# A holistic study of the factors influencing the co-creation process in the B2B market from two perspectives

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## Abstract

**Title:** A holistic study of the factors influencing the co-creation process in the B2B market from two perspectives

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**Keywords:** value, co-creation, factors, influence, customer relations, collaboration, B2B, model of co-creation, phases of co-creation

**Research questions:** What factors influence the co-creation process in a B2B context from the supplier and the client perspective? How do those factors influence the co-creation process?

**Methodology:** A qualitative case-study was carried out through semi-structured interviews with the clients of a B2B company and their Key Account Managers. The perspectives of both the client and the Key Account Manager were included to address the identified gap in literature.

**Theoretical perspectives:** This study is based on the definition of co-creation by Frow et al. (2011) and factors influencing co-creation or implied phenomena such as collaboration (Mattessich et al., 1992; Nambisan & Baron, 2009; Füller, 2010; Hoyer et al., 2010; Ngugi et al., 2010; Aarikka-Stenroos & Jaakkola, 2012; Reay & Seddighi, 2012; Schumann et al., 2012; Verma et al., 2012; Yi & Gong, 2013; Kukk et al., 2014; Mahr et al., 2014; Baumann & Le Meunier-FitzHugh, 2015).

**Conclusions:** Given the purpose of identifying factors that influence the co-creation process from a holistic point of view, it can be concluded that, if the prerequisites for co-creation are fulfilled, shared focus, knowledge, certain contact person's characteristics such as pro-activeness, problem-solving attitude and development orientation as well as open and planned communication affect the co-creation process significantly. However, the effect depends on the respective phase in the process. This implies for managers who want to manage the co-creation process to focus on these factors in each phase in order to enhance the process.

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Lund, 18 May 2016

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# 1 Introduction

## 1.1 Background

Innovation is "the successful implementation of creative ideas within an organization" (Amabile, 1996, p. 1) which calls for the joining of resources, management practices and organizational motivation in order to be achieved (Amabile, 1996). Today's global economy is complex and in constant change and therefore, the traditional concept of self-reliance and developing closed innovations within the organizations as sources of competitive advantage are not applicable in this global setting anymore (Lee, Olson, & Trimi, 2012). Subsequently, innovation requires that "internal, external, collaborative, co-creative ideas … [are] converged to create organizational and shared value" (Lee et al., 2012, p. 818), which has been labelled "Co-innovation".

Therefore, organizations are establishing "inter-firm partnering configurations, ranging from strategic alliances to network-based competition" (Odenthal, Tovstiga, Tambe, & van Oene, 2004, p. 41) with the aim of complementing their internal innovation efforts with an external input, by making the most out of the organization's knowledge and combining it with their partners'. Odenthal et al. (2004) state that the integration of each party's intelligence (knowledge) is the very locus of co-innovation.

Interorganizational collaboration contributes to innovation by complementing resources, transferring codified and tacit knowledge, sharing costs and risks of R&D (Faems, van Looy, & Debackere, 2005). Expanding the collaboration network can improve the innovation results (Faems et al., 2005). In a B2B context, Hord (1986, p. 26) indicates that collaboration is "the most appropriate mode for interorganizational relationships", where parties associate given their common interests and needs. This also includes sharing time, effort, resources and control (Hord, 1986), implying that value is created in a joint effort. As a result, organizations who work with collaborative networks are likely to co-create value (Romero & Molina, 2011) since they have access to novel combinations of resources to co-design and co-produce "the next level of value for a product or a service, exceeding in this way customers' greatest expectations with an entire experience around their favourite products and services" (Romero & Molina, 2011, p. 448). Therefore, following an innovation strategy through co-creation activities creates an opportunity for the organization "to generate competitive advantage through the integration of customers' views into the organisations' key operations, making customers' ideas an input for product and process development" (Reay & Seddighi, 2012, p. 273).

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## 1.2   Problem discussion

As already introduced, today's developments call for open environments where convergence of internal and external contributions are needed to create greater value (Lee et al., 2012). As follows, it is valuable to understand the external and the internal perspective in value creation (Grace & Lo Iacono, 2015). Yet Grace and Lo Iacono (2015) argue that internal customers in the value co-creation process have been neglected. With internal customers they refer to employees "who directly benefit (through financial and socio-psychological value) from their contributions to the firm's value co-creation process" (Grace & Lo Iacono, 2015, p. 561).

However, the term value co-creation includes the syllable 'co', which refers to that something is done together, "The "co-" in value co-creation defines the actors that are involved in the value co-creation process, or more specifically, the additional resources … that are put together for the purpose of enhanced value creation" (Saarijärvi, Kannan, & Kuusela, 2013, p. 11). Consequently, by focusing only on one side of the process, the fact that the interaction is only possible with two actors is neglected.

Still, few studies take into account both perspectives simultaneously; they focus either on the company's (Blocker, Cannon, Panagopoulos, & Sager, 2012) or the client's perspective (Kukk, Leppiman, & Pohjola, 2014), the latter being most common. The studies, which do take account of both perspectives, focus on the B2C context (Baumann & Le Meunier-FitzHugh, 2015) or on customer-firm interactions (Hoyer, Chandy, Dorotic, Krafft, & Singh, 2010), but not sales-person and customer in a B2B context. As not a firm, but an employee on behalf of the firm engages in the process, a deeper research on the employee-customer level in B2B from two sides is proposed.

It can be assumed that factors identified in B2C might also play a role in the B2B context, as Mencarelli and Riviere (2015) suggest that new frameworks to assess value introduce an actor-to-actor perspective instead of a supplier-customer vision, therefore making no distinction between B2C and B2B. Nonetheless, factors influencing co-creation in B2B and B2C are likely to differ to some extent due to the different strategies, aims and types of engagement (e.g. strategic alliances, online communities) in both segments (Roser, DeFillippi, & Samson, 2013). A difference between B2C and B2B might be that in B2C, customers perform an individual evaluation that can vary depending on the type of good or context of the purchase (Mencarelli & Riviere, 2015), while in B2B, the firm might adopt a more strategic approach since the value is perceived from the advantages that a relation between the two firms generates (Mencarelli & Riviere, 2015). Thus, it will be of interest to verify and identify the factors that influence value co-creation in B2B interactions.

Research has been done on possible influences on interorganizational collaboration (Mattessich, Murray-Close, & Monsey, 1992) and co-creation processes as well as on customers' motivations to co-create (Handrich & Heidenreich, 2013). However, it was found that factors are mostly studied in an independent context, focusing on the effect of single factors on the process. Moreover, factors influencing the different phases of the value delivery process (Kukk et al., 2014) have also not yet been investigated, which is essential in order to be able to successfully manage the process.

The studies which take a more general perspective, such as the study on collaboration (as part of co-creation) by Mattessich et al. (1992), propose influences such as the environment and the social context the collaboration takes place in, the characteristics of the participants, internal structure and process related factors, the manner and channels of communication, the purpose as well as resources (Mattessich et al., 1992). It has been found that the supplier resources and the customer resources, especially their knowledge contributions, are key to joint problem solving in value co-creation in KIBS (Aarikka-Stenroos & Jaakkola, 2012). Studies focusing on consumer co-creation extend this view. According to Hoyer et al. (2010), factors can be grouped into four categories, which are financial, social, technological and psychological. The authors link the factors mainly to the prospective benefits resulting from the participation in co-creation, such as financial incentives, social recognition, knowledge creation and psychological reasons. Hence, the authors adopt an individual view, which is typical for the research in the B2C context.

As already stated, no study has yet adopted a holistic perspective of influential factors on co-creation in the B2B context, taking into account the perspective of both actors as well as different phases of the process. However, in order to understand and manage the influences on the co-creation process in B2B, significant shared factors should be identified from the two perspectives.

Based on the argumentation above, the following research questions are suggested:

*What factors influence the co-creation process in a B2B context from the supplier and the client perspective? How do those factors influence the co-creation process?*

The authors presume that there are factors regarding the individuals' characteristics, the relationship between the actors and company characteristics such as employee turnover (changes in contact person), strategy, and resources which influence the co-creation process. It cannot be assumed yet which factors have a significant effect on which phase.

## 1.3 Purpose

The purpose of the study is two-fold. First, given the philosophy shift, where the concept of added value involves interactions to co-create (Romero & Molina, 2011), and the importance of developing interaction capabilities to accomplish competitive advantage (Lazarus, Krishna, & Dhaka, 2014), this study places the focus on identifying the influences on the co-creation process and its phases from the two party perspective. Thus, it addresses the identified gap in research by aiming to provide a holistic view on significant shared factors in a B2B context to possibly identify factors which have previously been neglected due to the adoption of a single perspective.

Secondly, based on the outlined impact of collaborative innovations and co-creation activities on an organization's sustainable future (Lee et al., 2012), the paper seeks to contribute to managers' understanding of the influencing factors affecting the co-creation process in the different phases in order to enable them to take specific actions to manage co-creation with their customers successfully. As delineated above, the factors in the B2B setting might differentiate from the B2C context due to the different motivations in taking action in the respective setting.

To study this phenomenon, a company within the knowledge-intensive service industry was chosen, where co-creation activities are more likely to be found as a service requires the collaboration between two actors (Hu, Lin, & Chang, 2013). Although these kinds of exchanges between customer and supplier could be considered as common, the presence of a collaboration has made the process more complex (Jääskeläinen, Kortelainen, & Hinkkanen, 2013). As the outcome of the service process at the case company is a tangible product, it is assumed to make it easier to understand and trace how value co-creation has manifested in the outcome. That is why the authors believe that the case company, which deals with promotional products, represents a great opportunity to study what and how factors influence the different phases of value co-creation.

## 1.4 Structure of the thesis

This thesis first introduces the key terms related to the research question in Chapter 2. Chapter 3 introduces the methodology applied. The results are outlined in the fourth chapter, followed by an analysis and discussions of the findings in chapter 5. Finally, the conclusions of the research are drawn and managerial implications, limitations as well as suggestions for future research are portrayed in chapter 6.

## 2 Literature Review

The following paragraphs specify the term factor and define the concept of value co-creation. In addition, the different phases found in the value creation process in knowledge-intensive business services are described. Having provided a clear understanding of co-creation and the process, current research on influential factors regarding the co-creation in different contexts is presented.

### 2.1 Definition of factor

Often the terms motives and motivation(s) (Dabholkar, Michelle Bobbitt, & Lee, 2003; Handrich & Heidenreich, 2013; Hars & Ou, 2002; Oreg & Nov, 2008; Roberts, Hughes, & Kertbo, 2014), capabilities (Ngugi, Johnsen, & Erdélyi, 2010; Reay & Seddighi, 2012) as well as factors (Banyte, Tarute, & Taujanskyte, 2014) are mentioned when referring to achieving co-creation or managing the influences on the process. However, scholars have not clearly defined and differentiated between the terms, resulting in confusion. Therefore, definitions are shortly discussed.

While "[m]otivation concerns the reasons underlying behaviour … *why* an individual exhibits certain activities … and … *how* these activities came about" (Wong, 2000, p. 12) and thus are more internal, intangible processes within an individual, a factor is defined as "anything that is introduced into a situation and contributes to the outcome" (Walker, 2012, p. 15) or, in other words, "that influences the result and needs to be evaluated carefully because of its effect" (Walker, 2012, p. 15). This way, factors also influence motivated behavioural activities (Wong, 2000), but seem to have a more external, tangible nature. In an organization context, capability is defined as the "ability of firms to perform an activity (be it static, dynamic or creative) more effectively than competitors with otherwise similar resource endowments" (Collis, 1994, p. 145). Capabilities and motivators might therefore also constitute a factor, having an impact on the result.

### 2.2 Definition of value co-creation

Along this paper, the term co-creation will be used to refer to the phenomenon of joint collaboration. The definition by Frow, Payne, and Storbacka (2011) is adopted, describing co-creation as

> An interactive process, involving at least two willing resource integrating actors, which are engaged in specific form(s) of mutually beneficial collaboration, resulting in value creation for those actors (Frow et al., 2011, p. 1).

As follows, the definition entails the terms interaction, willingness, resource integration, actors, engagement, collaboration and a creation of value. These elements are referred to as prerequisites for co-creation throughout the following chapters. As it has been found that existing literature often assumes that an understanding of the terms is existent, without clearly defining those, these should be explained shortly to ensure a common understanding.

