

## Chapter 35

# Designing Multichannel Value Propositions to Enhance Value–Cocreation Phenomenon

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### ABSTRACT

*Service Science introduced the abstraction of service systems, which while jointly interacting can co-create value. The term “cocreation” captures the collaborative nature of value creation. Whilst value, between two or more service entities, is always cocreated, value-cocreation is rarely considered in designing a service even though this is a main design driver that leads to successful construction of Value Propositions<sup>1</sup> (VP). The presence of multiple channels (in-person, phone, and web) may give rise to opportunities for enhanced value-cocreation. Still, different channels may lead the beneficiary of the service to interact as a value coproducer, linking value-cocreation to his/her capability to properly perform the service. The authors explore the opportunity to increase the value cocreated in a service process through improved design using multiple channels. The authors develop a method that guides service designers in the construction of more effective multichannel Value Propositions, increasing the opportunities to enhance the cocreation of value. This paper should be of value to both researchers and practitioners looking for new ways to construct effective multichannel Value Propositions.*

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## INTRODUCTION

We interact daily with complex service systems for a plethora of reasons (e.g., transportation to reach our office, energy, telecommunications, etc.). The importance of the service economy has risen dramatically during the last 20-30 years, although only in the last decade has the scientific community, with the conceptualization of Service-Dominant Logic (SDL) and Service Science, Management and Engineering (SSME, Service Science in short), put a strong multidisciplinary emphasis on the general understanding and improvement of service systems<sup>2</sup> (Giuiusa, Spohrer, & Modi, 2012).

According to the research stream of Service-Dominant Logic (Vargo & Lusch, 2004; Vargo et al., 2006; Vargo, 2011; Lush & Vargo, 2011), service is the fundamental basis of exchange (Vargo & Lush, 2008). In fact, one of the fundamental premises of SDL is that all economies are service economies. Hence, what has changed today's perception of service is not that "services are overtaking goods in economic activity, but rather that the relative inadequacy of the goods-based classification system of businesses for capturing and informing changes in economic activity is becoming increasingly apparent" (Vargo & Lush, 2008).

SDL defines service as the process of using one's resources (skills and knowledge) for the benefit of another entity (Vargo & Lusch, 2004; Vargo & Lusch, 2006). Consequently the concept of "two entities, one creating value (producer) and another destroying value (consumer), typical of Good-dominant logic, in a service context make no-sense" (Maglio et al., 2009). So, value can only be cocreated<sup>3</sup> (Vargo & Lusch, 2006) and it is implicit in the interactional nature of service (Vargo & Lusch, 2008).

Service science is an emerging transdiscipline integrating insights from existing disciplines (e.g., service marketing, service operations, service computing, service design, service economics,

service engineering, etc.) into a new whole without replacing any of the parts. Each disciplinary part contributes to the evolution of value-cocreation interactions between complex service systems, with universities from around the world directly involved in generating new knowledge, the benefits of which are leading to global transformation and societal progress (Lella, et al., 2012; Spohrer & Giuiusa, 2012; Spohrer et al., 2013). Service Science (Maglio et al., 2010) has adopted value-cocreation as one of the defining characteristics of service systems (Yang et al., 2013), which is part of the Service System Worldview based on Service-Dominant Logic (Maglio et al., 2009).

The importance of Service Science and the study of value-cocreation phenomenon has been acknowledged by the scientific community, and is reflected in a growing number of conferences, journals, and professional associations with service sections. Practitioners and employers should be aware of and take advantage of new finding and their business implications (Spohrer et al., 2013). In typical business service interactions between stakeholders, often characterized as B2B and B2C interactions, it is often extremely important to consider the cocreated value (Ma et al., 2010) as a key factor for the design of offerings and their underlying Value Propositions (Kwan & Müller-Gorhs, 2011).

Still, based on the available literature of service-related disciplines, such as service design and service engineering, value-cocreation phenomenon is rarely acknowledged to be part of the design of a Value Proposition. The explanation can be found in the origin of the traditional disciplines, since the dominant models derive from the discipline of New Product Development (NPD) (Kim & Meiren, 2010). Breaking the rules of NPD (as IKEA did) can reap tremendous rewards. Customers have capabilities that can be factored into the design of Value-Propositions and enhance value-cocreation phenomenon.

Furthermore in the digital age with the rise of social media, customer capabilities both as

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