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VALUE CREATION IN PLATFORM BASED SERVICE INNOVATION

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ABSTRACT OF THE MASTER'S THESIS

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Abstract			
<p>Digitally enabled platforms have been rising since Uber and AirBnb have taken over the world. It seems like digitally enabled platforms have been giving lot more value to consumers and taken over old-fashioned businesses. These new platforms have forced countries to modify their legislations and operations.</p> <p>The purpose of this study is to understand the value creation in a platform based service innovation; it's key elements from customer perspective and the value generation process of the platform. Theoretical background consists from value creation / co-creation and service innovations.</p> <p>The empirical data is collected in a qualitative method, by doing semi-structured theme interviews to six interviewees. Three from the consumer side and three from the hairdressers, that all have been using Timma's platform.</p> <p>This study results a view to the key elements of value creation in platform based service innovation, the process of service innovation and the creation of value in platform based service innovation. These results will be viewed from a beauty service platform called Timma.</p> <p>Theoretical contributions are that in value generation process joint sphere can be flexible and occur also in the provider sphere and part of the customer sphere changes to joint sphere. For service ecosystems it is crucial to have good communication and interaction and creating these communications in the back-end phase of development with the customers. Managerial implications are emphasized by communication and interaction, between customers themselves, but also customers and the platform provider.</p> <p>This study focuses on digital enabled platforms and their value creation and value generation process in the field of beauty services, which leaves space for further research in the field of value creation in digitally enabled platforms.</p>			
Keywords Platform, value creation, service innovation, value generation process,			
Additional information			

PREFACE

This thesis finalizes the five amazing years I have been privileged to experience in Oulu University. I had no idea what kind of impact the five years in this school would have on me, when I walked in the first day. The first years was finding new things and new friends in a city not familiar to me. First thank you goes to Juho, who gave me a whole new perspective to the restaurant business and loads of fun conversations. Without the experience in Oulu restaurant business, I would not have my good friends Tanja, Saara and Iida, who helped me to focus on other things when it was needed, thank you for those moments. I want to thank also my parents for the much needed occasional financial support, which made my student career (parties included) happen.

The year that I got into Finanssi's board was probably the epochal moment in my studies. Those years in the board of Finanssi were unforgettable and taught me so much about people, motivation, leadership and those things that matter. Young and prejudiced person grew to be an open-minded idealist. This thank you belongs with all the boards who have walked a long way together with me, creating experiences and amazing student life to us all.

I want to thank my thesis supervisor Timo for clear guidance to this thesis and for being flexible when it was necessary. Oulu Business School, Finanssi and Oulun Ekonomit exceeded all my expectations of student life in Oulu and now I can proudly say that I have lived my student life to the fullest.

Now it's time to fulfill my dreams and aim high

Miia Paavola

14.8.2017

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1 INTRODUCTION

The meaning of this research is to add understanding how value is created in platform based service innovations. In the introduction part we orientate the reader to the subject of the study and present the arguments of choosing the subject. Next we will present the research questions and the methodology of the research, and after we will describe the most crucial concepts of the research, how the research continues and a short summary about the structure of this research.

1.1 Introduction to the subject

Service innovation platforms are growing at the moment all over the world. Uber and AirBnB are good examples of how a digital platform can connect and create peer-to-peer sales. Uber has changed the taxi-industry with a service innovation that offers cheaper and easier ways to get from one place to another. AirBnB has created a platform where travellers all around the world can offer their homes to other travellers and get money from it. These platforms have changed to more service-dominant perspective. There have been multiple platforms but in the last few decades the digitalization has changed the platforms in a digital mold. Digitalized product platforms enabling digital services, is the combination of embedding digital technology to non-digital products (Chowdury, 2015) .

The concept of value has shifted from goods to services in marketing research (Häikiö & Koivumäki, 2016). We can see a change in the value creation model where sharing economy have been activated in the past decade. Lusch and Nambisan (2015) have provided lot of information about IT in service innovations but also introduced a service innovation framework which can be emphasized in these IT based service innovation platforms. The interaction between network actors are coordinated within this service ecosystem (Lusch & Nambisan (2015) and the structural integrity can be acknowledged as links between these relationships that hold these actors together in a network (Lewicki & Brinsfield, 2009). The service ecosystem that Lusch & Nambisan (2015) have presented includes service platforms and value co-creation. Like the platform based service innovation companies

presented in the beginning, they all have a service platform that serves as a venue for the actors and the value co-creation where these actors provide value for each other.

This thesis focuses on value creation in platform based service innovations from the perspective of the customers. In many studies the research from the customer's perspective has been missing and according to Grönroos & Gummerus, with a service perspective the management must recognize the omnipresence of the consumer. Häikiö and Koivumäki (2016) have suggested that future research would contribute to the research of service innovation by being focused on interactions between business actors. Also Vargo & Lusch (2015) have emphasized the research about Service Dominant Logic and how its processes within different actors advance in endogenously generated structures. This thesis has been formed from the deficiency of platform theories from customer's perspective and the value creation that happens inside the platform. Service Dominant Logic will be weighed together with the methodology of the service innovation platform to get new results. This research is focusing on one company called Timma that is a service innovation platform for beauty services. Timma provides services for two different groups of customers: beauty providers and consumers. The platform offers IT solutions to the beauty providers and value co-creation to the consumers. Within this simplified model the research is focusing on the platform and co-creation in the next chapters.

1.2 Objectives of this thesis

The aim of the research is to analyze the value creation in platform based service innovation, that happens in the context of a beauty platform. One objective is to get more understanding in the consumers perspective to the value creation process in a platform service, where the platform provider is not creating the whole value process itself. Also it is important to understand where does the service provider and actors interact and have dialogs.

The empirical part will be viewed with a platform company called Timma. With the research of Timma's platform we will try to find out results, that shows us how these two consumer groups see value in the service they use by Timma and what are the parts that cause the most of the value creation. In the research has to take notice that

the beauty business has its own special features, that affects the generalizability of the research. The phenomenon we are studying has one main research question

How is value created in platform based service innovations?

To support the main research question there are two sub-questions, which helps the research to go in the right direction and try to find answers to the main research question. With the two sub-questions, the goal is finding out the construction about the value creation process in these service innovations:

What are the key elements in value creation in platform based service innovation?

How is service innovation process constructed?

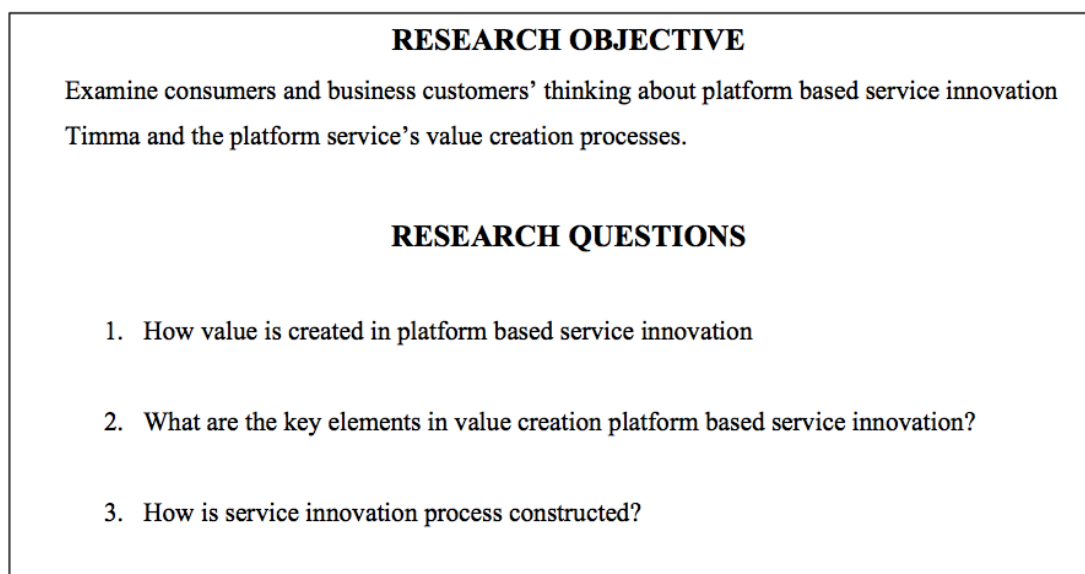


Figure 1: Research objectives and research questions

1.3 Concepts of this thesis

To understand clearly the content of this thesis it is important to understand the main concepts that are repeated several times.

Value and value co-creation has been defined in literature in many different ways, for example Bagozzi (1975) have defined value from a traditional view that value is being separated from consumers because it is embedded in the product or a service or during the production process. There has been many authors that have researched alternative ways to explain value and in the recent literature value has been perceived as constructed in context (Chandler & Vargo, 2011) in social contexts (Edvardsson et al., 2011) in practice (Holttinen, 2010) and/or in experience (Voima et al., 2010). The concept of value has shifted from goods to services in marketing research (Häikiö & Koivumäki, 2016). Within this research we are focusing on Service Dominant logic, later SDL by Vargo and Lusch (2004, 2008, 2016) that provides the conceptual framework for value co-creation. Other focus on this research is Service Logic, later SL, by Grönroos and Voima (2013) and Grönroos and Gummerus (2014). SDL and SL are specified later on chapter 2. Grönroos and Voima (2012) have been researching the value creation and co-creation within critical service logic and have focused especially on value creation for the customer. Because this thesis is researching the value creation in platform based service innovation, it is important to focus also to the customer value creation.