> **Interaction**, or, as Payne, Storbacka, and Frow (2008) describe it, "encounter processes", is a main component of co-creation, referring to the "processes and practices of … exchange that take place within customer and supplier relationships and which need to be managed in order to develop successful co-creation opportunities" (Payne et al., 2008, p. 85-86). Macneil (1980) suggests two types of exchange: discrete and relational. While the relational exchange goes in line with interaction, he indicates that in discrete exchanges (**transactions**) the most important players are money and a measured commodity, avoiding to involve multiple parties or sources of communication, looking to focus solely on the transaction. Hence, relational elements are excluded, leading to a condition more related to short-term contracts (Macneil, 1980). This leads to the conclusion that (relational) interaction focuses on people, while (discrete) transaction focuses on the hand-over of goods or services.

> "The **willingness** of a customer to co-create [can be defined] as a condition or state in which a customer is prepared and likely to create value together with the company by actively engaging in the service provision and consumption" (Handrich & Heidenreich, 2013).

> **Resource integration** refers to an "interaction through which two or several actors link their resources for mutual benefit" (Gummesson & Mele, 2010, p. 195). It means to match the resources with the ones of other actors, so that matching creates "an intangible dimension linked to how value is co-created by whom" (Gummesson & Mele, 2010, p. 195).

> Van Doorn et al. (2010, p. 254) collect different definitions for the verb 'to engage', including "to employ or hire, to hold fast, to bind by a contract, to come into battle, and to take part", identifying behavioural focus as the common denominator. This can be connected to Ryan and Deci's (2000) statement that an increasing intrinsic motivation can result in better quality of **engagement**.

**Collaboration** "implies working in a group of two or more to achieve a common goal, while respecting each individual's contribution to the whole" (McInnerney & Roberts, 2004, p. 205). To delineate this term more clearly, the related concept of cooperation on the other hand refers to "a coordinated, synchronous activity that is the result of a continued attempt to construct and maintain a shared conception of a problem" (Roschelle & Teasley, 1995, p. 70). Here, there is mutual commitment to solve the problem together, however tasks are divided as each person is responsible for a part of the problem solving. Therefore, it can be said that the main difference lies in the interaction present in the collaboration, but missing in the cooperation given its independent nature

Value can be defined as the "capacity of goods, services or activity to satisfy a need or provide a benefit to a person or legal entity" (Haksever, Chaganti, & Cook, 2004, p. 292). As a result, **value creation** can result in a better fit with the customer's needs, satisfaction, brand trust and learning for the customer, while it may lead to economic, efficiency and effectiveness gains, customer insights, feedback and loyalty for the firm (Agrawal & Rahman, 2015; Banyte et al., 2014; Hoyer et al., 2010; van Doorn et al., 2010).

Based on the definition of co-creation above, the authors agree with Ind and Coates (2013), that co-creation cannot only be seen from one perspective, but from more, that is the firm and the customer perspective. As follows, the aim of value co-creation is to achieve a win-win situation in which the customer as well as the supplier benefit (Ngugi et al., 2010), agreeing with Ramaswamy and Ozcan (2014, p. 15) who argue that co-creation "is both the means and the end, continuously evolving in a virtuous cycle of "win more-win more" outcomes".

Consequently, co-creation opportunities are possible when customers and suppliers interact, however, the outcome will depend on the involvement along the process (Kukk et al., 2014). Thus, the following chapter presents the value creation process in the knowledge-intensive industry in more detail, as this industry provides a suitable context for investigating value co-creation between the supplier and the client (Hu et al., 2013).

## 2.3 Value creation process in knowledge-intensive business services (KIBS)

A value creation process in a firm encompasses different stages, which are different in the production industry compared to the tertiary sector. As knowledge-intensive business services (KIBS) "are both supporters of clients' innovation and delivery agents for their own

internal innovation activities" (Hu et al., 2013, p. 1437), the co-creation process in the KIBS is taken to exemplify the process.

Kukk et al. (2014) conducted an empirical study in the KIBS industry and identified four phases in the value creation process based on the perceptions of service buyers. Using Kukk et al.'s (2014) process as reference, the authors have adapted the model by renaming the last phase, originally named "Implementation and exploration", "Evaluation of the offering", since this title was considered more accurate considering the nature of the service.

Identification of the need / problem → Optimal service selection → Execution of the offering → Evaluation of the offering
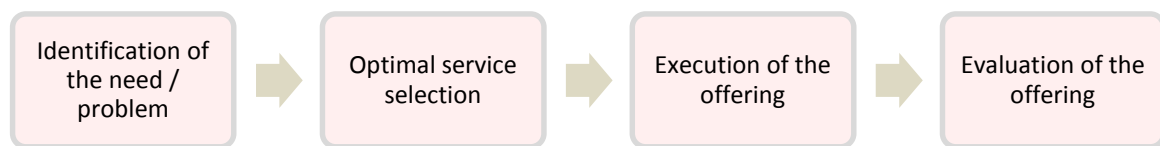
*Figure 1: Phases of KIBS value creation process (adapted from Kukk et al. (2014, p. 56))*

The identified steps by Kukk et al. (2014) are on the whole in line with what other researchers have found (Aarikka-Stenroos & Jaakkola, 2012). The steps are elaborated upon below.

**Identification of the need / problem** refers to the stage in which the customer expresses the purpose of the purchase and indicates the results that are expected (Kukk et al., 2014), "the identification of a true need is the key to value creation" (Kukk et al., 2014, p. 56). Thus, this step is crucial for the process. During the **Optimal service selection** phase, the supplier proposes his interpretation of the solution and the client is in the position of accepting or rejecting the proposal. Even though the customer takes part in the problem solving process, Aarikka-Stenroos and Jaakkola (2012) suggest that this part is dominated by the supplier. The **Execution of the offering** proposes that the supplier implements or delivers the approved solution (Kukk et al., 2014). The customer's role in this stage is usually minor (Kukk et al., 2014). During the last phase, **Evaluation of the offering**, the customer evaluates the results of the provided solution (Kukk et al., 2014).

Depending on where in the process the customer is positioned, the client is more or less involved in the value delivery process (Kukk et al., 2014), suggesting that there are different factors influencing co-creation in each stage.

In the following paragraph, possible influential factors named in literature are presented.

## 2.4 Review of factors

The literature has been reviewed thoroughly for factors based on the definition provided in paragraph 2.1. As follows, influences that affect the co-creation process are identified. To be clear, the focus is not placed on the reasons for the engagement in the co-creation process. It is important to point that out again, as current research often is not explicit in that regard.

Coming back to the previously mentioned study by Hoyer et al. (2010), financial, social, technological and psychological factors have been identified as influencing the consumer in a NPD co-creation process in the B2C context (Hoyer et al., 2010). As psychological factors, according to Hoyer et al. (2010), describe psychological reasons, they are disregarded in line with the definition of factor in chapter 2.1. **Financial** factors, which might be applicable for the B2B context, include **incentives** like profit sharing and receiving intellectual property (Hoyer et al., 2010). **Social** factors refer to social **benefits** in form of titles or recognition of individuals for their contributions (Hoyer et al., 2010), however, the **perceived value of the relationship** (e.g. feeling of belonging) in terms of benefits is also an influential factor (Nambisan & Baron, 2009). The term technology relates in this context mainly to **knowledge** and **learning**, not only technological-wise, but also in terms of products and service (Hoyer et al., 2010). Overall, from the customer perspective, the prospect of increased consumer benefits and reduced consumer costs encourages co-creation (Hoyer et al., 2010). **Secrecy concerns**, **sharing of intellectual property**, **information overload** and **production infeasibility** are named as hindering factors from the supplier's point of view (Hoyer et al., 2010). According to Hoyer et al. (2010), the first factors describe the potential to inflict damage and the risks associated with knowledge sharing and being transparent with competitors (pointing to **trust**); the latter refer to information overload due to the amount of customers' ideas which, however, might not always be feasible owing to lack of insights. The hindering factors from the supplier's side indicate that these are amongst others influenced by the customer's actions, thus highlighting again that both sides of the interaction are essential to investigate if the factors' influence is to be understood.

Adopting a similar approach and assigning factors to each group, Mattessich et al. (1992) identified six categories which influence the success of collaboration. Due to the intertwined nature of collaboration and co-creation as well as the fact that the authors provide a sound overview of factors, it can be justified and insightful to consider them. The authors name the factors of **environment**, **membership characteristics**, **process / structure**, **communication**, **purpose** and **resources**. The category environment comprises factors

regarding the social context such as the **political and social climate** and the **history of collaboration** in the community or, considering the business context of the present research, the company. Membership characteristics refer to the people involved. **Mutual respect**, **understanding** and **trust**, but also **ability to compromise** and **diversity** within the team are named as influences. The 'factor' that partners collaborate in their self-interest as "the benefits of collaboration will offset costs such as loss of autonomy and "turf"" (Mattessich et al., 1992, p. 24) might rather constitute a reason than a factor, based on the definition adopted in chapter 2.1. The process is influenced by the member's **ownership of the process / results** and the **structure of decision-making** – these two factors are considered being most influential – as well as **clear roles and policy guidelines**, **flexible ways of organising** and **adaptability to changing circumstances**. Regarding the communication, **open and frequent communication** as well as **informal and formal communication channels** play a role (Mattessich et al., 1992). Concerning the purpose, Mattessich et al. (1992) point out that having **concrete, attainable goals** and **a shared vision** are most critical to success in the collaboration. Resources mean having **sufficient funds** and a **skilled convener**, referring to the person taking the initiative in starting the collaboration and his characteristics and skills.

Elaborating on the open and frequent **communication** in collaboration, Verma, Gustafsson, Kristensson, and Witell (2012) applied communication theory to gain a deeper understanding of customer co-creation communication in new service and product development, however, with customers being end-consumers. They highlight the importance of an "interactive communication climate that is … conducive to the learning, sharing, and understanding of the customer needs" (Verma et al., 2012, p. 314). Four dimensions were tested – frequency, direction, modality and content. Frequency is defined as "the amount of time the participants used for communication" (Verma et al., 2012, p. 315). Direction refers to the even, two-way flow of communication with respect to hierarchy, meaning that the actors communicate on an equal level (Verma et al., 2012). "[H]ow information is transmitted" (Verma et al., 2012, p. 316), by phone, electronically or face-to-face and when (directly / later), describes the modality factor. The last dimension, content, concerns the 'what', whether the information relates for example to the needs or the customer's ideas (Verma et al., 2012). **Frequency**, **direction** and **content** were found to have a positive influence on incremental innovative outcomes of co-creation. For radical innovative product developments, frequency had a positive effect, too, while content had a negative one. Modality didn't have any impact. The authors assumed that this was due to the fact that social media allows for deep interaction to take place, making face-to-meetings less important for understanding the customer. However, Cano, Boles, and Bean (2005,

p. 292) found that face-to-face interaction is preferred in B2B, being a rich media that "offer[s] opportunities for business partners to augment their relationships". This view is supported by Cramton (2002) who argues that communication is more likely to be successful, if **mutual knowledge** is present. Mutual knowledge refers to the establishment of a common ground, achieved most easily through face-to-face meetings, where contextual information can be absorbed (Cramton, 2002). Confirming the frequency in communication, Kukk et al. (2014) argue that what they call "**planned communication**", i.e. agreeing on a timeline and a collaborative structure in advance, influences the collaboration and the outcome of the co-creation process.

Aarikka-Stenroos and Jaakkola (2012) found that value co-creation in KIBS is affected by the **management of the problem solving process** regarding information asymmetry and the availability of the parties' resources. They point out that the supplier **resources** and the customer resources are key to joint problem solving in co-creation. They argue that **expert knowledge**, which represents specialist skills, project management skills and customer understanding, and **experience** enable the supplier to jointly create value with its customer. The customer in return is supposed to provide **information on his needs** and the context, while sharing his **expertise** regarding his industry. Further customer resources mentioned by the authors include **effort** and **time**, as well as **financial resources**. Moreover, the responsibility of both the supplier and the customer in joint problem solving is acknowledged to generate a higher value for both parties, which however requires "active and reactive participation" (Aarikka-Stenroos & Jaakkola, 2012, p. 24) and the integration of knowledge from both sides.

