer Experience</th>
<th>Value-in-use dimension</th>
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<tbody>
<tr>
<td>Enjoyable time in a relaxed, informal, friendly and familiar atmosphere;</td>
<td>Comfort feeling</td>
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<tr>
<td>A nice place to meet friends, have a family meal or even to have small business meetings;</td>
<td></td>
</tr>
<tr>
<td>Appreciate a safe and quality meal;</td>
<td>Food satisfaction</td>
</tr>
<tr>
<td>Possibility to choose food from a variety of options and get what is expected;</td>
<td></td>
</tr>
<tr>
<td>Enjoy fresh food;</td>
<td></td>
</tr>
<tr>
<td>Enjoy a fast, friendly and careful treatment;</td>
<td>Service offered</td>
</tr>
<tr>
<td>Use clean facilities and environment;</td>
<td></td>
</tr>
<tr>
<td>Use free internet, electronic order takers and other digital offers;</td>
<td></td>
</tr>
<tr>
<td>Experience new concepts (food or associated services)</td>
<td>Experimentalism</td>
</tr>
<tr>
<td>Possibility to personalize meals</td>
<td></td>
</tr>
<tr>
<td>Get low price meals with high quality</td>
<td>Good value for money</td>
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</tbody>
</table>

Source: The authors.

In a context of crisis, a meal price takes a relevant role in consumer’s choice and therefore offering a pleasant and innovative experience is paramount to capture customer’s choice. Unlike in the past, in a crisis context the consumers are very often obliged to make choices about where to spend and save their money. The experiences offered by food service companies should be broader, innovative and able to fulfill all customers’ needs. The latter is in line with other authors’ findings who recognized that as an important appreciation factor by food service consumers (Chaves, Laurel, Sacramento, & Pedron, 2014). Thus, it is no surprise the emergence of a value-in-use dimension that reflects the need for customers to get good value for money. It is also noticed the emergence of an experimentalism dimension linked with customers willing of experiencing new concepts. This can also be somehow connected with the appearance of new competitors in the food service market offering new concepts like traditional food and gourmet meals. The other value-in-use dimensions (comfort feeling, food satisfaction and service offered) could be more expected to emerge in a normal restaurant context although in the service offered dimension it is clear the trend of the digital technologies. A large segment of customers of this food service company are young people and the actual democratization of technological devices and the “need” of young people to be “always” online makes relevant and not surprising the influence of using free internet service to this customers experience in a restaurant context.

From the Logistic Provider customer’s perspective four main value-in-use dimensions emerged which appeared to be well rooted in the key respondents’ speech (table 2). Trust and Collaboration are categories in which the importance of interactions and relationship maintained between actors of the companies involved are emphasized. The nature of the relationship, the belief in the service provider partner and naturally the duration of the relationship are quite evidently important mechanisms identified for building trust and collaboration. From the Logistic Provider perspective it is noted the importance of drivers, like being able to stick to promises, fulfilling them as well as their customer’s needs, availability and the knowledge about the business of their partners for building a strong and trustful relationship. Additionally, Reliability and Flexibility are the two other dimensions that emerged more related to the outcome of operational processes. The drivers of these dimensions clearly show the importance of very specific logistic necessities that the customer company needed to be fulfilled in order for them to be able to efficiently fulfill their own customers’ desires. Respondents emphasized the importance, in times of high competition in a fast changing environment, of the logistic provider to be able to rapidly react and find ways of responding to their changing and more demanding requests.

### Table 2 – Value-in-use dimensions and drivers of Logistic Provider’s customer

<table>
<thead>
<tr>
<th>Value-in-use dimension</th>
<th>Drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust</td>
<td>Partnership open book relationship; Long period working together; Keep and fulfill promises; Availability;</td>
</tr>
<tr>
<td>Collaboration</td>
<td>Level of interaction of point of contact resources; Understanding of customer’s business; Focus on customer’s needs and its fulfillment; Level of integration;</td>
</tr>
<tr>
<td>Reliability</td>
<td>Get what expected in due time; Assured supply and food safety;</td>
</tr>
<tr>
<td>Flexibility</td>
<td>Ability to adapt, react and respond to changes in customer needs</td>
</tr>
</tbody>
</table>

Source: The authors.

By analyzing the service experience of the final customers and continuing upstream appeared a link between value-in-use dimensions. The Food satisfaction and Good Value for Money dimensions of final customers can be influenced by
the Reliability of the Logistic Provider. As a result, by focusing on improving these drivers the Logistic Provider will be able to influence the experience of its customer and consequently of the final customers. Similarly, by enhancing the Collaboration and Flexibility the logistic provider will be able to help its customer to rapidly react to market needs and trends and eventually get final customers looking for it to experiment new concepts (Experimentalism).

5. Conclusion

This case allowed understanding the importance of a logistic provider to know the drivers behind the process of value creation in a B2B relationship context. A link between value-in-use dimensions emerged, suggesting the importance to the logistic provider to adapt its operation and internal organization in order to better contribute to the value creation process of the entities involved along the supply network. The factors and mechanisms that influence the experience lived by the logistic provider’s customer company were identified and indicate the importance of the interactions in building a strong relationship in order to create a trust and collaborative environment between companies. As a consequence, logistic service provider will be in a better position to facilitate and eventually influence the value creation process of its customers.

The results will contribute to fill in the gap, identified by several authors, of lack of empirical studies in the area of Service Logic and will add more understanding of this service research stream applied to logistic and supply chain knowledge. Moreover, it will help to better understand the importance of the drivers that allow the emergence of value-in-use during a service experience in a B2B relationship explored in the light of the existing Service Logic theory. The qualitative research was undertaken in a specific context with food service companies in order to understand the phenomenon under study and therefore statistical generalization is not possible and analytical generalization to other contexts should be very carefully considered.

Other research conducted with logistic providers in similar or different contexts are incentivized to either confirm these results or find similarities and differences between cases. Research on the ability of logistic providers to adapt and quickly respond to rapid changes of its customers’ needs is also suggested. It will be interesting to understand how logistic providers could more efficiently integrate resources in order to respond to so diverse requests from their customers.

References