Service innovations and platforms have become a popular subject among startups and ideas. For example Chesbrough (2006) viewed that the focus from internal innovation resources has changed into a network or an ecosystem centric view. Lusch and Nambisan (2015) have broadened the view of service innovation that it is a joint resource rearrangement process in an actor-to-actor-network where the value experienced is highlighted by the recipient. Lusch and Nambisan (2015) have introduced a framework where we are going to focus within this research. In the aspect of Lusch and Nambisan (2015) there are three elements where a service ecosystem is the structure for a network of actors. In this ecosystem there are two processes and activities that have different roles. This is a service platform which serves as a place for innovation and the other one is value co-creation where there is resource integration.

Value-in-use is the definition of value in service logic. Consumers both create and determine the value and the value-in-use is created by the consumers when they use

their resources (Grönroos & Gummerus, 2014). Service logic is about value-in-use and value generation process which includes all provider and customer activities.

1.4 Structure of the thesis

This thesis is constructed from six different chapters and the structure is described as summarized in figure 2.

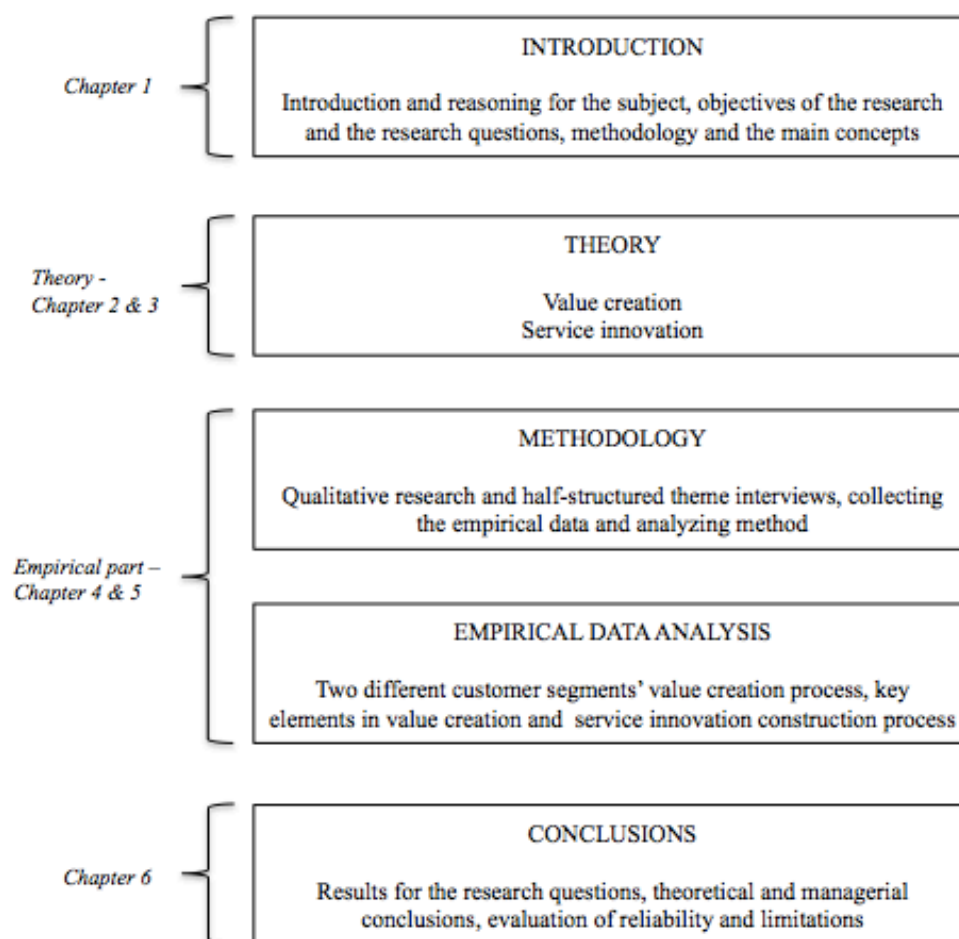


Figure 2. The structure of the thesis

2 VALUE CREATION

Management literature has many meanings to value. It has constant focus on profit at the expenditure of available contributions to value that the relationships can make (Walter, Ritter, & Germunden, 2001). Vargo et al. (2008) suggested in their research that the context of value creation is as critical as the skills of the actors. According to Grönroos and Voima (2011) value creation indicates consumers' creation of value-in-use and that co-creation of value is a part of interaction. But as we go through different meanings to value creation, Voima et al. (2010) have presented that value concept is complex and it comes clearly evident when we start to ask about what value is and deeper questions.

Vargo et al. (2008) introduce two general meanings to value: Value-in-exchange and Value-in-use. These represent two different perspectives towards value. Value is cocreated with multiple different actors; companies and consumers. Employees, stockholders, government and with many others but the value is finally only determined by the consumer (Vargo et al., 2008). Actors are always part of value cocreation (Lusch & Nambisan 2015). Value-in-context tells that value is not always co-created, but it might be created by other actors or resources (Lusch & Vargo 2014). Connection with actors and resources provides a situation for experiencing value to the actors (Chandler & Vargo, 2011). Many researchers, for example Echeverri and Skålen (2011) have noticed that previous literature about service marketing characterizes the service provider's capability about how to influence customer value creation or to co-creative interactions.

Goods-Dominant logic is based on value-in-exchange meaning of value (Vargo & Lusch, 2004). With the G-D-logic value is made only within the company and shared in the market, not within the customers or in interaction with others (Vargo et al., 2008). The goods-dominant logic is based on Adam Smith's (1776) idea of value; the real value can be found within the labour of the company. The main point in G-D logic is to make products and services to be sold (Vargo et al., 2008). Arnould, Price & Malshe (2006) have a perspective where goods-dominant logic is not enough for explaining the role of consumers using their own resources in an innovative way that can be used in value-in-use from the providers service.

The other perspective is service-dominant logic (S-D logic) where value-in-use is tied (Vargo and Lusch, 2008a). S-D logic is based on the idea that goods are only a way to get service provided to the consumer (Vargo et al. 2006: 40). In the service-dominant logic the consumers and other actors are creating value together so it is called value co-creation which means that the value is created in interaction with others (Vargo et al., 2008). In the value creation process of value-in-use is that it is service-centered view and that it is universal in the market and all actors are generating the value (Vargo et al., 2008). Grönroos (2011) and Heinonen et al. (2010) have recognized that there is still missing a rational understanding about value and value co-creation, but also that it is not only the assurance of value but also the customers controlling the value creation.

For a consumer value can be created in different processes and places, for some people the value might happen while dreaming of a trip and some might create the value from memories and learning processes (Voima et al., 2010). Grönroos (2008, 2011) applies that all actors, consumers and companies co-create value makes value creation as an enveloping process. But here Vargo and Lusch (2004: 7) have written that "perceived and determined by the customer on the basis of value-in-use", this kind of thinking leaves the value unclear. So Grönroos and Voima (2012) have discovered that with this understanding, the value cannot be value-in-exchange but it cannot be value-in-use either and this is why the nature of value is unclear.

Gummesson (2007) acknowledges that when consumer uses the product or the service, the value actualization takes place and the consumer will experience the real value (Vargo and Lusch, 2011). Grönroos and Voima (2013) have indicated that explaining value creation as the consumers' creation of value-in-use could produce a framework of value co-creation that could have some effect for further research.

2.1 Service-Dominant Logic

Service-Dominant logic is based on value-in-use but value-in-exchange still exists to be an important component in the co-creation of value process (Vargo & Lusch, 2006). There is also a possibility that value-in-use exists without exchange but when an actor needs to access resources from other actors then the need of value-in-

exchange comes in the picture too. It provides a way to measure relative value in a context of surrounding actors (Vargo et al., 2008). Service systems are dependant from others and their resources and this is why they co-create value in interaction with each other (Vargo et al., 2008). These service systems are associated through the motion of approval and the assessment of value (Spohrer et al., 2008). When the value is suggested and the service is applicable in the market, the potential consumers or other service systems decide should they accept the value motion.

Service-Dominant Logic has three value facts that have been presented by many known researchers (Gummerus, 2013; Vargo and Lusch, 2004a, 2008a). First one is that value is co-created by consumers, companies and other actors, second that value is evaluated by actors in context and third that value is the conclusion of all the actors activities and interactions. According to Grönroos & Gummerus (2014), the SDL approach is company-driven, so the service provider runs the value creation.

The Service-Dominant Logic describes, that companies offer value propositions where value is co-created with interaction with consumers, shareholders and other actors (Skålen et al, 2015). According to Vargo and Lusch (2008a), the consumer is always co-creating value and also that the company is a value co-creator if the customer co-creates value with the service provider.