Building on this, Yi and Gong (2013) identified eight elements belonging to two dimensions which they see as important in the **co-creation behaviour of customers**. They differentiate between *customer participation* and *citizenship behaviour*. The first refers to the expected behaviour required for co-creation, therefore not elaborated upon further here, for being congruent with the definition in chapter 2.2. The second describes behaviour which is seen as a positive, additional, but not mandatory value (Yi & Gong, 2013). Citizenship behaviour includes providing **feedback**, **advocacy** (referring to recommending the business e.g. through word-of-mouth), **helping** (other customers) and **tolerance** (patience in case the service was not as satisfactory due to delays etc.). Hence citizenship behaviour indicates factors which could lead to additional generated value for the firm in the co-creation process. The authors acknowledge that customer value co-creation behaviour is multidimensional and thus has to be carefully measured.

Füller (2010) focused on the interaction between personal characteristics, motives, the partner, the process as well as the content and analysed how these characteristics influence the contribution to co-creation in virtual communities. Drawing on his suggested framework, and assuming that these factors are also relevant in a B2B context, personal characteristics such as **domain specific skills**, **involvement in (previous) innovation activities** as well as **novelty seeking**, **exploratory behaviour** (in the context of corporate customers that may be affected by the company's **culture**) could impact the co-creation process. That the impact of culture should also be taken into account, as it guides how a customer is expected to behave, is underlined by Schumann, Wünderlich, and Zimmer (2012). These authors, however, focused on the influence of a country's culture and not specifically on corporate cultures. Füller (2010) further emphasizes the fact that the partner, in other words **with whom** the interaction takes place, thus referring to the actors in the relationship, also affects the customer co-creation. The closeness of the customer-firm relationship and the customer's innovativeness both influence the innovation process (Mahr, Lievens, & Blazevic, 2014). Incentives and the content of the innovation task might also have an impact (Füller, 2010).

Building upon the broad term relationship, Ngugi et al. (2010) developed a framework based on insights of case studies, which suggests that companies have developed particular relational capabilities in the field of **human relations (knowledge, expertise)**, **technology**, **culture and management systems (structures, strategies, collaboration)** to enable value co-creation and innovation. According to the opinion of the authors of the present study and as demonstrated by the above named examples, these fields do not only apply to relational capabilities, but can be seen as overarching factors impacting co-creation.

Baumann and Le Meunier-FitzHugh (2015) analysed co-creation processes in the professional B2C service industry and identified that commitment, common goals, dialogue, and sharing interests are most important in the value realisation context, driving the process. With (mutual) commitment, they refer to that "the joint realisation of value requires investments in terms of time and/or effort from both actors, and either might be unwilling to make these if the other party does not reciprocate" (Baumann & Le Meunier-FitzHugh, 2015, p. 308). They further argue that commitment, common goals and dialogue are indispensable for co-creation, thus pointing out in contrast to their initial statement, that they consider those three elements as prerequisites rather than drivers for co-creation, being in line with the definition provided in chapter 2.2. The last variable, **shared interests**, can be seen as a factor though, as it is not regarded as indispensable but facilitator of the process with the actors having "similar priorities" (Baumann & Le Meunier-FitzHugh, 2015, p. 308).

Similar priorities can also be achieved through strategic focus. Reay and Seddighi (2012) examined the companies' strategies, systems and capabilities that enable innovation via co-creation. They found that **strategic focus** to satisfy individual customers' requirements was likely to influence co-creation capabilities in a positive way. While company size is suggested to impact innovation activities – Bjerke and Johansson (2015) argue that "large firms appear to be more innovative than small firms as they have both the financial muscles to take larger risks and an internal knowledge pool of sufficient size and scope to develop new ideas" – it was found that company size as well as the industry sector do not influence companies' capabilities to co-create (Reay & Seddighi, 2012), indicating a different view on the influence of resources. The use of **information and communication technology** (ICT) was also mentioned to support co-creation activities, facilitating the interaction and the dialogue with customers, being easier, faster and more frequent (Reay & Seddighi, 2012). The influence of **communication channels**, in terms of their richness and reach, on the innovation process is also acknowledged by Mahr et al. (2014).

In the following table, an overview over the factors identified in literature is presented.

| Author(s) (year) | Factor influencing co-creation |
|---|---|
| **Aarikka-Stenroos and Jaakkola (2012)** | Management of the problem solving process, supplier and customer resources, supplier: expert knowledge (specialist skills, project management skills and customer understanding), experience; customer: information on needs, expertise, effort, time, financial resources |
| **Baumann and Le Meunier-FitzHugh (2015)** | shared interests |
| **Cramton (2002)** | Mutual knowledge / common ground |
| **Füller (2010)** | Personal characteristics such as domain specific skills, involvement in (previous) innovation activities, novelty seeking, exploratory behaviour; interaction partner; process (incentives); content of innovation task |
| **Hoyer et al. (2010)** | Factors such as financial (incentives), social (social benefits), technological (knowledge)<br><br>Supplier co-creation is hindered by secrecy concerns, sharing of intellectual property, information overload and production infeasibility. |
| **Kukk et al. (2014)** | Manner of communication (planned) |

| Author(s) (year) | Factor influencing co-creation |
|---|---|
| **Mahr et al. (2014)** | Communication channels, customer innovativeness, closeness in customer-firm relationship |
| **Mattessich et al. (1992)** | Environment, membership, process/structure, communication, purpose and resources; concrete, attainable goals and shared vision |
| **Nambisan and Baron (2009)** | Expected customer benefits |
| **Ngugi et al. (2010)** | Human, technological, cultural, managerial systems relational capabilities |
| **Reay and Seddighi (2012)** | Strategic focus, use of ICT |
| **Schumann et al. (2012)** | Culture |
| **Verma et al. (2012)** | Interactive communication (frequency, direction, modality and content) |
| **Yi and Gong (2013)** | Citizenship behaviour (providing feedback, advocacy, helping and tolerance) |

*Table 1: Factors influencing co-creation based on literature*

To conclude, factors in the area of communication, resources such as knowledge, financial factors, relationships, management systems and strategic focus are amongst others likely to influence co-creation. It is obvious that these factors may be intertwined, partly overlapping, and the list of factors may not be complete.

# 3 Methodology

Throughout this chapter, the authors will introduce, explain and justify the research performed for the development of this thesis. It presents an overview of the design of the investigation process, followed by the explanation of all the activities performed related to the collection of data and its later analysis.

## 3.1 Overall research design and process

### 3.1.1 Research strategy

At the time of selecting a research strategy to analyse the previously mentioned gap in literature, the authors considered the qualitative research as a more suitable and appropriate method of business research, since this distinction "predominantly emphasizes an inductive approach to relationship between theory and research, in which the emphasis is placed on the generation of theories" (Bryman & Bell, 2011, p. 27), which is in line with the aim of discovering influencing factors rather than testing existing literature.

As part of the qualitative nature of this research "concerned with words rather than numbers" (Bryman & Bell, 2011, p. 23), the findings are the result of an inductive approach in which the theory is developed after the research and not the other way around, not allowing bias to influence any outcome (Bryman & Bell, 2011). Since this investigation aims to understand the "subjective meaning of social actions" (Bryman & Bell, 2011, p. 17), it presents an interpretivist position and a constructionist position, meaning that the obtained results are outcomes of an internal interaction (Bryman & Bell, 2011).

### 3.1.2 Research design

The selected framework for the collection and later analysis of data was a case study (Bryman & Bell, 2011). As the aim is to obtain an intensive and rich understanding about what and how factors influence the co-creation process, all the attention was focused on a single setting (Eisenhardt, 1989), in order to "concentrate on the uniqueness of the case and to develop a deep understanding of its complexity" (Bryman & Bell, 2011, p. 61). Therefore, a case study was believed to be most suitable. Establishing this point, the authors are fully aware that the study of this particular case might not be generalized in order to represent an industry; therefore, their main objective is to achieve an in-depth study.

The case company's name and specific details of its business will remain anonymous in the present paper due to confidential agreements and will be mentioned under the name of "Supplier" throughout the following chapters.

### 3.1.3 Research process

The investigation started with initial observations, analysis of the company's finances, segmentation of customer base, and informal interviews with employees. Interesting topics resulted from these activities regarding the different customer segments and value concepts within the organization. These insights allowed the authors to identify a general area of research and think of possible research questions, while performing a thorough literature research in order to identify what had already been studied, theories, contexts and a possible gap in the field, as well as where a contribution could be made (Bryman & Bell, 2011).

From the beginning, this was an evident example of an iterative process since there was a constant flow from the researchers going back and forth from the observations to the analysis of existing literature in order to shape a final research question (Eisenhardt, 1989). With a clear research question in mind, the data collection method was selected, performing semi-structured interviews, analysing the collected information within-case and through cross-case patterns, following Eisenhardt's (1989) recommendations.

### 3.2 Data collection

### 3.2.1 Method

There are different ways to collect data in a qualitative research, according to Bryman and Bell (2011), however the authors selected the methods considered most suitable for this particular study. Starting with ethnography or participant observation where the "researcher is immersed in a social setting for some time in order to observe and listen with a view to gaining an appreciation of the culture of a social group" (Bryman & Bell, 2011, p. 389), the position of the authors as interns in the company and spending working hours in the office was particularly helpful to understand the environment within the organization.

Another selected method was the qualitative interviewing by semi-structured interviews. Bryman and Bell (2011, p. 205) indicate that this type of interview "refers to a context in which the interviewer has a series of questions that are in the general form of an interview schedule but is able to vary the sequence of questions". The authors hold that in qualitative interviewing the interest relies on the interviewee's perspective. Hence talking about other topics, separating from the established guide, introducing follow up questions, following the direction that the interviewee might introduce, are accepted procedures during this research, since it aims to provide flexibility in order to obtain detailed answers that increase the richness of the information (Bryman & Bell, 2011). Co-creation is founded under the

statement that value is created together by the company and the customer (Lee et al., 2012), thus this investigation will include interviews of these two parties.

Finally, the method of collecting texts and documents from secondary sources, related to the review of the existent literature such as academic journals, empirical studies and company internal documentation (Bryman & Bell, 2011), should also be mentioned. This recollection of data was also crucial for the authors to identify where the present work would position itself in the literature and clarify its actual contribution.

### 3.2.2 Interview guide

An interview guide (see Appendix 1) was elaborated under Bryman and Bell's (2011) suggestions for the development of a semi-structured interview. The main idea was to establish specific topics derived from the area of research, in this case co-creation and factors, that would be covered during the session by different questions, but keeping in mind the flexibility concept that characterizes this approach. For the interviews with the Key Account Managers (KAM) and the clients, two different guides were used, however the general structure was the same. A pilot interview was performed in order that questions could be adapted, as Bryman and Bell (2011) suggest.

The guide was divided in an introductory part which gathered general information about the interviewee such as name, gender, and specific information related to the workplace e.g. position, years of employment, in order to set an initial context (Bryman & Bell, 2011) (question 1, 2).

Subsequently, the guide was structured in the themes value co-creation and factors, which, as mentioned, derived from the research question. These topics intended to provide answers to the research question from the interviewee's point of view, in line with Bryman's and Bell's (2011) recommendations. In order not to influence the results from the authors' background concerning literature findings, the aim was to ask questions as open as possible.

Based on the value co-creation definition (Frow et al., 2011) provided in chapter 2.2, the questions 3 to 6 aimed to gather more information about the collaboration, interaction and the achievement of a common goal between the two actors. The question about a project with high and one with low interaction, referring to the level of co-creation, proved to be difficult to understand for the interviewee in the pilot interview. Therefore, the question was adapted with a focus on the outcome, an innovative versus a standard product (question 4, 5). As the outcome of the process, the value, can also be used to measure co-creation

(Agrawal & Rahman, 2015), it turned out to be a justifiable and more comprehensible alternative.

