Contents lists available at ScienceDirect

Industrial Marketing Management

The customer as enabler of value (co)-creation in the solution business

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A B S T R A C T

Through 31 in-depth interviews with customers and providers of knowledge-intensive business service solutions, this article explores their view on customers' contribution to value (co)-creation. First, the study defines five internal factors that prompt customers to engage with providers for value (co)-creation and discusses unique factors that influence how customers define their needs before engaging a solution provider. In addition, the study suggests extending the known solution process by proposing the problem and need definition phase to reflect the customer's early activities. The results support the theory that customers define their typical needs not only to aid them in selecting the right provider but also to use their awareness of possible issues to guide the solution process. Providers benefit from this definition in that they gain a better understanding of their roles and responsibilities in the process. Second, the study identifies eight variables that typically enable value (co)-creation. The findings show that customers should focus their activities on those variables and providers should identify possible customer shortcomings so that they can compensate for them.

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1. Introduction

The customer has never been more important. Service research, particularly solution business literature, emphasizes the customer's importance in the value (co)-creation process (e.g. Aarikka-Stenroos & Jaakkola, 2012; Tuli, Kohli, & Bharadwaj, 2007; Vargo & Lusch, 2006). Thus, marketing research attention has evolved from the goods-dominant paradigm to the now-prevalent service-dominant (S-D) logic (Vargo & Lusch, 2004, 2008). Although scholars do not consider S-D logic a paradigm yet, it has influenced their research, resulting in important conceptual and empirical work that enhances understanding of service marketing and the solution business (e.g. Heinonen et al., 2010; Payne, Storbacka, & Frow, 2008).

However, extant research typically does not focus on the customer; scholars mostly address the solution provider, defining it as a firm that customizes products and/or services to satisfy customers' needs (Stremersch, Wuyts, & Frambach, 2001). Hence, Tuli et al. (2007, p. 1) challenge the established understanding of the term "solution": "there is little evidence to suggest that this view reflects or is informed by how customers think about solutions." The statement "value is defined by and cocreated with the consumer" (Vargo & Lusch, 2004, p. 6) becomes precariously vague, in that value (co)-creation without a comprehensive understanding of the customer is difficult to achieve (Heinonen et al., 2010; Zerbini, Golfetto, & Gibbert, 2007). Extending this viewpoint, Heinonen et al. (2010) argue that a customer-dominant logic is needed. Consequently, solution business researchers

have called for future empirical studies that emphasize the previously neglected customer (e.g. Brax & Jonsson, 2009; Payne et al., 2008; Töllner, Blut, & Holzmüller, 2011; Tuli et al., 2007). Reports of solution business providers' negative or, more commonly, moderate profitability support the need for further research (Hancock, John, & Wojcik, 2005; Johansson, Krishnamurthy, & Schlissberg, 2003).

In line with Payne et al. (2008), we propose that for a provider to increase its competiveness, it must understand and adapt methods of supporting the customer in the solution development process, which implies that customers' conditions can vary (Brax & Jonsson, 2009). Thus, we argue that it is important for providers to understand the initial needs the customer has identified and seeks to compensate for by hiring a solution provider. Therefore, the first research question of our study is: What are the typical customer needs that prompt them to engage with providers to create solutions? Clarifying the need not only has significant impact on the customer's provider selection criteria but also determines the customer and provider's roles in the subsequent solution process. Herein lies the first main contribution of this research.

Although scholars agree that customers are important in the solution development process (Grönroos, 2008; Heinonen et al., 2010; Tuli et al., 2007; Vargo & Lusch, 2004), they are vague with regard to how the customer contributes (Aarikka-Stenroos & Jaakkola, 2012; Payne et al., 2008). Thus, the second research question of this study is: How does the customer typically enable value (co)-creation in the context of solution business? The current research enhances the ongoing academic discussion regarding the customer's role and contributions during the (co)-creation of solutions. In addition, practitioners will benefit from a better understanding of customer practices and activities when entering into the solution creation process.

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2. Theoretical background

2.1. The customer in the solution business

As early as Ansoff and Stewart (1967), scholars have discussed the solution business. However, a literature review shows several variations of its definition (e.g. Nordin & Kowalkowski, 2010; Töllner et al., 2011; Tuli et al., 2007). Varying characteristics include the degree of customization and integration with the customer (e.g. Galbraith, 2002; Johansson et al., 2003; Sawhney, 2006) and the bundling of products and services (e.g. Brady, Davies, & Gann, 2005). Other researchers follow a results-oriented perspective by suggesting that it is a "comprehensive bundle of products and/or services, that fully satisfies the needs and wants of a customer related to a specific event or problem" (Stremersch et al., 2001, p. 2). We agree with the latter definition in that it acknowledges the customer's unique problem and therefore indirectly includes other characteristics such as the bundling of products and services as needed. The numerous definitions of the solution business are also reflected through the variety of industries that offer solutions, including technology (e.g. Ceci & Masini, 2011; Zerbini et al., 2007), professional services (e.g. Aarikka-Stenroos & Jaakkola, 2012; Jacob, Kleipaß, & Pohl, 2014), and manufacturing (Biggemann, Kowalkowski, Maley, & Brege, 2013; Brax & Jonsson, 2009).