2.1.1 Value-in-use

The concept of value-in-use can be characterized as an outcome, reason or objective achieved by the consumer in a process of purchasing a service. This affirms the process based perspective that consumer benefits are accomplished through the service providers actions blending with the consumer ones (MacDonald, Wilson, Martinez & Toossi 2011, 671). MacDonald (2011; 671) and Grönroos & Voima (2013) present value-in-use as a way where the value is experienced when the consumer completes its objectives by using a service provider's resources in its own processes. Chesbrough and Spohrer (2006) present a view where changing value-in-exchange to value-in-use can be thought like moving from a company output of units to processes that integrate the company resources. This point of view is very important in the development of service science. Company's contributions are not

fixed with the value-in-exchange, but more comparatively the value comes when the contribution is advantageous to the consumer or beneficiary so it is more like value-in-use (Lusch & Nambisan, 2015). Vargo and Lusch (2004) and MacDonald et al (2011) have ensured that value-in-use is extremely context specific. When the companies and consumers are acknowledged as value co-creators, ongoing approaches cannot define the related importance of each actor because their roles might be in the overall process or in the actual processes of value creation or co-creation (Grönroos & Ravald, 2011).

MacDonald et al (2011) have presented multiple purposes of holistic measures of value-in-use and its ancestors. Identifying key customers, customer-specific problems and opportunities is the first one. Second, using more data in the management layer should be considered. Third, identifying commonalities and divergence in value-in-use layers with the help of cluster analysis is possible. According to Grönroos & Gummerus (2014), in many articles concerning Service Dominant Logic, value-in-use usually turns up as a central value concept, but it actually relates more how do consumers see value, not how they create it to the other actors.

Grönroos & Voima (2013, 138) have been researching the subject of value-in-use and have discovered that it might be created by the consumer individually or together socially. This usage procedure can be physical, virtual or mental in nature. Previously in goods-dominant-logic value was considered to be the ratio between the service quality and its price tag, but nowadays value-in-use has created a wider field on value creation (Sandström, Edvardsson, Kristensson & Magnusson 2008, 112). Consumers' value creation process is not linear, but in the Figure from Grönroos and Voima (2012) it seems linear, but all the spheres can appear in almost any order or sequence.

Services should be seen as a flexible process, not just static individual things (Payne et al., 2008). This combines with MacDonald's et al. (2011) research that value-in-use implies that using a service is more goal-directed to the consumer and goal theory has been assessed many times within different researchers. Paulssen & Bagozzi (2006) explains goal theory as an answer to the division between the

consumers and providers value understanding. According to Zeithaml et al. (1996) the consumers assess the service quality but also the value-in-use and the goal theory and its hierarchy model shows how these levels relate to each other.

MacDonald's et al. (2011) research applies that value-in-use should be seen as multi-dimensional and it should be acknowledged within both the provider's and the consumer's value creation. Taking this to account, the value-in-use gives more information than just service quality alone with the goal theory. They suggest in their research that emerging the quality of usage process and the value-in-use gives both sides more accuracy on consumer's value creation. Grönroos and Voima (2012) instead define that when value is created as value-in-use for the consumer, it is not always created in the product or the service but also in the consumers' experiences, logic and ability to extract value out from these products and services.

The framework MacDonald et al (2011) have presented shows how the consumer perceives the value of service advises that practises that can discover many layers as a precursor to establish quantitative methods in assessing value-in-use. According to Helkkula and Kelleher (2010) the fundamental component of value-in-use for the consumer connects to the temporal dimension because the value is built through the consumers' usage over time.

Edvardsson et al. (2011) and Ramaswamy (2011) apply that value is created through experiences because of the consumer creation of value-in-use during usage. According to Grönroos & Gummerus (2014) Service logic has defined value as value-in-use, it has gained gained recognition as an authentic value concept. Grönroos & Voima (2013) and other studies have found an interesting point in service logic where the service provider displays potential value-in-use to the actor, but is also the facilitator of value-in-use. Continuing with this view, potential value-in-use is created and real value-in-use is facilitated by this service provider.

2.1.2 Value proposition

Lanning and Michaels (1988) define value proposition as "A clear, simple statement of the benefits, both tangible and intangible, that the company will provide, along

with the approximate price it will charge each customer". Their approach to the value proposition has three steps and it was told to be a value delivering system. The service providers cannot deliver value directly, but they can make value propositions according to Service Dominant logic (Grönroos & Gummerus, 2014). The service and its value is influenced by the service provider and those consumers that are present at the same time of the process can be affected (Grönroos, 1978)

The value proposition is shown both in service dominant logic but also in goods-dominant logic theories. Most of the Goods-dominant logic theories argue that value propositions should echo with consumer demands. In terms of Service Dominant logic, value propositions support consumers' value creation. Vargo and Lusch (2008a) state that companies can offer resources to value creation, but they can not do it by themselves. Value proposition is a biased concept for companies that seek sufficient value delivery, which makes it more to a goods-dominant logic and was not designed to a service context (Grönroos & Gummerus, 2014).

2.2 Service Logic

According to Grönroos & Voima (2013), service logic positioned value's interpretation as value-in-use, which contains the value generation process seen on the next chapter. With the conceptualization about value spheres it broadens our knowledge about value-in-use and how can we manage value creation (Grönroos & Voima, 2011). Grönroos (2008) presents two aspects in service logic, which are logic for consumption and a logic for service provision. These two aspects are associated and dependent with each other and the service provider's logic has to be towards the customer logic.

Companies, who are turning into a service logic view, can expect a larger role in the value creation of their consumers (Grönroos, 2008). Grönroos (2008) also presents when service providers turn into a service logic view and this way can interact with the consumer's utilization processes and to become co-creators of value together with the consumer. Companies who have the service logic view can also influence value fulfillment with consumers in addition of the value propositions given to the consumers (Grönroos, 2008).

2.2.1 Value generation process

All the activity of the consumers and the service providers can be classified into spheres, which are the provider sphere, joint sphere and the customer sphere. It can also be called as a value generation process. Within these spheres there is interaction which can be either direct or indirect and it leads to different ways to create value, but also co-creation of value (Grönroos & Voima, 2012). Most of the consumers experiences and practises are happening everyday and they might be spontaneous and they might be more or less unconscious (Schatzki, 1996). This is why Echeverri and Skålen (2011) have described value creation as value emergence of formation.

Strandvik et al. (2012) disputes that consumers do not estimate the individual sellers or service providers separately but instead they think how do they adapt to future products or services and what does the match imply. This is why these interrelationships between products and services are important pieces of consumers' logic and it also affects to the consumer's perception of value in use (Harris and Blair, 2006). Within the value generation process the value creation is analyzed by defining value co-creation and value creation with the focus on the roles of the consumer and the company and then analyzing co-creation as a part of their interaction (Grönroos & Voima, 2012). As Normann and Ramirez (1993: 67) have disputed that when it comes to the eventual joint production perspective, the firm "invents value by enabling customers' own value-creation activities".

Provider sphere

In the provider sphere the company produces processes and resources for consumers and it is responsible for the production process (Grönroos & Voima, 2013). Provider sphere is closed from the consumer and the company's mission is to provide and develop those resources that supports the consumer's creation of value-in-use. The company is offering potential value-in-use to the consumer. (Grönroos & Gummerus, 2015).

Joint sphere

In the joint sphere, the consumer's role is two-sided where the consumer can be a co-producer with the company and also creating value together with the company (Grönroos & Voima, 2013). Joint sphere is where the interaction of the company and the consumer happens. It constructs a platform where consumer and the company can co-create value. (Grönroos & Gummerus, 2015). Wikström (1996) has referred interaction as dialogical process of value creation and has given it the name value-in-interactions.

According to Grönroos & Voima (2013) the interaction is not an easy way to value creation and that is where the service provider and actors form a platform where they can co-create value. The interaction where the actor and the service provider co-create value can be creative, but also a destructive process (Echeverri & Skålen, 2011). As the company can take the consumer to the provider sphere, the company can also go to the consumer sphere and create direct interaction with the consumers and this way the boundaries of figure 3 can be flexible (Grönroos & Voima, 2013).

Customer sphere

The customer sphere has generally been ignored in the value creation context and the service provider role has been emphasized (Grönroos & Voima, 2013). Later Heinonen et al (2010) and many other authors have recognized the importance of the customer sphere. Value-in-use is consumer driven and accrues over time in the customer sphere. According to Heinonen et al. (2010) and Voima et al. (2010) it means that the value is created in different dimensional and temporal contexts. The customer sphere is closed from the service provider and value is created alone by the consumer (Grönroos & Voima, 2013).

There has been discussion from Grönroos (2008, 2011) that value creation in the customer sphere is independent and that the consumer does not interact with the company's processes, only with resources obtained from the company. Grönroos & Voima (2013) has defined customer sphere as "the experiential sphere, outside direct interactions, where value-in-use (real value) emerges (is created) through the use's

accumulation of experiences with resources and processes (and their outcomes) in social, physical, mental, temporal, and/or spatial contexts.”