The questions about factors investigated social (Hoyer et al., 2010) as well as organizational (Mattessich et al., 1992) factors regarding the "two willing resource integrating actors" (Frow et al., 2011, p. 1) (questions 7, 8). Furthermore, the relationship (Nambisan & Baron, 2009) and the communication (Hoyer et al., 2010; Mahr et al., 2014; Reay & Seddighi, 2012; Verma et al., 2012) were investigated in more detail (question 10, 9), without being too leading. As co-creation is encouraged by the possible benefits (Hoyer et al., 2010), question 12 covered this topic, leaving the question open whether this might include financial (Hoyer et al., 2010) or knowledge-enriching (Aarikka-Stenroos & Jaakkola, 2012) benefits related to resources. As it was a semi-structured interview, the interviewers were able to ask follow up questions, if they needed more details. In order to obtain a complete picture, hindering factors (Hoyer et al., 2010) needed also be taken into account (question 13). To avoid that the interviewees forget to mention important points, questions can be turned into the opposite to free thoughts. Question 14 thus referred to building a scenario, in this case, the ending of the collaboration, to reduce the bias and add more credibility to the results (Muskat, Blackman, & Muskat, 2012), indirectly providing as well factors important for the collaboration. Encouraging the interviewee to share more information, question 15 ensured that as much information as possible was gained (Bryman & Bell, 2011).

### 3.2.3 Interviewees selection

As previously mentioned, the research included interviews from the two groups that are part of the co-creation process, which in this case are clients and its corresponding KAMs.

The selection was carried out as follows. The main parameter of selection was previous participation in a co-creation process. According to the definition provided in chapter 2.2, during this interactive process, there needs to be mutually beneficial collaboration. Consequently, clients were separated according to the type of exchange, whether the relational interaction or the discrete transaction was dominating.

During informal conversations with the KAMs it was investigated which companies matched the descriptions. Furthermore, the understanding of the customer's needs, culture and processes was taken as a controlling indicator, as this knowledge might rather be obtained in true interactions than in the mentioned transactional exchanges.

Originally, four clients were selected, however, one client was not accessible. Thus, the final sample included two companies which were in compliance with the co-creation definition, and one which looked for discrete transactional exchange and did not fully

integrate resources, thus not fulfilling the co-creation prerequisites. The decision to include the last company was taken since the authors believed that this counterexample could shed light on the research by providing data on the differences between these two groups and therefore exposing factors that could be present in the first group but missing in the second one. A non-probability sample, that is "a sample that has not been selected using a random selection [was taken, since] some units in the population are more likely to be selected than others" (Bryman & Bell, 2011, p. 176). This was fundamental as the interviewed companies needed to fulfil the established criteria by the authors, in order to provide useful information for the identification of factors.

The sample was reviewed with the CEO, considering also aspects of relationship with the client and accessibility. After the approval to go forward, support from the sales department was requested so that the KAMs, who are constantly in contact with their corresponding contact person(s) in each company, could provide further information about the clients. One of the main contributions, that the present research looked for, was to provide answers about factors influencing the co-creation process from two perspectives in B2B: the customer and the supplier. Therefore, the KAMs of the selected accounts were also interviewed about their co-creation experience in order to get this complete picture.

Along the development of the present thesis, the interviewees will remain anonymous; therefore, they will be referred to throughout the chapter as Client 1, 2 and 3 in the case of the client's representatives. The Key Account Managers on the Suppliers' side will be identified as KAM 1, 2 and 3. An overview of the interviewees can be found in table 2.

| Case | Customer's representative | KAM | Existent co-creation |
|------|---------------------------|-----|----------------------|
| Case A | Client 1 | KAM 1 | Yes |
| Case B | Client 2 | KAM 2 | Yes |
| Case C | Client 3 | KAM 3 | No |

*Table 2: Research cases - overview*

### 3.3 Method for data analysis

In order to interpret the collected data, Eisenhardt's (1989) recommendation of using the case study analysis was followed. The main objective of this approach is to gather detailed information on each case so that its unique patterns emerge and the researchers become familiar, facilitating the later cross-case comparison (Eisenhardt, 1989). The found patterns helped the authors into building theories and constructs (Eisenhardt, 1989).

#### 3.3.1 Within-case analysis

Once the research question was settled, the interview guide was developed and tested, the authors felt ready to enter the field and collect the information. In order not to get lost in the huge amount of information, as Eisenhardt (1989) warns researchers, the narrative strategy was applied to process the data, as Langley (1999) suggests. This allowed the authors to dive along the big amount of information obtained from the interviews to prioritize the data and decide where the focus of attention would be set (Langley, 1999).

The narrative strategy was helpful to identify the evolution of the projects that the customers and the Supplier have worked on together, written as a "detailed story from the raw data" (Langley, 1999, p. 695) by joining both interviews of each case into one detailed document. While comparing and matching the different views, the authors tried to avoid pinning down the data to any particular anchor point, still looking to identify as much possible factors (Langley, 1999). However, by the time both interviews were joined, it was evident how constructs regarding influencing factors on the co-creation process emerged, which were apparent on both sides. This way, a detailed understanding of each case was gained.

#### 3.3.2 Cross-case analysis

On the second step, the authors analysed the previously independent constructs identified in the three cases and started merging those, which shared similarities, into "categories" or "dimensions" (Eisenhardt, 1989). This classification was performed under the co-creation process framework, divided in its four phases. A table was created with the four phases of the co-creation process (see Appendix 2), where the constructs from the interviews were placed on the corresponding phase, in order to have a clearer picture of the factors. This allowed a better visualization of the process for each case. Additionally, informal follow up interviews were performed to deepen the understanding of certain factors. The authors also started comparing the findings with the literature mentioned in chapter 2.4, which was helpful to frame the findings into influencing factors.

Additionally, at this point of the analysis, it became evident how the two examples of existent co-creation demonstrated shared factors that were not identified at the no co-creation case.

This is also in line with what Eisenhardt (1989) suggests, that by listing similarities and differences as an exercise of juxtaposition, a deeper understanding of the cases is gained.

Following this process, the authors were able to go "beyond [their] initial impressions" (Eisenhardt, 1989, p. 541), identifying interesting and novel findings that will be presented in chapter 4.

## 4    Findings

In the following chapter, the three research cases will be presented. First, an introduction about the client will be provided in the background. The findings will be presented in the next subchapters, clustered according to the phase of the value co-creation process that they belong to. The process was early explained in chapter 2.3. The facts which the interviewees mentioned regarding their collaboration and which could not be assigned to any particular phase are presented in the subchapter 'Relationship'.

Case company A and B have a web shop run by the Supplier. This means that they have an online store offering the promotional product portfolio which was selected, designed and agreed upon by the client and the Supplier. The client company's business units or subsidiaries can select the desired promotional items and place their orders. The Supplier will then deliver the order wherever it is required by the client. In case C, the customer has a web shop as well, however, the Supplier is in charge of sending the orders to the end consumers, considering that the web shop is targeted to external customers.

### 4.1    Case A

#### 4.1.1    Background

The company for Case A has been a client since 2006. It is an international enterprise where every business area is independent and decentralized; therefore they have autonomy for making most decisions, e.g. the selection of suppliers. For KAM 1, this situation is challenging since the headquarters, the office with which the Supplier holds contact, cannot force its different business units to select their partner as supplier for promotional items, indicating that some of these business areas might have previous strong relations with other suppliers in their own cities.

Client 1 has worked for the past three years as the Company's Corporate Brand Manager, however has only been in contact with KAM 1 for one year, after she requested the Supplier's CEO for a team change. She believed the current KAM was too busy with other clients and she evidenced problems in the communication, which she desired to be more open regarding pricing. The agreement and taken measure by the CEO showed

commitment and interest in keeping her organization as client, according to Client 1. Currently, Client 1 and KAM 1 hold quarterly face-to-face meetings. However, every second week, Client 1 dedicates two hours to answer all the emails related to the Supplier. If needed, they talk to each other on the phone.

### 4.1.2 Value co-creation process

#### 4.1.2.1 Identification of the need / problem

According to Client 1, they reorganized the gift shop one year ago, since they were looking for products that reflected a more consistent and unified brand along the different business units. Both interviewees from this case agree that this was a demanding process, which required more collaboration from the customer with the Supplier. KAM 1 agrees that starting the project took a lot of time and effort at the initial phase because, as Client 1 mentioned, they changed the vision for the gift shop by setting the focus on the brand.

Client 1 explains, her aim is to place products that are useful for the different business units on the gift shop, so that they interested in getting the offered products voluntarily since they cannot be forced, and in this way, maintain a consistent brand image, "At the moment I'm still the one deciding the product [placed on the gift shop], but on the long run we'll have even more collaboration [with Supplier]". To make sure that the products also meet the needs of the other business units, she talks to them.

#### 4.1.2.2 Optimal service selection

When interviewees think about the projects they have worked on together, they have different options in mind. Client 1 remembers the "TicTac", a device to apply buttons without sewing them which she describes as a very interesting product, for being useful in emergencies, and innovative, considering it one of the most innovative products that the supplier has proposed. Client 1 also adds that there have been other products, e.g. a banana box, which have had a certain degree of innovation, but recognizes that an innovation might not be as "innovative" depending on the location where it is launched, which was confirmed by KAM 1.

KAM 1 explained another process they had to go over regarding the creation of "terry towels" for the client. Among the client's star products, there is a rubber floor with a special pattern design; this was reflected on the towel's pattern making allusion to the well-known product. It started with a brainstorming session and deep questioning about the needs, the target group, what the company expected to communicate and the company itself. Considering the company, its products, brand image, and all the inputs provided, the Supplier was able to come up with several ideas that were analyzed with manufacturers

and later proposed ideas to the client to discuss those. Once the idea was approved, price and quantities were discussed.

KAM 1 suggests that the idea generation is not the same for all the products, since there are many things to keep in mind, e.g. how the customer wants to place the brand, expected perceptions from customers, feedbacks, etc. Building on this, Client 1 comments that they have specific requirements and the supplier should come up with ideas and suggestions for them to study. Client 1 states that, "even if you don't like what they give … you are not afraid to say, "No thank you, can you give me more options?" they will give you more options … I think that is one of the key things for working with [Supplier]". However, if she has ideas, she shares them too, and she emphasizes that she has more knowledge in some cases, and in others, it is the Supplier who has more "and they are usually right". Client 1 highlighted the Supplier's strengths on products, which is complemented with a focus on service meaning that "you can give them a good specification without knowing exactly what product you want yourself and they are able to deliver on that specification of product".

According to Client 1, the gift shop that they run in their organization can be managed in two ways, one is by letting the Supplier choose some of the products for the gift shop and fill it according to the sales; the other way is to discuss the products together and test them in the different markets to know whether they should continue with a particular product or not; however at the moment they are working with the second option.

At this point it is important to share the same vision according to Client 1, by setting "vision plans" that can provide a clear direction for them. This refers to a document that both parts can come back to when they have doubts about products in order to confirm if the products match the corporate branding standards.

### 4.1.2.3 Execution of the offering
The Supplier is able to ship the promotional items also to other countries, which Client 1 appreciates, "We can create as many products as we want that everybody will want but if the logistics doesn't work, no one will buy them anyway. You don't want them to be stuck in customs".

### 4.1.2.4 Evaluation of the offering
Developed capabilities by the supplier, such as international logistics, are highly appreciated by Client 1. The customer evaluated the provided services by performing a benchmark process to determine if they should continue working with the Supplier and found that the organization was the only one who could guarantee on time deliveries in

cities outside Sweden. Client 1 mentions this as one of the main reasons why they keep on working with the Supplier.

Client 1 also assesses the partnership with the Supplier regarding its openness as to procedures and pricing, "[It] is important that you have the high / low discussions [regarding turnover]. Honest in both ways, they [Supplier] are honest to me, especially the team in Stockholm [they say], "I think we should do it another way, or trust me, we work with this markets"". Furthermore, elaborating on the pricing, she says that, when evaluating the offering, "I always question price for that is my role also, … but they are quite open on the price saying, for example "USB sticks at the moment have gone up a lot, so if you order this amount we can lower the price"".

Moreover, Client 1 indicates that when a product that was placed in the gift shop is not working (selling) she could turn to the Supplier to study the situation as she sees the Supplier "as ammunition to try to continue to push [meaning selling the products to the other business units]. "

Finally, she would like to adopt the service provided by the Supplier not only to European countries, but also to Asia (China) next year.

