

## Chapter 3

# Co-Creation of Innovations in ICT-Based Service Encounters

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### ABSTRACT

*Innovations in services often emanate from service encounters (i.e. the touch points between the service producers and the customers). Two different types of service encounters are dealt with: face-to-face and ICT-based service encounters. The aim of the chapter is to examine the specific conditions for innovations from ICT-based service encounters. The service encounter research tradition is mostly concerned with customer satisfaction. The perspective of the present chapter is on innovations in the service encounter. The specific contribution of the chapter is to establish a conceptual foundation for innovations in ICT-based service encounters.*

### INTRODUCTION

When customers meet service producers in a face-to-face service encounter, the possibility exists for co-creation of innovations of service products and processes. When the service encounter is mediated via the Web, important properties are changed since the direct face-to-face contact is replaced

with keyboards, graphical interfaces, cameras, microphones, etc. The assumption of this paper is, therefore, that the conditions for co-creation of innovations in service encounters also are changed. The aim of the paper is to discuss this hypothesis and, thereby, improve the theoretical understanding of the processes of co-creation of innovations in ICT-based service encounters.

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This is done by combining three different approaches: First, the characteristics of ICT-based services as opposed to face-to-face based services are discussed. Thereafter, the advantages and disadvantages with respect to interactions between users and producers regarding ICT and face-to-face based services are examined. Thirdly, theories concerning user involvement in ICT service development, which do not have their explicit point of departure in ICT service encounters, are discussed. The idea is that the relatively new field of service encounter based innovation can learn from existing theories from other adjoining fields.

The persons who receive or use a service can be termed in many ways, e.g. 'customers', 'consumers', or 'users'. Each of these terms carries connotations which refer to a specific role, but as McLaughlin (2009) in the context of social work studies notices, the terms are also embedded in specific discourses. In this paper, we will primarily apply the term 'customer'. This term signifies the specific individual who is selecting (and possibly buying) a service delivered either in a face-to-face encounter, via ICT, or in a combination of both. The term 'consumer' is an abstraction denoting the role of a person buying something. Finally, the term 'user' gives emphasis to the role of somebody using something without reference to any economic relations between the different agents in the market.

The focus is on the co-creation of ideas for innovations or impulses for or sparks of ideas emanating from ICT-based service encounters. The realization of the actual innovations often requires much longer and complex processes, where the ideas for innovations are considered and dealt with inside the service producing entities before they result in new services or production processes. The emphasis of this paper is on the moments or time frames in which service users encounter the services in question and where these encounters possibly result in sparks of ideas later to be considered for realization.

The Web is, presently, a well-known interface for end-user access to ICT-based services. In the paper, we will, however, use the broader term 'ICT-based service encounters'. Our focal point is the customer's perspective regarding the change from face-to-face to interface-based service encounters, not the questions of how the ICT-based service is produced technically. The term 'ICT-based service encounters' allows us to include self-services like airline-check-in kiosks, ticket dispensers, and ATMs, as well as app-based mobile services and other Internet-based services that are not presented in a Web browser but have a specifically designed interface. The theories, hypotheses, and conclusions presented in the paper cover Web-based services as well as other ICT-based services.

Three concepts need initially to be briefly discussed in order to approach the issue: Co-creation, service encounter, and innovation. Co-creation is a term often used in connection with the topic of co-creation of value (e.g. Normann and Ramirez, 1993; Fiat et al., 1995). However, in our context, the focus is on co-creation of innovations. Such co-created innovation activities may include different cooperating producers as well as the customers of the services, but our focus is on the interplay between producers and customers. This is why the emphasis is on service encounters.

The concept of service encounters has mostly been examined in connection with customer satisfaction analyses (e.g. Czepiel, 1990; Bitner et al., 2000; Meuter et al., 2000; Massad et al., 2006). However, in this paper and the research project (Innovation in the Customer Encounter, ICE),<sup>1</sup> which has been the starting point for the paper,<sup>1</sup> the interest has been on service encounters as the basis for innovations. What a service encounter is can be discussed and is subject to different interpretations of the concept (Grönroos, 1990; Lusch and Vargo, 2006). In the context of this paper, we will understand the concept of service encounters as the different touch points, where the customers of services get in contact with the

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