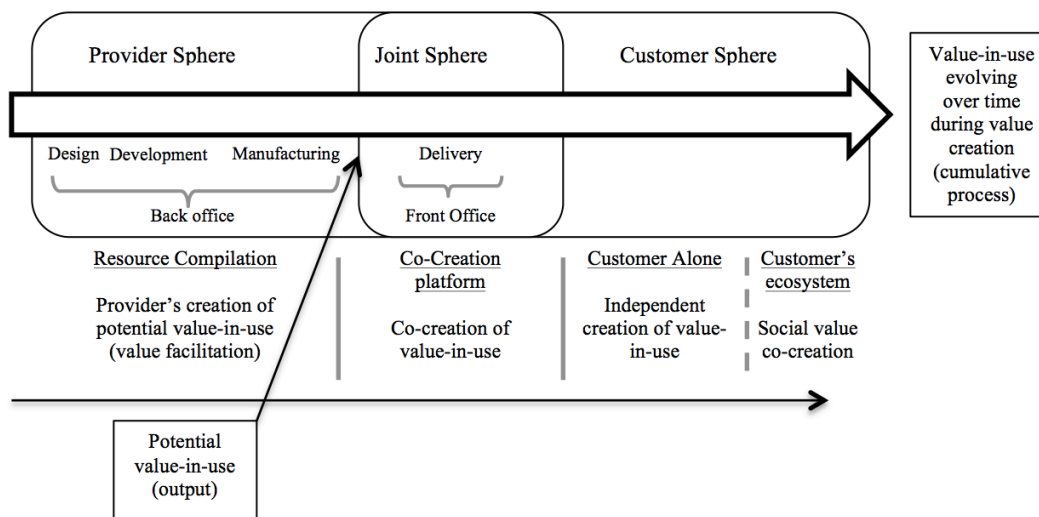


Figure 3. Value generation process: value creation and co-creation according to the service logic. Source: Adapted by Grönroos & Gummerus (2014) from Grönroos & Voima (2013), p. 136

The value generation process by Grönroos & Voima (2013) is a process that guides to value for the customer and where all actors in the network co-create value (Grönroos & Gummerus, 2014). Also according to them this view makes it understandable as a metaphor, but not as an analytical conceptualisation. The metaphorical views of value-co-creation and creation in Service Dominant Logic are conceptualized analytically in this model (Grönroos & Gummerus, 2014). The value spheres in the value generation process are dynamic and the service provider can suggest that the customer involves in different parts of the production process. This expands the spheres and enables co-creation of value (Grönroos & Voima 2013).

Interaction is important especially in the joint sphere, Grönroos and Voima (2013) have divided interactions in to two types: direct and indirect interactions. Direct interaction is about direct routes from the company's resources to the consumer and makes the interaction a dialogical process which is active and ongoing. Indirect interactions are situations where the consumer uses company's resources or outputs like products or services and interacts this way with the company.

2.3 SDL vs. SL

The central purpose of Service Logic and Service-Dominant logic is the same, to know the importance of service and everything that happens between service providers and customers (Grönroos & Gummerus, 2015). Both of them start from a thought that consumers use resources in personalised practices that gives them value (Gummesson, 1995). Grönroos and Gummerus (2015) adds that consumers also integrate resources they hold to existing ones and apply knowledge to it. Both, SL and SDL, are built on an observation that actor-to-actor interactions are important for service (Grönroos, 1978; Gummesson, 1979) and both of their perspectives are customer-oriented and relation service views (Grönroos & Gummerus, 2014).

In SDL the customer is always a co-creator of value (Grönroos & Gummerys, 2014) and according to Vargo & Lusch (2008b) the service provider becomes a co-creator of value with the consumer, when the company is also a value co-creator. Within this view, the service logic points out criticism about Service Dominant Logic: Value creation and value co-creation does not get defined and the term value has multiple meanings. (Macdonald et al., 2011).

Still, there are multiple differences between service logic and service-dominant logic. In service logic value is defined as value-in-use, when in service-dominant logic value can be used in different contexts with various meanings (Grönroos & Gummerus, 2015). Value creation in service logic can be components like long-term costs, price and other sacrifices, which emphasizes the fact that value creation represents the basis of business (Grönroos & Ravaldi, 2011). Also, in SDL, consumer and the service provider are always co-creating value and the service provider can influence the consumer's value creation process by allowing them to join the company's processes as value co-creators. (Vargo & Lusch 2004;2008). In the value spheres Service logic has three very different value spheres as was presented in the previous chapter; a provider sphere, customer sphere and a joint sphere. In service dominant logic these spheres is actually only one sphere, where all actors are involved to co-create value (Grönroos & Gummerus, 2015). Grönroos & Voima (2013) analyse that the Service Dominant Logic should be reassessed to enable new theoretical and managerial elaborations.

3 SERVICE INNOVATION

The paper from Skålen, Magnusson, Gummerus and Von Koskull (2015) suggests that creating new value propositions by means of evolving or creating practises can be combined with service innovation. The paper identifies four types of service innovations but also three types of service innovation processes. The paper also implies that value propositions should be assessed from the consumer's value creation perspective. In the field of service-dominant logic research it is essential that the contributions to service innovation is made both from consumers and frontline employees (Blazevic and Lievens, 2008; Chen et al, 2011; Hoyer et al, 2010; Cadwallar et al, 2010).

Prosperous service innovation needs more than the right resources, traditional methods and practices to integrate the resources to the right value propositions (Skålen et al., 2015). Grönroos & Voima (2013: 145) argue that the value proposition must be acknowledged as an assurance where customers get some value from the offering or a service. Also Lusch et al (2007: 13) argue alike that value proposition is a guarantee that the service provider makes and also that value-in-exchange is linked to value-in-use.

According to Michel et al. (2008) that most studies about service innovations have been made with the Goods-Dominant logic, but with the service-dominant logic perspective the creation and development of value propositions relate to service innovations (Skålen et al., 2015). The Service-Dominant logic transforms the dichotomy between service providers and goods. Michel et al. (2008) have found out two main research streams in the service innovation literature. Conceptualizing service innovation process by the book, systematic and constantly from time to time is the first main stream and the other one is to view service innovation process less formal and emergent. The more formal one is based on the goods-dominant logic and according to Vargo and Lusch (2006: 47) in this stream the service is conducted as goods or products. Toivonen and Tuominen (2009) have acknowledged in the other main research stream that service innovation processes are usually characterized by low formality and that they are emergent. Many researchers have also characterised it as unsystematic and integrated to daily operations. Skålen et al (2015) noticed that

the more structured model might not bring enough information about how the service innovation takes place at the micro level, but of course it brings more an image of service innovation process. They have applied many different perspectives according to these two different streams of service innovation theories and both of the theories provide individual information, but they both lack something.

Skålen et al (2005) have identified four classical ways in where service innovation succeeds and where the creation of new forms and resources and the improvement of existing forms create new value propositions. The study Skålen et al. (2015) presented points out that service innovation is explained as creating or developing value propositions by constructing new or old practices or resources. The four ways are Adaptation, Resource-based innovation, Practice-based innovation and Combinative innovation. Skålen's et al. (2015) research adds that the first three innovation types are incremental innovation, but the fourth and last one is usually considered radical.

Value propositions in Service-Dominant logic has noticed two characteristics that differ from goods-dominant logic: co-creation and resource integration (Skålen et al., 2015). Vargo and Lusch (2004a) can create these value propositions in isolation and also creating these value propositions with consumers or other actors. Skålen's et al. (2015) research points out that value propositions are constructed through integrating moving resources to these value creation promises, in other words value propositions.

The managerial implications from Skålen's et al. (2015) research were that companies that want to succeed in the service innovation area have to assure that they have the right resources, but also the right practices so they can integrate the value propositions into great practices. Second contribution of managerial implications was that how a company offers different practices to consumers and how it can benefit the consumers. The third is partly about practice-based innovation and how it pushes companies to new innovative way to discover new value propositions for the consumers and to facilitate their value creation. Lusch and Nambisan (2015) have adopted S-D logic as enabling a framework to overcome

limitations in the IT field of service innovations. They have opened opportunities in their study that are more network-centric and value and experience focused.

3.1 Service ecosystem

According to Lusch & Nambisan (2015), within Service Dominant Logic we can develop a thought about service innovation being installed in an actor to actor network and start with a concept of service ecosystems. These service ecosystems create different structure, than common organizations and new foundations to facilitate integration and service exchange among these actors in the ecosystem. Vargo & Lusch (2011) have grounded in ideas and definitions, Lusch and Nambisan (2015) have proceeded the defining of service ecosystems as a system which is self-contained and self-adjusting where actors are connected by shared institutional logics and mutual value creation through the service exchange that happens inside the ecosystem. In figure 2 Lusch and Nambisan (2015) have created this service ecosystem, which contains the service platform and value cocreation.