### 4.1.2.5 Relationship

Client 1 considers the relationship with the Supplier as a partnership. This is the main reason why she shares her knowledge openly with KAM 1, "I only work with partners / suppliers that I can have the top questions or discussions [with]; I think that is one of the main things of choosing a partner, if you can't have those high / low discussions I don't think the partnership is a benefit for neither of the [parties]", so it is important that "there is a value in both parts of the relationship". In addition, Client 1 states that the "high spirit" and openness shown by KAM 1, together with both parts enjoying their work makes, "the relationships … almost automatic and makes it very easy to work with each other". For KAM 1, this contributes to setting a "good" structure to work with the customer and even, "found a way to make this [relationship] work for [the] future", since there is potential.

Client 1 also stresses that she wants to increase the sales and measure the results and believes that this should be in the Supplier's interest, too.

## 4.2 Case B

### 4.2.1 Background

The company for Case B belongs to the financial service sector and has been working together with the Supplier since 2000. The Company initially worked with one of the Supplier's competitors: a smaller company specializing in product development and making company's cultures expressive and tangible. This organization was later acquired and integrated in the Supplier's group, complementing and expanding on the existing competences and inheriting this particular client. According to Client 2, the acquisition process did not affect the relationship and was considered a smooth process, as the Supplier was considered to have the competence and also because the contact person remained the same.

Client 2 represents the client's brand manager and the marketing coordinator, who belong to a team of six people working with the company's brand. Both have been the contact persons for the Supplier since 2000. KAM 2, originally working for the company which was acquired, started working with them when he joined the industry. During the resulting 16 years of collaboration, he first supported the assortment development and took over as KAM, when the previous KAM left the company. However, he has followed the client's development the entire time. Once a month, they have face-to-face meeting for two hours, otherwise they keep in touch by email and phone.

### 4.2.2 Value co-creation process

#### 4.2.2.1 Identification of the need / problem

Client 2 expresses that they look for products that "really connect to our brand without necessarily put[ting] our logo on it"; they don't want to put just the logo, they "want something more" and the consumer should be using the product. KAM 2 builds on the customer's needs by using an example of a particular case where the customer required the development of an entire concept. In this case, a present for the client who signed up for Company B's services was seen to represent their "bone product portfolio", symbolizing the business idea of the company while being of "high-quality standard".

#### 4.2.2.2 Optimal service selection

The product development process is a joint process with the customer participating in it. While the client shares his ideas for products, the Supplier looks "at the markets and the trends" and both come up with suggestions. "It's like a partnership because you do this together", says Client 2. One project illustrating the co-creation process is the support provided by the Supplier for the concept development regarding the customers' privileged

clients. The Supplier was briefed by the strategic design and advertising department about the concept that they wanted to launch. The idea was that a key chain and luggage tag should be provided including the loss and found service (the items were numbered and if lost by the client and found, it could be sent back to the company so that the owner could be traced) was given, everything else, i.e. the entire package, still needed to be created. KAM 2 and his team adapted the key ring and luggage tag to the culture, made "something more symbolized" out of it and added a wallet which was to include the credit cards the Company B offered. They worked closely together with Company B's brand and marketing department to create and check the design of the wallet, the materials and packaging in order to be consistent with their brand identity.

Another product of the same campaign included a key ring, which was a comparatively inexpensive product; however a lot of brand experience was put in choosing the colour and materials carefully. Client 2 describes the aim was to come up and select very inexpensive products that the consumer will use every day. In addition, the product should make the customer connect with their brand and be "fresh", i.e. innovative or original somehow, according to Client 2. Materials were found when KAM 2 and the client went on an inspiration trip together and it was a joint decision to go forward with this material.

The concept was launched in 2005 and was later further developed, leading to three different concepts or boxes. In contrast to more standardized items, this project was "product development from the very beginning", "nothing was on the table [except for one picture of the design office as inspiration], so that means you start designing from scratch" involving "a lot of samples" and the development of prototypes, following the visual identity. The collaboration functioned well, according to KAM 2, as "we know the standards of what they are looking for. Also they know that we understand [them]". KAM 2 emphasizes the importance of relations and that it is "also a matter of trust".

KAM 2 indicates that they are "serving [both] generic products like pens and also special projects" to Company B, getting the "trust to fulfil [both] those projects".

### 4.2.2.3 Execution of the offering

However, according to KAM 2, not only getting the project is important; delivering the project aims is even more essential, "[I]f you have just one part that you are not fulfilling … then you are in trouble." When a product is developed from the beginning, the execution of the offering "takes a lot more time, [and there are] more people involved". "[O]ur [the Supplier's] margin would be higher, of course, because there are more risks involved" regarding the controls of production badges.

The Supplier's tasks involved finding the requested materials manufactured in markets that could guarantee a sustainable production. Apart from the production process, the Supplier guaranteed the quality of the items. In the project of the loss and found service, the items were shipped to the warehouse in Sweden where they were put together with the right cards provided by the client, in order to make sure that the "right numbers are in the right box". This way the Supplier offered a complete service which required a close coordination with the client.

Although Client 2 regards the relation as a partnership, the final design proposal, the running of the web shop, the shipment to the branches etc. is the Supplier's responsibility, so that they, as the client, are overall just involved "on a small percentage of [their] time".

### 4.2.2.4  Evaluation of the offering

Client 2 appreciates "the know-how, the competence of the company [Supplier]" which is also time saving for them. KAM 2, who has worked in product development and design for many years, provides his "know-how" to the client and wants them to feel that they always get the "best" service. Furthermore, the client values the Supplier's understanding of the brand, its interpretation into products and the concerns about sustainable manufacturing, given that this is also part of their corporate policies. KAM 2 states that, compared to standardized items, the client cannot check the price for company specific product developments as easily or not at all.

Additionally, Client 2 states that it is very important to be open and talk about a possible problem instead of being upset. If the team does not work, it is better to add another one, Client 2 suggests. KAM 2 agrees to that, highlighting the importance of engagement in order to anticipate problems and support the customer.

### 4.2.2.5  Relationship

KAM 2 mentions that the client is well-known, thus being a good referral and enhancing the reputation of the Supplier. Moreover, they can "deliver a certain budget" which is also advantageous for the Supplier. The collaboration between the client and the Supplier can be described by KAM 2's quote, "You are two to dance. If only one is dancing, then there is no dance". Client 2 certifies that it is "easy to work together with" KAM 2 and appreciates his knowledge. KAM 2 indicates that reaching a relationship is not the finish line but "also [,] you have to fill the relations with something because the client likes us, but they also have a certain level that you have to deliver on".

KAM 2 explains his engagement, "[W]e always try to push and ask and be very, very engaged with the client. … the engagement is very very important" in order to "develop all

the time" since "[e]verything that you do is a matter of learning". He further states that, "I have followed them all the time from another point of view, so I have always been there at some point", even when he was not directly in charge of the account. Referring to the "long-term relation", KAM 2 describes the relationship with the client as if they "are married".

## 4.3 Case C

### 4.3.1 Background

The company is a non-profit organization which works in support of public charity. Initially, it had an in-house web shop, but 3 years ago it was outsourced to the Supplier. Client 3 indicated that they were not familiar with the Supplier, and they established the first contact on recommendation. Even though there were several other possible suppliers to select from, Client 3 chose the supplier because she considered the supplier to be more stable, to have a deeper knowledge of web shops and management skills, "They knew what they were getting into".

Client 3 has been working in the organization for 6 years. She is a project manager in the communication department working with five other project managers who are responsible for different programmes within the organization. The collaboration with the Supplier, the web shop, is one of her projects, and she has other projects going on at the same time.

Client 3's contact person at the Supplier (KAM 3) has been involved in the project since it was started. Twice a year, they have a meeting to discuss the product portfolio for the web shop.

### 4.3.2 Value co-creation process

#### 4.3.2.1 Identification of the need / problem

Client 3 indicates that they require promotional products, which should be targeted to children, to sell in the web shop; meanwhile the products should follow the organization's values and be environmentally friendly. According to Client 3, the products should be commercial, rather than innovative. With these products, they aim to enhance loyalty, "to give something extra to the donors, someone [who] wants to show that they are [NGO] supporter", instead of representing "a lot of new funding because we don't actually get that in this business, it's not big enough for us, and we are not promoting it [the promotional products] very much ourselves".

#### 4.3.2.2 Optimal service selection

As previously mentioned, there are two meetings per year to decide on the product portfolio and, according to Client 3, the process is quite simple. It is mainly the Supplier who sends

out the product suggestions and ideas to the client. Client 3 replies whether they agree or disagree with the proposals. In the positive case that they accept, the Supplier can proceed to the production. If the client does not accept, then the KAM will come up with more ideas. The interaction and exchange of information at the idea generation process for new items is limited, as KAM 3 indicates, "They [Client] don't come up with any ideas often, maybe they said, "We need to have a blog post so we need to have a new product to push for, so if you could come up with an idea", so we come up with an idea". KAM 3 expresses that, "It's really hard to find products that are "ok" for them [Client] … I think they have too much regulations compared to other companies". Since they have strict brand guidelines and their image has global reach, he believes that it has to be handled carefully. Still, both interviewees regard the process as smooth.

### 4.3.2.3 Execution of the offering

The Supplier proposes designs for the items to be sold on the web shop. After Client 3's approval, the Supplier arranges for the production, and later manages the web shop where the product is offered to the customers. Client 3 supports the promotion of the web shop to some extent, but, as she indicates, "[I]t's something [the Supplier] has to do as well". Therefore, the Supplier is also entitled to communicate and promote the sales on the website. For users who have questions regarding the web shop the Supplier set up a hotline which KAM 3 answers.

### 4.3.2.4 Evaluation of the offering

Client 3 says, "I'm very, very relieved we have it [the Supplier], and I'm happy for all the efforts they are doing, because if we didn't have this collaboration we wouldn't be able to keep the shop honestly, because it was far too much administration for us to manage it …". Without the Supplier's support, the project would be terminated.

By the end of the year, the Supplier hands over a fixed amount of the sales to the Customer and the money left is used to cover the expenses. KAM 3 explains that, "In this project, it's not that important to earn money, if you compare to other companies we work with. It's important that we don't lose money. If we are break-even, it's okay".

### 4.3.2.5 Relationship

KAM 3 suggests that keeping the relation with this particular client is more about image and reputation, as well as to contributing to society with a more philanthropic vision, "It is very good image to our other customers that we work with [Client] and we want to do something that matters, because we care about children".

During the interview, Client 3 uses the term "we" to indicate the organization she belongs to, while using the term "they" when referring to the Supplier.

## 5 Analysis and discussion

In the following chapter, the first part examines whether the cases fulfil the prerequisites for co-creation in order to confirm the sample selection. Secondly, the influencing factors on each phase are investigated. As established in previous chapters, factors which are shared among the cases are being identified.

### 5.1 Value co-creation

Based on the definition presented in chapter 2.2, co-creation is a process which requires the interaction between two actors who demonstrate the willingness to integrate resources and engage in a collaboration which is beneficial for both sides, thus resulting in value (Frow et al., 2011). Case by case will be checked on these dimensions (see also chapter 2.1 for a brief explanation of these dimensions again).

### 5.1.1 Case A

Client 1 stated, "I want to be involved in all the projects" and "I'm well prepared [for meetings]", demonstrating her preparedness to invest time, i.e. a resource, and to seek interaction. Furthermore, she said that "we are talking to them [the business units]" to consider their needs, which shows that she takes actively part in trying to obtain more information so that the service (product development) can be provided. This demonstrates engagement. Her intrinsic motivation to engage can also be concluded from her statement that she likes her job, that they both "have new energy" and "are designing and deploying something totally new together". Client 1 certifies that KAM 1 has a "high spirit" in their collaboration, leading to the assumption that she is also engaged. Client 1 also stated "we'll have even more collaboration", showing that she looks upon the interaction that both sides contribute to the work. Likewise, KAM 1 confirms that they "work together" and that the "collaboration works very well". The willingness of KAM 1 to make use of her resources is reflected in the following quote, "it takes a lot of work and a lot of time [to run the web shop]". The collaboration is beneficial for the client as no other company is able to fulfil her requirements for world-wide delivery of promotional items – except for the Supplier, "we couldn't find a partner". The collaboration with Company A is also favourable for the Supplier concerning the "big potential" (KAM 1) with regard to the sales volume. Client 1 shares the same goal as KAM 1, i.e. "to increase the sales" as well as "the strategy is now that we are focusing on Europe and next year, we'll focus on China".