Literature focusing on the customer in the solution business identifies sequential processes that describe the creation and implementation of solutions. According to Tuli et al.'s (2007) relational solution process of the provider and the customer, the sequence begins with the joint definition of requirements for the solution, followed by customization and integration of the solution, and ending with deployment and post-deployment support. Töllner et al. (2011) enhance the process with a sequence of signaling activities toward the customer before the requirement definition begins and introduce the element of inter-process management. Aarikka-Stenroos and Jaakkola (2012) find comparable steps to Tuli et al. (2007) but view them as iterative and include value conflict management between firms as well as organizing the solution process and resources. Despite these differences, the proposed solution processes basically agree that a solution is developed through co-creation with the customer.

Summarizing the traditional literature on the customer's perception in the solution process, Grönroos and Voima (2012) find that this research often describes the provider as the leader in the value creation process. In extreme cases, "customers truly are viewed as partial employees" (Bitner, Faranda, Hubbert, & Zeithaml, 1997, p. 197), relegating the customer to a subordinate role. However, more recent research on the customer perspective has changed this notion such that the customer and the provider are described as equal contributors through co-creation, implying that it is more than the transfer of activities from one firm to the other (e.g. Jaakkola & Hakanen, 2013; Sheth & Uslay, 2007). Thus, co-creation can be understood as the "benefit realized from integration of resources through activities and interactions with collaborators in the customer's service network" (McColl-Kennedy, Vargo, Dagger, Sweeney, & Kasteren, 2012, p. 7). This definition represents a balanced approach that acknowledges the contributions of the customer and the provider through collaboration.

2.2. Value (co)-creation through the customer

The value literature that addresses solutions evolved from the general suggestion that the integration of pieces into a solution results in more value than the individual pieces would alone (Brax & Jonsson, 2009) to literature examining the locus of customer value when co-creating a solution with a provider (Grönroos & Voima, 2012; Heinonen et al., 2010) or investigating value creation in multiple-actor solution networks (Butler & Batt, 2014; Jaakkola & Hakanen, 2013; Windahl & Lakemond, 2006). For example, applying the value-in-use

logic (Macdonald, Wilson, Martinez, & Toossi, 2011; Vargo & Lusch, 2004), value does not exist until the customer uses or experiences goods and services (Grönroos, 2008). In this sense, value is "determined by the beneficiary" (Vargo & Lusch, 2008, p. 9).

Following this literature stream, the provider's initial role is to facilitate goods and services to create potential value (Gummesson, 2007). The potential value is embedded in the provider's value proposition with the objective of achieving the best possible trade-off between the customer's value-in-use and the required sacrifices (e.g. Lindgreen, Hingley, Grant, & Morgan, 2012; Woodruff, 1997; Zeithaml, Berry, & Parasuraman, 1988). However, providers are not restricted to the facilitator role only. They can integrate themselves through intensive interaction and engagement in the customer's daily practices to become part of the value creation process through co-creation and help fulfill the value proposition (Grönroos, 2008). To become a co-creator of value, the provider must deeply understand the customer firm to meet its needs (Grönroos & Voima, 2012; Payne et al., 2008). Hence, we see our first research question on typical customer needs that prompt them to engage with providers to create solutions strongly justified. This concept becomes even more relevant as several scholars have suggested that co-creation with the provider is important to achieve the best solution (e.g. Jaakkola & Hakanen, 2013; Lehrer, Ordanini, DeFillippi, & Miozzo, 2012; Payne et al., 2008; Tuli et al., 2007), which links our research questions to not only co-creation but also the impact of solutions in general.

Extending this viewpoint, the provider can be a facilitator and co-creator but not a direct creator of value from the customer perspective, because it cannot experience value-in-use (Grönroos, 2011). The customer, in contrast, can create value independently or decide to co-create value through direct interaction with the provider (Grönroos & Voima, 2012). Thus, extant research indicates that the customer determines value (Vargo & Lusch, 2008) and decides whether to engage in co-creation with the provider (Grönroos & Voima, 2012). However, the customer's concrete contribution is still underrepresented in the literature. Thus, the second research question aims to investigate how the customer typically enables value (co)-creation in the context of solution business.

3. Methodology

3.1. Research design and sample selection

Because little research addresses customers' needs and contributions in the value (co)-creation process in the context of business solutions, we use an explorative approach (e.g. Glaser & Strauss, 2006; Lehrer et al., 2012; Tuli et al., 2007). We applied a purposeful sampling approach to recruit managers with relevant experience as customers or solution providers (e.g. Töllner et al., 2011; Tuli et al., 2007), accessing several professional network platforms and personal contacts. We conducted 31 in-depth interviews within a nine-month period.

The customer sample is composed of in-depth interviews with 12 managers from four firms operating in different industries (see Table 1). We selected large customer firms because they typically purchase and develop solutions more often than small firms. The interviewees have significant experience in purchasing, developing, and using solutions and most often held top or senior management positions in their organizations (e.g. chief financial officer, vice president).

We used a provider firm that created solutions for the same industries (i.e. pharmaceuticals, agro-chemicals, life sciences, and technology) to ensure a common basis of solutions and comparability to identify overarching themes. Due to the dilutive usage of the term "solution provider", we selected a firm that offers knowledge-intensive business services, a solution widely accepted in literature (e.g. Aarikka-Stenroos & Jaakkola, 2012; Lehrer et al., 2012; Tuli et al., 2007). This firm has more than 100,000 employees, and we conducted