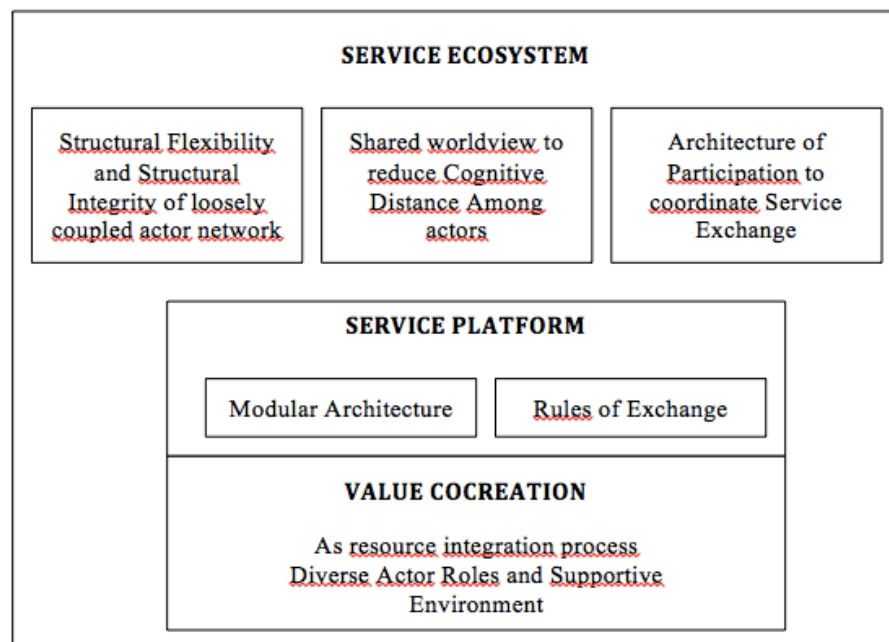


Figure 4. Lusch, R. F. & Nambisan, S. (2015, p. 162). Service innovation: A service-dominant logic perspective.(special issue: Service innovation in the digital age)(report).

Lusch and Nambisan (2015) have created the broadened view of the service ecosystem, that is a part of the ecosystem, before the service platform and value cocreation. First of three features is the structural flexibility and structural integrity of loosely coupled actor network, which explains that actors are relatively free to interact with other actors. The structural flexibility gives various ways to coordinate actors in a service innovation network (Britto, 2001). Ongoing discussions about digital framework and the business intensifies the need of structural flexibility (Sambamurthy et al., 2003). Lewicki and Brinsfield (2009) explain the structural integrity as ties or relationships that holds them together in the network. These digital frameworks can create searches for applicable value propositions, that can help the relationships between the actors (Lusch & Nambisan, 2015).

Also connected to the ecosystem by Lusch and Nambisan (2015) is the shared worldview to reduce cognitive distance among actors. According to them, it is easier for actors to share information faster and get advantage when more content is digitalized. Hendriks-Jansen (1996) and Weick (1995) wrote that cognitive distance between actors and their differences in knowledge moves the notion in organizational research. In a service ecosystem where actors have cognitive distance have a need to share institutional logics (Friedland & Alford, 2001). Lusch and Nambisan (2015) emphasizes that in an ecosystem, which tries to capitalize synergies in a network, has to have a shared awareness among the actors in the network. It is important not just to enable information in the network, but also allow the development of the network and the changes in the environment.

The third part of the service ecosystem is the architecture of participation to coordinate service exchange (Lusch & Nambisan, 2015). This gives a clearer picture to the value cocreation as well to the actors rights inside the network. Nambisan and Sawhney (2007b) discovered that the architecture also provides the instruments to the actors' input to be coordinated and adjusted in a logical way. Lusch and Nambisan (2015) wrote about two key aspects that are important in the architecture of participation. The first is about the rules of exchange, so they are transparent and easy to coordinate. The second aspect is about the instruments which the actors receive value from the exchange inside the network, in other words, how are the actors rewarded from the interaction.

3.2 Service platforms

Lusch & Nambisan (2015) have defined service platform as a modular architecture that involves resources or resource bundles. These service platforms benefit from resource liquefaction and boosts resource density. These service platforms are a place of service innovation, where actors can interact and discover solutions to problems. Vargo and Lusch (2004) presented that in S-D logic indirect exchanges masks fundamental basis of exchange, and so suggests that companies should construct their offerings in a service platform, which allows service exchange and value cocreation.

Modular architecture and resource density are important matters in service innovations. Within the the service platform, actors in the ecosystem must have access to sufficient resources that matches the density of resources (Lusch & Nambisan, 2015). They also suggest that the framework of the service platform modifies the access of resources from actors and especially a layered-modular structure increases the level of resource density.

Rules of exchange offers guidelines for exchange and integration (Lusch & Nambisan, 2015). According to Lusch & Nambisan (2015) IT is fundamental when implementing desired behaviors inside the platform from actors and their resources. They also suggest two sets of rules, one that shapes the nature of actors' resource integration and the other that govern unstructured interactions in service platforms.

3.3 Value cocreation

Service-Dominant logic highlights that all actors integrate diverse resources to create value. Actors who purchase goods or non-goods view them as important components that has a part in something bigger or they want to integrate with other resources. This is why customers, other words, actors who benefit are always a part of value cocreation (Lusch & Nambisan, 2015). Lusch & Nambisan (2015) have made two conclusions about benefitting value cocreation: In service innovation and resource integration, an actor can participate in different set of roles. Second the actors can support the value cocreation process by creating new instruments or doing

changes to their internal processes. According to Spohrer and Maglio (2008) we need to have more service innovations or other ways of creating value within our resources to accelerate our Economy growth.

The capacity and depth of value cocreation within customers has endured a radical change, which is a result from the internet and other technologies of communication (Nambisan, 2002; Sawhney et al., 2005). Kaulio (1998) and Lengnick-Halle (1996) have discovered five roles for customers in Value cocreation; Product, user, buyer, coproducer and resource. This view has adopted more Goods-Dominant Logic than Service-Dominant logic. Lusch and Nambisan (2015) have identified in Service-Dominant logic three extensive roles that lean on the nature of service exchange and integration: intermediary, designer and ideator. The ideator's role is to enable knowledge sharing with other actors. Designer's role is to compose or develop new services and the intermediary's role is to share knowledge inside the ecosystem's boundaries. These roles offers different types of value to actors. There are also different studies from Nambisan and Nambisan (2008), where they have discovered four types of actor experiences and also Kohler (2011) have found four user experiences in cocreation. In all of these roles the studies have found, actors incorporate their knowledge with one or more actors, which might lead in to new service innovations.

In value cocreation, interactions between actors are important to comprehend, so that the information in the network is shared and knowledge grows inside it (Berthon & John, 2006). According to Hughes and Land (2006), in the studies of service innovation and organization science it has been emphasized that online networks does not have traditional frameworks, but it couples with special technologies and contextual characteristics making it an uncontrolled combination of knowledge.

The different roles of value cocreation can minimize the wrong expectations in the nature of value and for example IT can be an important part of enhancing the clarity of value cocreation (Lusch & Nambisan, 2015). The part of IT in service innovations have raised questions about how IT can support these different roles in service innovations, but also how digital environment can complement the processes and mechanisms inside these service innovations (Lusch & Nambisan, 2015).

3.4 Digital enabled services

”Service innovation in a digital world will accelerate” (Lusch & Nambisan, 2015). Service innovations, which are digitally enabled and cocreated is a phenomenon that grows around us. Lusch and Nambisan (2015) have built their view on Service Logic that highlights actor-to-actor networks, integration of resources, creation of density and liquefaction of resources. They have presented ”the tripartite framework”, which includes service ecosystems, service platforms and value cocreation and conclude that these three parts shows the potential of service innovation in the future.

The quick development of ICT (Information and communication technologies) has enabled the digitalization of various industries and also created novel digitally enabled services (Häikiö & Koivumäki, 2016). Lusch & Nambisan have introduced us the dual role of IT in digital service innovation, the operand resource and operant resource. Häikiö & Koivumäki (2016) have introduced operant resources as dynamic and intangible resources, for example people’s skills and expertise. Operand resources in the other hand can be seen either traditionally as manufacturing environment materials or technology. Akaka & Vargo (2014) emphasized that technology can also be seen as a dynamic and intangible operant resource. Häikiö & Koivumäki (2016) presented that researches with an extended value generation process framework, could offer good reference points to examine resource integrations and value creation and co-creation in these digitally enabled service innovations. Häikiö’s and Koivumäki’s (2016) findings from their research was that it is important to involve operational level employees and end users in the service innovation process already in the provider sphere. Their review in the findings demonstrate that communication and direct interaction are important in the business to business relationships and the goal for of the service innovation process is to achieve a human centric service innovation process.

3.5 Theoretical framework for value creation in platform based service innovation

This chapter presents the theoretical framework for the value creation in platform based service innovation. The bases of this theoretical framework are value generation process and service innovation.

All the activity of the customers and the service provider can be classified into spheres, where there is either direct or indirect communication that leads into value creation or value co-creation (Grönroos & Voima, 2012). They also have emphasized that the spheres can be flexible and dynamic, which means that customer can involve in the production process and the service provider in the customer sphere. Lusch and Nambisan (2015: 162) have defined service ecosystem as a system which is self-contained and self-adjusting where actors are connected by shared institutional logics and mutual value creation through the service exchange that happens inside the ecosystem. The service ecosystem contains the service platform and the value cocreation part. These assumptions apply in this framework and eventually this thesis will conclude better understanding about the value cocreation in platform based service innovation with the characteristics of this study.