However, while some ideas are discussed together why they are suitable for the shop or not, Client 1 also indicates that she requests new product suggestions, if she does not like the ideas, that were provided by the Supplier in the first place. This indicates more a transactional relationship, where the focus is on the product and not the relationship. Hence, it can be concluded that a co-creation process as delineated in the paragraph above, which overall fulfils all the prerequisites for co-creation, can also include transactional elements in certain phases or points of time.

As follows, considering that the emphasis is put overall on the interaction, the relational element, it is concluded that Case A is a good example for co-creation taking place, acknowledging, however, that involvement of the parties can vary in the different phases.

### 5.1.2 Case B

The interviewees of Company B and the Supplier both agree that they have a "partnership, because you do this together" (Client 2), also illustrated by KAM 2's quote, "You are two to dance. If only one is dancing, then there is no dance". This indicates that they work together. That it is rather a collaboration and not only a cooperation can be concluded from the fact that the tasks are not clearly divided, as both for instance "try to find materials, colours, shapes or things that are new in the market … to get some inspiration" (Client 2). Another point is that KAM 2 states that he tries to "be very, very engaged with the client" and "we always try to do the best for them", indicating that he is prepared to use his experience, time, etc. in the collaboration, focusing on the relation. His intrinsic motivation, thus engagement, is supported by the passion he expresses about his experience and long-term activity in the industry. Client 2 emphasizes that "you need somehow to be ahead [with your products]", hence sharing the same goal as KAM 2, "we will always try to develop". Both see the benefit in collaborating with each other – Client 2 relies on "the know-how, the competence of the company", while KAM 2 acknowledges the "big client … that means they also deliver a certain budget" as well as their reputation, by having a "well-known big brand" as a customer. This evidence indicates that prerequisites for co-creation are satisfied.

Nonetheless, similar to Case A, there is also evidence which suggests that the tasks are divided in some parts of the process, "We outsourced the business, so they have the web shop, they ship directly to our branches and they also do the design proposal, […] so it's really outsourced, so we just do this on a small percentage of our time, but we still have meetings" (Client 2). As the client, however, still is engaged and actively supports the fulfilment of his need, for example as mentioned by going on inspiration trips together with KAM 2, co-creation is evident, however, with transactional elements also being present in the process. Finally, as indicated, KAM 2 states that "relations are very important", while

Client 2 highlights that "it is really a combo process all the time to have the right assortment of products, talks about what works, what doesn't work", leading to the conclusion that the relational exchange is far more important than the discrete exchange of the item. As follows, Case B is a good example to study the phenomenon of co-creation.

### 5.1.3 Case C

KAM 3 is willing to come up with new product ideas, although "it's really hard to find products that are "okay" for them" and in addition, takes care of the hotline and web shop support, indicating that he invests resources and efforts. However, Client 3 wants the Supplier to come up with product suggestions without actively participating in the product development, "we have some suggestions [specifications] for them and then they come back with what they found", which indicates a limited integration of resources. This is supported by the fact that meetings take place only twice a year. Thus, the focus is on transaction rather than interaction; the discrete good exchange is more important than the relation and the interaction. Furthermore, Client 3 states that "we are not promoting it [the products] very much ourselves", which is confirmed by KAM 3, "I don't think they care much about the products. Of course, they want the [Client's] brand to spread a lot, but I don't know the specific goal of the products for them". This indicates a lack of engagement and a shared goal. Furthermore, neither Customer 3 nor KAM 3 refer to a partnership relation or collaboration at any point in the interview.

Moreover, how Client 3 perceived the relationship becomes obvious in the language used. She talks about "they" to refer to the Supplier, suggesting that it is rather a cooperation instead of a collaboration, as tasks are perceived to be divided. Nonetheless, both Client 3 and KAM 3 see the value in their relationship. Client 3 relies heavily on the running of the web shop, as otherwise it could not be maintained by the client. For the Supplier, the relationship is valuable regarding the reputation gained, "it is a very good image".

Although some prerequisites are fulfilled, the strong evidence of the transactional focus dominates. Thus, Company C cannot serve as an example for co-creation.

To conclude, two of the three cases illustrate co-creation processes. In the following subchapter, the influencing factors on the co-creation process and its phases are examined.

### 5.2 Factors

As stated before, the paper's contribution lies in taking account of two perspectives in the co-creation process in the B2B-context. Evident factors influencing the co-creation process from both sides, i.e. are present among both the client and the KAM, are therefore going to be analysed, based on the methods of within-case and cross-case analysis explained in

chapter 3.3. Company C serves as counterexample to highlight possible differences. Again, factors can be described as influencing the result by contributing to the outcome (Walker, 2012).

The findings regarding the factors are presented following the same structure as in chapter 4 (background, phases of the process, relationship).

### 5.2.1 Background

The background sets the frame for the process taking place. Thus, it should not be disregarded in the co-creation process.

What Companies A and B have in common is that the contact persons interacting with the KAM are responsible for the Company's consistent brand image. Their internal organisation has one department taking care of that. Company C also has a lot of guidelines and policies regarding the brand, however, Client 3 is a project manager in the first place and not in charge of the brand development. This indicates that there are differences between Cases A and B in comparison to C regarding the internal organisation and their **focus on the brand**.

Regarding the communication, Client 1 meets up quarterly with her KAM and every second week, they follow up on the latest developments and issues, mainly by mail. Just as Client 1 and KAM 1, Client 2 and KAM 2 hold face-to-face meetings. These take place every month, meanwhile they keep in touch by email and phone. As follows, these two cases share that a frequent schedule has been established, with face-to-face meetings and interaction taking place regularly, ensuring a constant flow of information. In contrast, Case C has only meetings twice a year and communicates otherwise by mail and less frequent, not following a certain plan. This might indicate that the way **communication is organized** influences the co-creation process.

Furthermore, in contrast to Client 3, both Client 1 and 2 have had changes in the contact person for different reasons. Client 1 initiated a change in contact person, showing a pro-active and problem-solving attitude, as the previous KAM did not meet her requirements regarding openness in price setting as well as investment of time. Client 2 did not initiate the change in contact person. Here, the person in charge of account changed due to employee turnover. Thus, it can be speculated whether ***pro-activeness*** and a ***problem-solving*** orientation as demonstrated by Client 1 influence co-creation in a positive way. This needs to be explored further.

### 5.2.2 Identification of the need / problem

Client 1 requires products which truly reflect the brand identity and values the core competence of the company. Thus, her needs match the core competence of the Supplier, i.e. the development of company brand specific promotional products. As follows, both Client 1 and KAM 1 share the same focus. Likewise, Client 2 indicates that she wants to have products that "really connect to our brand without necessarily put[ting] our logo on it", requiring specific knowledge about how to translate the brand into a product. Similarly to Client 1, Client 2 requires the Supplier's entire know-how regarding this. KAM 2's intention is aligned aiming to deliver a complete concept. Taking Case C into consideration, it becomes obvious that the same focus and importance placed on the outcome have a positive impact on co-creation, making it more straightforward. Client 3 sees the web shop as an extra-service for her clients, but does not attach great importance on it ("it's not big enough for us"). Furthermore, there is no need to exploit the Supplier's core competence fully, as the aim is to sell products to the target group, but not to communicate the brand experience in a unique way. In this way, the counterexample indicates the positive influence of a **shared focus** on the Need identification phase.

### 5.2.3 Optimal service selection

In order to offer the right, original products, which fulfil the need of the client, the KAMs demonstrate their knowledge to do so, according to Client 1 and 2. For Case A, it is usually KAM 1 who comes up with ideas for the specific problem, however, Client 1 also mentions that, "In some cases, I think, I have more knowledge or in some cases, they have more knowledge and they are usually right", indicating that knowledge needs to be shared. Company B complements that insight. The concept development process required Company B to share critical information about their customer strategy and target groups to allow the Supplier to come up with a refined idea for Company B's clients. In addition, close coordination and the opening up of internal processes (card distribution) to the Supplier were necessary. This shows that, besides having the know-how in the first place which seems to be a decisive resource, integrating the **knowledge** from both sides might be critical in achieving the co-creation of the best possible outcome. This, however, requires a certain extent of openness. The idea that *openness* is not only related to knowledge sharing but also to the communication in order to achieve a satisfactory outcome, can be concluded from the statement where Client 1 says that she is not afraid to ask for more options if she does not like the options proposed.

Again, Company C can help to shed light on how these factors influence the process. The client does not come up often with ideas and does not explain why product ideas are

disregarded, making it difficult for KAM 3 to "find products that are "okay" for them". This hampers the process in so far that the client's needs could be met better and more efficiently if internal knowledge was shared more openly and integrated in the process.

### 5.2.4 Execution of the offering

The execution of the offering refers to the implementation of the solution, meaning that the product is taken up in the web shop and delivered to the client on request. Client 1 does not show a high involvement in this phase, but emphasizes that also in this stage, the know-how makes the difference, referring to the international logistics. This goes in line with KAM 2's perception that a complete service has to be provided, meaning that you have to fulfil the aims on all parts. In particular, the customized developments require a lot of know-how in this phase regarding quality control. Similar to Client 1, also Client 2 wants to be involved only "on a small percentage of [their] time" in this stage. These findings indicate that trust in the knowledge and abilities of the Supplier are present or have been established in the phases before, not requiring any specific customer involvement.

Company C shows similar results in this stage. They rely on the Supplier's capabilities and do not expect to become highly involved in the process, underlined by the statement "we knew that we could rely on them" (Client 3). Due to the low interaction between client and KAM evident in all the three cases, it seems reasonable that influential factors in this phase of the process are limited to the perceived reliability of the Supplier. However, as there is no significant difference between the cases, it can be assumed that there is **no particular factor** influencing co-creation considerably in this stage.

### 5.2.5 Evaluation of the offering

The last stage describes how the client evaluates the offering. As this stage focuses on the evaluation of the service from the customer side as suppliers usually aim to deliver on the customer's request, it is only natural that possible influential factors identified in this stage depict mainly the customer's point of view.

Client 1 evaluates the Supplier's capabilities, amongst other the international logistics, which have, according to her, such a big impact on the process and the offering that she continues the collaboration with the supplier due – in part – to the lack of a suitable alternative. Client 2 also praises "the know-how, the competence", not only with respect to their interpretation of the brand into products, but also sustainable procurement. Client 3 is satisfied with the Supplier and "happy for all the efforts they are doing", however, in contrast to Company A and B, she does not name specific skills possessed by the Supplier, possibly because she does not seem to require those. This suggests that having unique or at least

very specific **knowledge**, which is highly appreciated and needed by the customer, nurtures co-creation and keeps the process going.

Furthermore, another important point put forward by Client 1 is the openness concerning pricing and item selection which KAM 1 is willing to share. KAM 2 also states that prices for non-standardized items are not as easy for the client to check (since creating products from scratch might require finding new manufacturers and materials, resulting in a new pricing structure), indicating that this is also a matter of either trust or openness. Client 2, however, is less concerned with openness regarding pricing, than with openness regarding problems and the team. She states that "we are really open about that, because instead of being upset and not happy, it's better to talk, to add some other one [person] to the team", not only referring to openness, but also *pro-activeness* and *problem-solving*. The same issue has also been faced (and been solved) by Client 1 in a similar way. Her request to change the team was followed, which reflected for Client 1 the Supplier's interest in finding an accurate and satisfactory solution for her problem. Client 3 does not mention openness. Relating to the Optimal service selection phase, where the reasons for product selection by Company C were rather withheld, it can be concluded that generally speaking **openness in communication** influences co-creation in that it enables a more trustworthy and closer collaboration and information sharing to take place. As follows, the clients seem happy to work with the Supplier, leading to an enhanced relation.

### 5.2.6  Relationship

According to Client 1, having "high / low discussions [regarding turnover etc.]", meaning that "you share your knowledge [and problems] quite openly", increases the value of the partnership, indicating again that open communication can be seen as beneficial for co-creation.

KAM 1 states that, they "found a way to make this [relationship] work for [the] future", illustrating that she is willing to solve possible problems. Just as KAM 1, Client 1 also shows a problem-solving attitude, which was already mentioned in paragraph 5.2.1. KAM 2 also indicates that he, like Client 2 (see 5.2.5), is willing to compromise and reach agreements by using the example of a dance, "You are two to dance. If only one is dancing, then there is no dance". In contrast, Client 3, as has already been stated, does not really aim to make the cooperation with the Supplier run smoother by sharing information beforehand and it is also not requested by KAM 3. This suggests that a **problem-solving attitude** makes it easier to overcome obstacles in the co-creation process in order to reach the common goal and realise value. Similarly, **pro-activeness**, which has already been mentioned several

times throughout the analysis, can be assumed to have a positive impact on the entire process, avoiding problems to develop in the first place.

Client 1 mentions another aspect, that "even though I'm not a sales person, I still want to be able to measure my results and if I don't have the support of [Supplier] to help me increase, it is not very interesting for any of us and they should be definitely interested in increasing the bottom line, it's more profit for them in the end". She indicates a certain striving towards further development. KAM 1 describes that they created a structure to work in the future, referring to the potential of the client. Hence it can be assumed that KAM 1 shares the same attitude. KAM 2 confirms the development orientation, "it is very important that we get clients that we are trying to engage and develop all the time". It can be concluded from the statement, "you need somehow to be ahead" that Client 2 seeks no standstill either; in this way, they also aim for progress. Client 3 states that, "We want something new [new products]", however, there is a lack of indication that she is interested in staying ahead, striving to be upfront. In contrast, KAM 3 indicates, "we want to give more [regarding turnover]; the more, we can give to them, the more we can be proud of", showing that he is willing to take the next step.

These insights lead to the conclusion, that if both parties in the co-creation process are aiming to go the extra mile and to advance things, in other words are **development oriented**, the co-creation process as a whole is enhanced and more result-oriented. However, if only one party is willing, it might not be enough to succeed.

### 5.2.7 Model of factors influencing co-creation

In the previous paragraphs it has been shown, that the following influencing factors were identified in the respective phases in the B2B context.
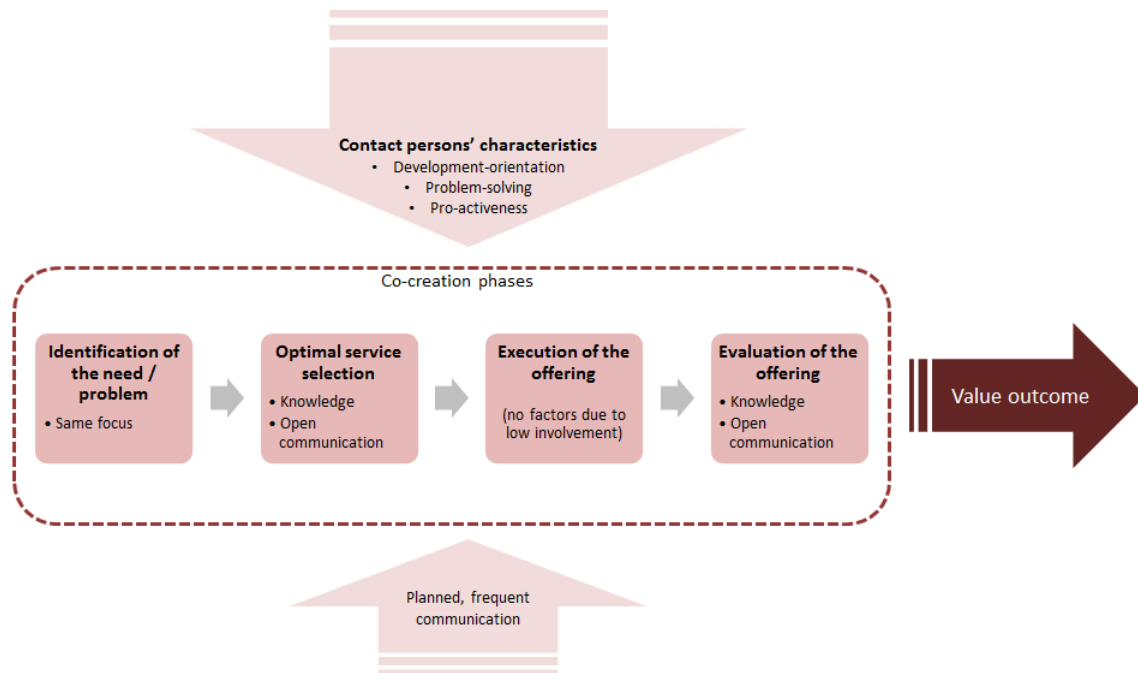
*Figure 2: Model of influencing factors in the different phases of the co-creation process in B2B*

In the following subchapter, the influential factors are discussed.

### 5.2.8 Discussion of influential factors

Hoyer et al. (2010) named financial, social and technological factors which influence the consumer co-creation, as stated in chapters 2.1 and 2.3. The findings show that these factors do not play a significant role in the B2B co-creation process, according to the sample selected. It can be speculated that this is due to the more business-oriented mindset in the B2B context, meaning that achieving personal benefits is less important than fulfilling one's task at the company. As a consequence, these factors are being disregarded in the following analysis.

That no significant influential factors could be found in the Execution phase goes in line with Kukk et al.'s (2014) findings that customers expect the Supplier to take over the main role in this phase.

The factors specified in figure 2 are discussed below.

### 5.2.8.1 Frequent and open communication

Kukk et al. (2014) argue that an agreed timeline and collaboration structure is beneficial for co-creation. Similarly, the findings suggest that on the whole planned and frequent communication facilitate the information flow and the understanding of each other. The

positive influence of communication on co-creation and collaboration (being a part of co-creation) has been named by several authors (Baumann and Le Meunier-FitzHugh, 2005; Mattessich et al., 1992; Verma et al., 2012), however has not yet been explicitly mentioned as important factor in the context of co-creation in B2B. Verma et al. (2012) argue that the investment of (communication) time is positively related to an incremental innovative outcome. This is supported by the findings, as products to reflect the company's brand either have to be developed from scratch, as mentioned by KAM 2, or represent modified standardised ones, which uniquely illustrate the brand; requiring more communication. It also goes in line with Client 3 who did not require innovative items and did not invest as much time. However, one might argue that frequent communication does not only include the investment of time, but also the integration of knowledge. This implies that these factors might be linked. The factor knowledge will be discussed further below.

The findings leave the question open, whether frequent and planned communication in general have a positive impact, or whether the effect is mainly achieved by face-to-face meetings, meaning the medium. Verma et al. (2012) certify that, in the B2C context, the modality factor is of less importance for the outcome, but due to the different nature this holds true for the B2B context. Face-to-face meetings are here the preferred medium for strategic communications, since they are "considered to be the richest medium" (Cano et al., 2005) over other types of communications. Mattessich et al. (1992) see open and frequent communication as a way to keep each other updated and to share all essential information. Thus, not only 'how', but also 'what' is transmitted plays a role in co-creation (Verma et al., 2012). This might constitute one additional factor, why Client 3 and KAM 3 were not able to achieve co-creation, as frequent and open communication was impaired. It also explains why open communication seems to be of more importance in the Optimal selection and the Evaluation phase, since these phases are critical for the product development (review of need fulfilment) and assessment of the offer (pricing, satisfaction, etc.) for both sides, client and KAM. The openness in the Need identification phase might not have been mentioned by the clients, as they assume their openness regarding their needs as justified and necessary (Kukk et al., 2014).

To be clear about the terms, open communication can be differentiated from knowledge-sharing in that openness refers to being honest, sharing information like facts, while knowledge includes experience as well, given that "organizational learning begins with experience" (Argote, 2013, p. 35) – it can be said that the experiences acquired along the years are the elements that build a firm's knowledge (Filieri, 2010).

### 5.2.8.2 Knowledge

The research showed that the resource knowledge was important for Company A and B in the Optimal selection phase as well as the Evaluation phase, while Company C did not stress it. This implies that domain specific skills (Füller, 2010), such as to apply the knowledge, was in particular for the KAM relevant in order to co-create. Both Client 1 and 2 rely on the Supplier's knowledge to create innovative products. This goes in line with Mahr et al. (2014, p. 601) who argue that "the value of knowledge depends on how … the beneficiary can use it in a specific situation at a certain moment in time". Knowledge is valuable for the co-creation companies in this case, as it helps "to support the achievement of project objectives" (Mahr et al, 2014, p. 602). Furthermore, besides the KAMs' know-how as such, the KAMs also share mutual knowledge with their clients from Company A and B due to their face-to-face meetings (Cramton, 2002), facilitating the achievement of the goals. As the selection phase is critical for this, the knowledge, in particular the expert's (that is the Supplier's) knowhow, but also the customer's industry and end-consumer knowledge (Aarikka-Stenroos & Jaakkola, 2012), influences the further course of the process. In line with the findings, Aarikka-Stenroos and Jaakkola (2012, p. 24) argue that "the customer cannot just wait on the supplier to read their mind and to solve their problems", if joint creation of value is to be achieved. This suggests one reason why the Optimal selection phase was not as smooth for Company C in finding an appropriate solution. Secrecy concerns resulting from sharing knowledge (Hoyer et al., 2010) were not evident in the sample. It can be assumed that the open communication, resulting in trust, as well as the interest of the client to co-create value removed the barrier.

Coming back to the Evaluation phase, the positive influence of knowledge in this stage might rather be a confirmation of the achievement of the objectives. The satisfaction with the outcome influences the continuation of the collaboration (Stump et al., 2002). This is, however, not only generated by the outcome alone, but through the entire process (Aarikka-Stenroos & Jaakkola, 2012).

### 5.2.8.3 Contact persons' characteristics (pro-activeness, problem-solving and development orientation)

Agreeing to Yi and Gong's (2013) position, behaviour leading to co-creation has different interdependent dimensions and thus it is difficult to differentiate them and assess which one really is the underlying influence. However, as suggested by Aarikka-Stenroos and Jaakkola (2012), the findings indicate that pro-activeness and a problem-solving attitude on part of the actors have a strong impact on the co-creation process. These factors have been mentioned in other contexts, e.g. management (Campbell, 2000), innovation management

(Sergeeva, 2014), human resources (Lohman, 2004), etc., but have not yet been linked to co-creation to the best of the authors' knowledge. This is possibly due to the fact that they are indirectly related to willingness (Sergeeva, 2014), which demands active engagement, thus also explaining why these factors could not be identified in Case C. The development orientation identified in the Cases A and B was not yet mentioned by literature as such, and also the term does not seem to be commonly used, according to the authors' research. However, Füller (2010) identified the characteristics novelty seeking and exploratory behaviour which both imply that a person does not want to standstill, but evolve and go further. Still, while development orientation seems to be more goal-oriented while seeking advancement, novelty seeking and exploratory behaviour is less focused on the outcome. Thus, the authors intend to retain the term. Furthermore, the authors of this paper speculated, whether both of these characteristics were influenced by company culture. However, no evidence could be found in the sample.

### 5.2.8.4 Shared focus

While collaboration implies achieving a common goal (McInnerney & Roberts, 2004), the findings show that common goals, e.g. increasing the sales, create products ahead of the competition, are complemented by a shared focus on similar things such as integrating the brand identity into the product, sustainable production, etc. A strategic focus on meeting the customer's demands drives the companies' capabilities for co-creation (Reay & Seddighi, 2012), however, the findings show that a shared focus from the customer on the offering requested – taking the bigger picture into account, this also includes the internal organisation for brand-related issues with the customer being in charge of that, as in Company A and B – also drive the co-creation process. As follows, a shared focus aligns the efforts of both participants so that co-creation is facilitated. This is supported by Baumann et al.'s (2015) findings that sharing interests have a positive impact on co-creation. It should be pointed out that they are not congruent. A shared focus might result from shared interests and both terms are referring to that something is given attention to; while a shared strategic focus means that importance is also attached (Reay & Seddighi, 2012), interests are less formalised or explicit (Baumann & Le Meunier-FitzHugh, 2015).


## 6 Conclusions and implications

Along this final chapter, the authors provide their final conclusions of their research, together with recommendations for how these findings can be taken into consideration by people in charge of managerial decisions. Finally, the limitations that affected the current work and suggestions for future research are also presented.