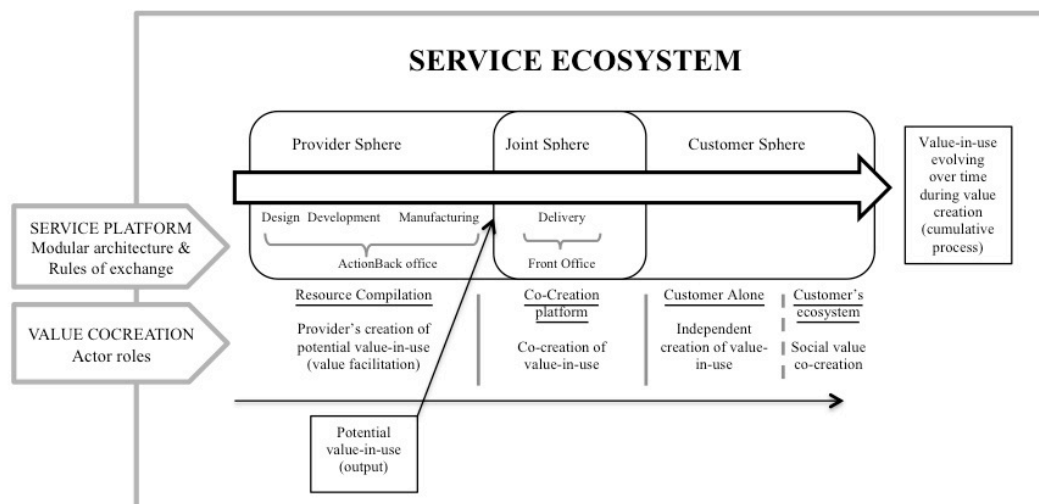


Figure 5. Theoretical framework of value creation in platform based service innovation (modified from Grönroos & Gummerus 2014; Grönroos & Voima, 2013)

4 METHODOLOGY

Within this chapter we are creating more knowledge about the subject – value creation in platform based service innovations. The subject has been chosen because of it is current and because we need more information about value creation in the perspective of consumers. The research has been implemented with a qualitative research way and the empirical material will be provided with interviews from both parts of consumers of the digital platforms.

The meaning of this chapter is to give the reader an overall picture about the methodology's background of the empirical data and to provide a comprehensive view of the methodology used for the empirical analysis. In this chapter the focus will be in the research design and data collection.

4.1 Research design

The research approach is qualitative and the data collection to this research will be provided by half-structured theme interview. Qualitative research method applies well to the subject of the research, because the base to the research is to describe phenomenon of business (Hirsjärvi, Remes & Sajavaara 2009: 161). The qualitative research method also strives to understand the comprehensive understanding of the subject (Koskinen, Alasuutari & Peltonen 2005: 16). When the research is looking for fundamental nature and basic character of phenomenon, the theme interview is the most suitable way (Hirsjärvi & Hurme, 2008. 47). All the interviews were made in Finnish to get the full understanding in the interview and was later translated to english in shortened

The qualitative way of research will be done by interviews of consumers both sides of the platform, because the research is done by the viewpoint of the consumers. Instead of specific questions, the interviews will be proceeded by themes (Hirsjärvi & Hurme 2008: 48). With the particular research method the qualitative information is based on the information the consumers have experienced. The gathered data and analyzing it will be presented more specifically in chapter four.

4.2 Data collection

It is common to have interviews in qualitative method of research, because it gives the researcher a possibility to interact flexibly with the interviewee. Empirical data collection means that there will be several interviews in the data collection. With this method the researcher can present more focused questions and repeat them. The researcher must try not to influence the interviewees, so the reliability of the research does not weaken (Hirsjärvi & Hurme, 2008: 34). According to Tuomi and Sarajärvi (2009: 75) in semi-structured model enables to have changes during the interview.

4.2.1 Choosing the interviewees

The characteristics of qualitative research method is that the interviewees are chosen with expediency (Hirsjärvi et al., 2009: 155). With this research we are studying two customer groups of the service provider company Timma. Our service provider has a platform that is used by two customer groups: consumers and beauty service providers. According to Tuomi and Sarajärvi (2009: 85), the selection of the interviewees is important in the qualitative research. The interviewees from the beauty service providers were chosen by their profession from the platform users and the consumers from a list provided from Timma. All of the hairdressers and the consumers were from the capital area of Finland and they were all selected randomly from the lists of Timma. For this research there was six interviews, three from both customer groups which gives a wider perspective when analyzing results.

Interviewee	Description	Time
K1	Consumer	36:01
K2	Consumer	39:09
K3	Consumer	23:50

P1	Hairdresser / Owner	30:37
P2	Hairdresser	25:30
P3	Hairdresser / Owner	22:20

Table 1. Background information of the interviewees and duration of the interviews

4.2.2 Interview planning and implementation

The theoretical framework about value creation and service innovation is the base of the interview's planning, because it reflects the research subject's most important themes. Hirsjärvi and Hurme (2006: 66) have acknowledged that the weight should be in themes rather than specific questions. In this research the interview is themed and the interview has two themes, which are based in the theoretical framework. From the themes there was formed more specific questions, where the interview got into deeper subjects of the research and where there was collected more specific information. All the questions are based in the theoretical framework and are connected to the themes. The frame of the interview can be found from the appendices (Appendix 1).

Interview planning started with a meeting with Timma's CEO and founder Jaakko Hyytiäinen. With the meeting, specifics about the service platform became clear, but it was also important to know their customer value proposals. The researcher also used the service to know what kind of components does the service platform have. Timma used to be known with a different name called Peruutusaika.fi. This name was changed to Timma and the development of the service started. Now, Timma has good awareness in Finland, due to good marketing and now Timma is expanding to foreign markets. According to Timma's CEO their awareness and high usability is based on good user experience, especially on beauty service providers, for example hairdressers.

All of the interviews were executed as individual interviews and because of interviewee's busy schedules, all of the interviews were made by telephone. All the interviews were recorded by a voice recorder with the permission of the interviewee. The interviews varied from 22 minutes to 40 minutes depending how deep the interview went with the interviewee. The first interview was made 11.4.2017 and the duration was 36 minutes and 1 second. The interview followed the theme frame made for the interviews. At first the interviewee told personal information and about the background of using the platform. After this the interview entered into the first theme, which was about the platform based service innovation.

The three interviews made with the consumers that use the platform were a bit longer than those interviews made with the hairdressers. The interview frame was made almost the same, so we could detect any similarities according to value creation or service innovations. The three interviewees were a bit different from each other when talking about usage of the platform.

In this research there was also three interviews with the hairdressers that use the platform. With these interviews the interview frame changed a bit to learn more about how hairdressers see the platform from value perspective and how do the actors (consumers and hairdressers) interact within this platform.

4.3 Research evaluation

According to Alasuutari (2011: 32-37) qualitative analysis consists of two phases, which run at the same time when the research develops. In the first phase of the analysis the observations of the interviews are being reflected to the theoretical framework and being reviewed from the research perspective. With this perspective the research is trying to simplify observations and connect them to get as coherent research material, so the conclusions can be drawn from the research. The second phase includes conclusions of the research in a more general level, when the phenomenon of the research does not take a stand in the business case, and the results of the study are being evaluated in a more general level. (Alasuutari 2011: 32-37.)

Before analyzing the material that was collected from the interviews, the interviews had to be transcribed, in other words to write the recorded interviews down. The model of the analysis is made with themes. With the theme model of analysing, it is possible to pick up features and themes that are similar to the interviewees and which helps when solving the research questions. Qualitative analysis represents analysis, which is more theory based, but in this study case it is more important to get new kind of thoughts about platform theory from the customer perspective, than to test theories. The analysis of the qualitative material proceeds from a material perspective, but in the end the theory controls the direction of the analysis. (Tuomi & Sarajärvi, 2009: 93.)

In this research, the objectives of the empirical section was to analyze the material provided from the interviews with the help of themes and to solve how the value creation is seen in the platform according to different interviewees. To get the material of the interviews in a convenient shape and to facilitate the analysis, all the material was collected to a table program where all the themes and answers were color coded. During the analysis of the next chapter there are direct quotes from the transcribed six interviews to strengthen and justify the interpretations of the research. All the interviews were made in Finnish and for the ease of readability all the quotes have been translated into English and all the irrelevant words have been deleted and the text has been modified into a more readable form.

5 EMPIRICAL DATA ANALYSIS

Within this chapter all the findings of the interviews will be gone through. All the interviews are divided in to two themes: Platform based service innovations and Value creation. In the interviews there was two different customer groups of the platform: hairdressers and consumers. This analysis will divide the two groups into two separate analysis groups, because of the difference in the service inside the platform. The first part of the analysis will be about the platform based service innovation, including the components of the platform and how the components are used in this beauty service platform. The second part of the analysis will be about the value creation which includes the value components of the platform.

5.1 Platform based service innovation

This study's research model is created around the theory of value creation and platform based service innovations. Within each user, hairdressers and consumers, have different user profiles in Timma. The interview starts every tie with simple questions about the user's experience of Timma and then goes deeper in the usability of the platform. 2/3 of the users started using Timma when they found it on Google when trying to find hairdressers in Helsinki area. One of the consumers was recommended by a friend.