## 6.1 Conclusions

Even though research has been conducted in the field of factors being essential or influencing co-creation, most research has focused on a category or single factors, studying each group or factor independently and from one perspective. As it has already been mentioned and supported in the previous chapters, the co-creation phenomenon involves two parties; therefore it is necessary that both sides are investigated to obtain meaningful data that allow a deeper understanding of the co-creation process and its influencing forces. To fill the gap in existing research, it was therefore aimed to take a holistic perspective and examine influencing elements on the co-creation *process* along the different stages, considering the supplier's and the client's perspectives.

A qualitative research was performed in a KIBS company in the B2B market, where the co-creation capability could be considered as being a main part of its unique offering. With regard to the dual perspective premise, three company clients and each of their KAMs were interviewed; two of these company cases were selected as examples of co-creation while the third one was chosen as a counterexample.

The first contribution involves the identification of influential factors in the different phases and how they influence the co-creation process in the B2B context, visualized in a model. Frequent communication, and pro-active, problem-solving and development oriented contact persons (actors) turned out to be overarching influential factors. Shared focus was critical in the Need identification phase enhancing the collaboration. In the Optimal selection and the Evaluation phase, knowledge and open communication proved to generate a more valuable outcome. The Execution phase was not affected by a significant factor.

Secondly, investigating both perspectives of the partners allowed gaining a new understanding about which common factors need to be fulfilled by both actors of the relationship in order to enhance the co-creation process. In accordance with the definition of the "co-" term (which refers to doing something together), the findings suggest that in this case, clients' and supplier's perceptions towards the mentioned factors also have to "go together" by matching those or agreeing with each other.

Thirdly, the authors hope to have made the concept of co-creation, its process and its influences more explicit, by drawing a clear distinction between prerequisites for co-creation and possible influences. Exact definitions for the elements of co-creation have been provided, which have been largely neglected in the co-creation research literature. Therefore it is believed to have shed some light on defining the co-creation concept to make this phenomena more tangible for future research.

## 6.2 Managerial implications

The authors aim to contribute to management teams and employees dealing with or involved in co-creation processes by sharing useful insights for co-creation in B2B markets. To be able to promote co-creation, it is essential to be aware of and manage the factors that enhance the existing co-creation process. The results show that it is important to realize that both parties involved share the same focus, are pro-active, problem-solving and development oriented, communicate regularly and openly, i.e. they have to be in line with one another. While personal characteristics might be harder to change, it is suggested to clarify needs and expectations in order to agree on and establish a communication routine. The know-how and special capabilities should be considered and communicated as well, so that they can be integrated beneficially in the process, especially in the Optimal selection phase.

Furthermore, the given insights provide suggestions for managers regarding resource investment, how to measure a client's current or future potential with respect to co-creation, and also help to realize mutual value in B2B relationships. By studying a client under these guidelines, measures that could be taken to engage the client and enhance the co-creation process can thus be identified.

## 6.3 Limitations and implications for future research

There are limitations affecting the present research. For the present investigation, a case study design was selected in order to reach a comprehensive in-depth analysis of the mentioned phenomena within the context of promotional product development. However, the generalization of the findings to other industries, might be hard to achieve given the very nature of the research that aims for particularization (Bryman & Bell, 2011).

In addition, having performed a previous thorough literature research on the topics related to co-creation, it was difficult for the authors to maintain a neutral position during the interviews and avoid the "intrusion of own biases and expectations" (Bryman & Bell, 2011, p. 478) in order not to lead the interviewees.

The language barrier was also an issue during the development of this research. Although all the interviews were held in English and the interviewees agreed to this, it was challenging for some interviewees to express their ideas in detail when they couldn't find the words to say it in English. Still, with the intermediate Swedish language knowledge of one of the authors, it was easier to translate the terms.

Finally, although the authors hoped to include four cases to their research, two corresponding to "existing co-creation" and two other to "no co-creation" in order to obtain

a balanced sample,  it was not possible to perform a fourth interview within the later sample due to accessibility restrictions. Nevertheless, since the latter group was analysed only as a counterexample, this was believed to have no significant impact on the found factors, as the factors were considered to be independent from the second sample.

Future research might consider to take a closer look at the interdependence of factors, how the factors influence each other. Furthermore, it is proposed to verify the findings in other contexts such as B2C and in other service industries.

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**Appendix**

**Appendix 1. Interview guide**

Questions specifically for one party are marked K (KAM), C (Client).

The Company refers to the case company where the study was based at.

**General Information**

Setting the context (Bryman & Bell, 2011).

1.  K – Please introduce yourself shortly - what do you do and what clients are you responsible for?
    C – Please introduce yourself shortly - what do you do and what are you responsible for?

2.  K – How long have you worked as KAM for this client? How long has the client been working together with the Company?
    C – How long have you worked at the company and how long have you been working together with [name of KAM]?

**Value co-creation**

Co-creation is an "*interactive process*, involving at least two willing *resource integrating* actors, which are engaged in specific form(s) of mutually beneficial collaboration, resulting in value creation for those actors" (Frow et al., 2011). It refers to working together "to achieve a common goal" (McInnerney & Roberts, 2004).

3.  How do you look upon the collaboration with the Company / the client? (identify factors)
    a.  Follow up: Why is that?

4.  Think about a product you have worked on together which the Company / the client. Which would you consider to be innovative?
    Please describe the interaction you had with the Company / the client, how you worked together.

5.  If you think about a more standardized product, could you describe the interaction you had with the Company / the client, how you worked together?
    a.  Follow-up: What would you say how did the interaction differ?
    b.  Follow-up: What was the reason for the difference according to your point of view?

6.  What do you want to achieve in your collaboration with X? / What is your aim? (identify whether they have a common goal, whether the goal is identical for both companies)

**Factors**

Co-creation is an "interactive process, involving at least *two willing* resource integrating *actors*, which are engaged in specific form(s) of *mutually beneficial collaboration*, resulting in value creation for those actors" (Frow et al., 2011). It involves social factors (Hoyer, 2010). Organizational structure / culture might also impact (Mattessich et al., 1992; Schumann et al., 2012).

7. If your / the client's company would be a person, how would you describe it? (identify factors, interaction partner)

8. How would you describe your contact person(s) at the Company / the client's (characteristics, experiences, skills, etc.)? (interaction partner) (Both factor and value co-creation)

Planned communication, ICTs as enablers of interaction, communication channels to allow dialogue (Reay & Seddighi, 2012; Mahr et al., 2014); frequency, direction, modality and content of communication (Verma et al., 2012); technological factors (Hoyer 2010) might be named.

9. Follow up: How do you communicate with X and why? (schedule, media / channels used)

The perceived value of the relationship (e.g. feeling of belonging) in terms of benefits is also an influential factor (Nambisan & Baron, 2009).

10. Follow up: How would you describe the relationship? (relationship, trust / risk)
11. Follow up: What do you appreciate the most in the collaboration / in the relationship?

The prospect of increased benefits and reduced costs encourages co-creation (Hoyer et al., 2010); financial factors (Hoyer, 2010) and knowledge / resources (Aarikka-Stenroos & Jaakkola, 2012) might be named.

12. C – What are the immediate benefits you see in your cooperation with Wackes?
    K – What are the benefits that you as a KAM see in the cooperation with the client?
    a. Follow up on resources.

Secrecy concerns, sharing of intellectual property, information overload and production infeasibility are named as hindering factors from the supplier's point of view (Hoyer et al., 2010).

13. What might hinder the collaboration with X?

14. When would you stop working with the Company?

**Conclusion**

Ensure a complete gathering of information (Bryman & Bell, 2011).

   15. Is there anything else you would like to share with us?

# Appendix 2. Within-case and cross-case analysis

| Client 1 | KAM 1 | Client 2 | KAM 2 | Client 3 | KAM 3 | Possible factor | Factor | Phase |
|---|---|---|---|---|---|---|---|---|
| Focused way of working / Problem solving | Make the relationship work | Problem-solving / Solution oriented (if collaboration does not work) | High engagement | | Information missing for client's product acceptance - no action | Problem-solving | **Problem-solving** | |
| | Enjoyment of job | Easy to work with, creative; their characteristics as stated by KAM: learning attitude, caring about the result, commitment | Placement of high importance on relations; management of relations; easy to work with | Nice, open | | Random characteristics | **-** | **In general -contact persons' characteristics** |
| Wants to measure results | Nurture and exploit client's potential | Be ahead of competition, provide something fresh to clients, innovation | Attitude: looks for constant improvements | Just selling, no innovation, best margin | Provide more turnover | Development-orientation | **Development-orientation** | |
| Requesting change of team | Make the relationship work, (willingness), suggestions for new items | Talk about problems instead of being upset, (willingness to engage) | Pro-activeness, engagement is crucial; fulfil relations; maintaining relations even if know direct contact person | | | Pro-activeness | **Pro-activeness** | |
| Resources (investment of time), well-prepared for meetings | Was a lot of work (project) | Investment of time and energy | | No resources for all the administration | | Time resources | | |
| Regular face-to-face meetings, planned communication (supplier's day every 2nd week), established work processes | Communication implies organization, structure, constant flow of conversation | Regular (face-to-face) meetings | | Meetings twice a year | | Communication - how often | **Planned, frequent communication** | **In general** |
| Information exchange (feedback of success in financial terms, performance), sharing of ideas | | Sharing of ideas | | | | Communication - type of information exchanged | | |

| Client 1 | KAM 1 | Client 2 | KAM 2 | Client 3 | KAM 3 | Possible factor | Factor | Phase |
|---|---|---|---|---|---|---|---|---|
| Aim in line with the supplier's; appreciate innovation, brand focus | Aim in line | In line with supplier's, be ahead, innovative, sustainable production | Aim in line | Products / Web shop not very important | Sell more, innovative products | Same focus | **Same focus** | **Need identification phase** |
| Signed agreements about vision / Achievements | | | | | | Organisation of work | | |
| Organizational structure (hierarchy); control / Power (over gift shop, let in supplier to a certain degree) | | Organized for promotional items (brand strategy, staff…) | | | | Organizational structure | | |
| Internal knowledge regarding business units' requirements; internal brand guidelines | Experience | Knowledge, internal guidelines and strategy | Background in product developing, long experience; have the know for product development / Expertise | Internal requirements not clearly stated | Experience | Knowledge | **Knowledge** | **Optimal selection phase** |
| Knowledge / Competence / Know-how (capability which one has but the other not or which is appreciated e.g. Logistics, product development) | Knowledge regarding market, fulfilment of needs | Interpret brand value into product | Fulfilling and understanding the need | Supplier's competence not fully needed (rather generic products with logo), web shop | | Clear formulation of client's needs, respectively fulfilment | | |
| Clear formulation of needs | | Clear formulation of needs | | Needs sometime not clear | | Knowledge sharing | **Open communication** | |
| Logistics appreciated | | | Coordination with client's processes (regarding project) | | | | **No factors** | **Execution phase** |
| Needs supplier as no other company capable (usp) | Experience | Rely on know-how, want more than a logo | Have the know-how, no issue | | | | **Knowledge** | **Evaluation phase** |
| Open communication / Transparency regarding prices; honesty / trust, not afraid to say no | Discuss turnover, prices | Open regarding team collaboration | Trust in collaboration and prices, and that no one is exploited | | | | **Open communication** | |
| Willingness to collaborate / Seeking partnership, more collaboration | Make the relationship work - willingness | Close collaboration (outsourcing) | Partnership sought | Smooth process | Smooth process | Collaboration | **Disregarded as influential factors (prerequisites, no similar facts, etc.)** | |
| Duration of collaboration (changing teams) | | Change in contact person / Team influences | Long-time collaboration, disadvantage if too familiar; being always present beneficial | | | Collaboration – time / Change in contact person | | |

| Client 1 | KAM 1 | Client 2 | KAM 2 | Client 3 | KAM 3 | Possible factor | Factor | Phase |
|---|---|---|---|---|---|---|---|---|
| Product not stuck in customs, coherent brand experience | Big client | Time-saving, fit of offers, brand communication | Referrals, reputation, big client | Administration work of web shop, keep the shop | Referrals, reputation | Value outcome | | |