Four years ago I moved to Helsinki and started looking hairdressers from Google. So I looked them by price and found some comments about this service, it was peruutusaika.fi back them. So that's how I found the service. (Interviewee K1)

I was looking for hairdressers in Helsinki and then somewhere in the page this service popped out, because I was trying to find the service. And then when I tried it, it looked really handy. (Interviewee K3)

Two of the hairdressers that own their salons, were introduced to Timma by the Timma personnel or recommended from others.

I tried to look experiences and comments from the internet and heard something from my friends. Timma started to be interesting because they had this last minute times and I wanted to try does it actually work. It all started there and then the person, who came to present the platform was actually an old friend of mine. (Interviewee P1)

I was comparing services, but the decision was made because of the personal guidance to the service and the price of course. Timma performed well in the price comparison against the other services. So the personal guidance, quality and the price were definately the things I chose Timma. (Interviewee P3)

One of the research' questions was about the construction of the innovation service process. Two of the three consumers of the service platform felt that they are buying the service from the service providers, hairdressers, and Timma is an intermediary in the process of booking times.

I think the service provider, hairdresser, must have made a deal with Timma and Timma takes something from the middle, but I think that the most interaction I have is with the hairdressers. (Interviewee K2)

I see Timma as an intermediary between the hairdressers and the consumers and probably they get some payments from communicating the informaiton forwards. (Interviewee K3)

The benefits Timma produces to the consumers came across in different sections of the interview. Saving money and time and the word handy were repeated often during the interviews from both customer groups.

Well at least I saved a lot of money, and maybe also time. I don't have to call everywhere when using Timma, because I can see everything from the platform when they have free times. (Interviewee K1)

Well, you get it much cheaper and as fast as possible. If I would go and search hairdressers, the times would not be as easy to find as in Timma. And neither that cheap. (Interviewee K3)

The interviewees also repeated several times, that they have time to select the right booking times and can see directly from several different service providers that what times are available, which brings them better usability in the platform.

Well at first I have always found hairdressers from good locations and you can think about the times in peace. If you call to the hairdressers, you never know who will answer and how long you have to wait for a free spot. With Timma I have seen immediately that if there are freespots for example tomorrow, so that's been really handy. (Interviewee K2)

With the hairdressers there were several benefits that affected their work and their employees, especially on time consumption in their salon comparing to old booking methods and also seeing the reservations online 24/7.

Well the platform benefits me that I can check the situation in each of my salons about reservations and to control the hours easily. Of course it has benefitted me in financial ways, because the last minute spots have been filled with empty spots in the salons and a lot of times the users stay as long-term consumers in the salon. And also to our employees, the platform makes it easier for them to see what kind of days they are going to have, so they can just check it from their telephone. It is also a really good for checking if we need someone coming earlier the next day if we are busy. Also the reports and counting the working hours for our employees has been a big help. (Interviewee P1)

I have seen lots of benefits using this platform, because the booking system frees time for other things. It is this day, the future, that consumers can book times all the time, day or night. A big part from our consumers does the bookings in the internet. (Interviewee P3)

The strengths and weaknesses of the platform repeated the same things as in the benefit part, which strengthens the proposition of value elements. For consumers the strengths were the increasing amount of the services and companies in the platform and you can book the time for the service any time you want.

I have noticed that there has come more services. The services you can choose has got really big and there has come a lot of new companies that offer the beauty services. Also the thing, that you can see who is working at the salon and you can choose who you want, because before you could only see the hairdresser. (Interviewee K1)

There has been changes that you can check the hairdresser's webpage so you can check how do their website look like. And also one strength is that you can book times 24/7, you don't have to care that is the place open when booking. (Interviewee K2)

I think that you have an irregular life, you can find those services you want really easily and with a price range that suites you. (Interviewee K3)

The weaknesses divided from the different consumers and overall the consumers were satisfied about the platform's usability and elements.

It might be a weakness, when you are searching for services and there is a big list of hairdressers and you can see the map. So you can not search the service based on the district and if you do not know the name of the salon, it's really hard to find it. (Interviewee 1)

Well, I haven't noticed any downsides of the service. But maybe because I am using the same services again and again, I don't meet the problems in the platform. (Interviewee K3)

For the hairdressers the strengths of the platform came from the prompt customer service Timma gives. Weaknesses differed from each hairdresser.

Their customer service is easily reachable and if they do not answer straight away, they will call you back if there is a problem. (Interviewee P1)

If I call to Timma and there is something I can't do, they will tell me how to do it. It is easier to call than read the instructions, and usually if I call there and they don't answer, they call me back. Timma develops the service all the time and it is changing constantly, so I don't always know how does the service work. In my opinion they should send emails or something about these changes, but I'm not sure does anyone read them eventually. (Interviewee P3)

The fast speed and ease of booking times were repeated in consumer's interviews and one of three interviewees, that has been using the platform longer, noticed significant changes in the platform.

I think it's really easy and fast, when you know what you want. If you want to spend time on comparing prices and services, you can spend time there but if you know straight away what you want, you can get the booking made fast. I think the service it really handy in many ways. You don't need many clicks that you see the services you want to see. You can see the services and the booking is really fast to do, payments easy and you get the confirmation immediately. (Interviewee K1)

I think Timma has improved over time and they have been developing the usability into a better direction. You can see all the services and the possible you can filter the services better, that they have improved a lot because there is no longer the roller menu. With the pictures it is so much clearer. (Interviewee K3)

The service provider side, the hairdressers, noticed the easiness of using the platform, but one of three hairdresser had comments how some buttons or information could be in different places and another one emphasized the learning of the platform, which eases up the future use.

When I think about it, there could be some small details that could be in different places. For example I would like to the main user that you don't always have to go through the shifts that you can open the employee's hours and always open the days from there. It would be better if the main user could just click from the calendar and operate the hours from there. (Interviewee P1)

I think the platform is clear and easy. You always find the places you want and I think it just needs experience, that you get to know the system. (Interviewee P3)

All of the consumers have watched the information provided in Timma and thought it was an important part of the platform. Two third of the consumers thought that commenting and evaluating in the internet is not that reliable, which makes their own experience more important.

I have read something the customers have written there, but because I have found the places I like, I don't have to do that anymore. Before I was a customer of Timma, I googled the service and checked comments about it, because I don't want to put my credit card information into unreliable places. (Interviewee K1)

Yes, I have checked the reviews. Of course you have to relate to these comments with a slight suspicion so I usually seek for the average. When I'm looking up for a new place I go always to see the reviews and also the website. Because I have noticed that there are a lot of negative and mean reviews from those places I have really liked and that's why I don't trust to the reviews. But of course if the reviews say that the service was really good, that might not be accurate. I always go to the website of the salon's to check how it looks, I think it is a bit weird, if they don't have a website. (Interviewee K2)

Actually I watch the reviews every time I am booking the service. I always check the facebook page, the reviews from the page and also the website. (Interviewee K3)

The hairdressers of the interviews watch the reviews, but were also afraid about the bad reviews. For one of three interviewees there was fear about bad reviews, but it was also acknowledged that the reviews are constructive from the platform.

We don't check the reviews that often but for our hairdressers the comments and reviews are a good motivator. They think positive reviews are amazing, especially from Finnish people. (Interviewee P1)

There is a lot of reviews for us and I think it is constructive feedback for the hairdressers, even though it is not always that good. (Interviewee P2)

Yes I use it often and our reviews are really good and there has been hundreds of them. We have linked the reviews directly to our webpage so our customers can see them from there too. This day the consumers have tremendous power because they can give any kind of reviews they want, in hairdresser services, hotels and that is at the same time good and a bad thing. I think it's great that you get the great reviews, but it's really bad in the world of social media if you get bad reviews. (Interviewee P3)

5.2 Value creation

The meaning of this chapter is to analyse the results of the interviews and get a clear picture about the value elements to each customer group. The key elements of value creation in the context of the research are found on this chapter. The second phase of the interview is about value creation, which started from the interviewees' vision about the platform and its benefits in value perspective. Two of the three customers repeated the ease of the platform and two of three iterated the money saving perspective. Two thirds of the interviewees felt that the fast booking for the next days might be hard, but with the platform it has become easier.

I think it has a financial benefit, because you can save money and see at the same time what kind of reviews other consumers have left there. I think that the more the hairdressers get the reviews, the more accurate they are and there

is not just few people saying their own opinion, but thousands. (Interviewee K1)

I think that the easiness of finding services that you are looking for, booking the time with ease and to see what kind of services there are in the platform that moment. With a short notice. Otherwise it would be hopeless to seek a hairdresser for the next day and be on the phone for one whole day. So with this platform I see that my time gets saved. (Interviewee K2)

I think that with the platform I save money and also trouble, because I can see fast that what services are best in what price and that I can book them with a short notice. That makes my life much easier. And I believe that also a lot of people that have irregular lifestyle will profit the same values as for me. If you are just looking for the cheapest and the fastest service, it's a good place for them too. (Interviewee K3)

Especially the saving of time repeated many times during the interviews. Two out of three consumers thought the booking in the platform was easy and fast and they could find the service they wanted from several service providers.

In my opinion it saves time because when you know what kind of services you are looking for, you don't have to call anywhere and the hairdressers don't have to check their books for reservations. From the internet you can easily see the available times and see what suits you the best. (Interviewee K1)

You don't have to check the website and you save time and money with it. Of course if I find a good hairdresser, I usually use them for a while, but if there's a cheaper service which is as good, I'll change usually for that one. These things I couldn't find without Timma's service. (Interviewee K3)

The benefits for the hairdressers were time saving, usability of the platform and the development of the platform, that has been made directly to hairdressers and beauty

service providers. All the interviewees saw the platform as beneficial for both customer groups. One of the interviewees reflected that are Timma's discount prices reducing the value proposition, when thinking about the service provider's brand and what is the customer group Timma is drawing.

I can operate the hours when I feel like it. Sometimes I think, that are the late time booking minimizing the value or does it actually bring more value to the consumers. It would be an ideal situation that all of the times would go days before, but because our salon is creating services to normal people I think it's ok. For consumers I think this service offers a lot of value in time consumption and that you can book your time 24/7. I have never been fond of deals or cheap services that some services promote and then we sell our services with small prices and someone comes and takes portion of the price. But with Timma it has been working nicely and that is why we still have it. The feedbacks are so good, so the consumers usually stay as long-term customers. (Interviewee P1)

I think this definitely benefits me, because it saves time. It saves time from the telephone when before you sometimes had phonecalls that was over 20 minutes. Of course with the Timma system you have to update the calendar and do the work shifts, but it doesn't take time from the whole day. Sometimes there has been problems with consumers that have booked the wrong service for them, but that is rare. (Interviewee P3)

Reviews

For the consumers, the theme interview had a specific question about the reviews and do the consumers write them after they have used a service from the platform base. Two of the three customers have not reviewed the services they use at the Timma platform and two of the interviewees conducted that after with extraordinary good or bad service they would like to review the service in the platform, but with a standard visit there is no motivation to do the reviews.

I haven't reviewed there, I don't know why – I know there would be value to the other users, but I think I'm a bit lazy. I don't have time to wonder around the internet and write reviews. I haven't even checked how you go there and review the service. I don't think it's that hard, but I don't do that because I only use the service when I book times. (Interviewee K1)

Actually I do not review the services I use. Only when I am really satisfied with the service or there was something I did not like. If the service is OK and there is nothing special, than I don't usually review. (Interviewee K3)

When booking the times from the Timma's platform, all of the consumers read the written reviews. However, the written reviews were not that reliable according to the two of the three consumers.

I think I have read them, but still I think the price, location and the time is more important than the reviews. Because there are different kinds of people and I do not trust to all of the comments and reviews they leave. (Interviewee 1)

Yes I do read the reviews. I check the the average of the reviews, I don't usually read the really bad ones and don't take them account with the really good ones. Always it's a risk when you go to a new place, that's obvious. (Interviewee 2)

The reviews do affect on the decision about buying the service from the platform according to the consumers. Two of the three consumers presented that overall decision comes from the reviews, the price and the location. One of the consumers indicated that it is better to have more reviews with worse average than a few with a better average.

I just remember from the website that it worked well and all the information I wanted to find was there. With this kind of service the location and the overall feeling that comes from the salon's own

website. Also the thing that there are suitable times with good prices are important to me. (Interviewee K2)

Yeah I usually look the price range, if it's the same but with better reviews I usually choose the one with the better reviews. If there are some negative reviews, then I usually pick the more expensive one. The most important thing is not to have those negative reviews. I think that is much better to have more reviews, than just a few written reviews. (Interviewee K3)

Overall experience

All of the interviewees were asked about the experience about the first time they have used Timma's platform and how has it changed when comparing it to the last time. The consumers agreed that the trust to the service has increased and the platform has more where to choose from.

I think the service has developed a lot, for example the looks of the page and also the services has grown. So for example if I would seek for nail or lash services I would probably seek them first from the Timma platform. I think that together with the money and time saving and the experience of good service makes you want to use the same hairdresser again. (Interviewee K1)

I don't think it has changes a lot. Last summer it was new for me and I did not even know a service like that and I was really pleased about it. All these three appointments I have had the past few years I have used it with Timma. I know that what is the service and used it before, so that's why I am going to use it again. (Interviewee K2)

I think that the amount of the beauty service providers has increased and it has become more popular, so that's why I think it is more trustworthy service than before. Because of the user experience I know that everything works out and the money goes where it should go and the times are really booked from the salons you want. (Interviewee K3)

To the hairdressers, that own their salons, noticed that the platform has changed to a better direction and that the platform has more features. The ease of using the platform was repeated when talking about experience.

I think it has been developing a lot, lot's of improvements and updates and also our wishes has been heard in Timma. But with the user experience it is much more easier to use than the first time. (Interviewee P1)

It has developed a lot, there has been different kinds of reports and the platform is very clear. Still, you get the personal service if you need that and that is important to me, because I am not an engineer and I am not that familiar with computers. So that's why I like services that are easy-to-use and Timma's platform is really simple and hopefully it stays like that. (Interviewee P3).

The hairdresser, that works in a salon, noticed that with the platform there is no money exchange after the service and that was something she thought was odd at first.

Well I can't say that I've noticed anything big. Maybe just the thing that it was a bit weird at first when you did not take the money from the consumers, but nothing else comes in to my mind. (Interviewee P2)

When talking about overall value with the interviewees, the consumers came to the same conclusions as in the previous questions. The ease of using the platform no matter what time is an advantage to the consumer together with money and time saving.

Well I have saved a lot of money which is always good, but also time and effort. Now I can book the appointment in the middle of the night if I want to. Timma's platform gives me much more freedom. (Interviewee K1)

It definately eases up booking the times when you don't go to those services often and when you want to go, you get there easily. (Interviewee K3)

The most value the consumers think they get from the service platform and within a successful experience was to find the suitable time fast and easily, which was reasonably priced. Two out of three consumers saw, that the next day's appointments were important to get and that the service and the hairdresser is good.

Well at first I have a time line I want to go to the hairdresser's and a highest price I want to pay from it. Then the hairdresser understands my wishes and that I get the results I wanted. Also the customer service in the salon is important to me. The full experience will determine will I have a good mood about the service. I want the customer service to be pleasant, you don't have to speak and chat with the customer all the time. To me it is important that the hairdresser listens my wishes about the result and to use their own professionalism to determine what they suggest. (Interviewee K1)

I think that everything has been good every time. I have always found an appointment, even for the next day. The place has always been reasonably priced and every time the hairdresser has been really good at cutting hair. Because sometimes with the new hairdressers, they might not have so much reviews but every time it has been a very positive experience. You also know that is really handy because you have paid everything beforehand so you don't have to think about how much was the service and what did it include. So the full package is really nice and you can always buy more from the salon. (Interviewee K2)

The best possible experience has been that if I want the appointment to be tomorrow or the day after, the hairdresser I want to book has had times on that time limit and that has been really nice. (Interviewee K3)

The hairdressers felt that the most successful experience with Timma platform and the value provided is from the customer service Timma offers to the service providers. Also the calendar system with good usability for the hairdressers arose in the interviews.

Well at first of course if there is a bug I hope that the customer service answers as soon as possible and they take care of the problems too, this is really important. (Interviewee P1)

I think that the most successful experiences come from the calendar. It is really easy and the consumers like it very much. They find the places easily with the map and the experience with Timma has been good because the ease of booking times. (Interviewee P2)

Probably the calendar system, I have been really glad when I took it to our salon, because the last minute times together with the normal booking is a really good invention. I am fully satisfied to their service and it is nice to know some people from Timma, so the service and the company are not completely faceless. (Interviewee P3)

The platform's platform process was divided into three parts: Booking the time, the actual service and the feedback. Within these parts, the booking and the actual service arose in the conversations during the interviews.

The feedbacks are important when selecting the service, but still I don't write the reviews by myself and that would bring a lot of value to other users. I think I should start activating on these things so I could make it easier for others. (Interviewee K1)

I think that all of them are important. Irregular working hours makes it hard to book times in the telephone, so Timma's service has been really handy. I have been a customer in lots of deals that some companies sell and I have experienced a lot of disappointments with these services. With Timma all of the experiences have been good and you can see easily which ones are good places and you don't have to wait on the phone and book the times. (Interviewee K2)

In my opinion it is important that the hairdressers understand that I am just a casual customer and they do the best they can and what is requested, so they

understand that I am not looking a regular place to go in. It is important to me that the hairdressers understand that they don't sell me any new appointments or treat me as a bad customer if I'm there only once. It is a good experience if the hairdresser has understood what the customer wants and succeeds to create it and they are not trying to get me committed to the salon. (Interviewee K3)

The platform was also divided to parts for the hairdressers: Booking times, the service and the feedback. The most important one was the booking for the consumers, because the hairdressers felt it was easier and provided more value to the consumers.

For us the most valuable thing is that the consumer can make an appointment to our salon whenever he or she wants. For us and also to the consumer it brings the most value and maybe this last minute times they offer in Timma is a really good thing because it fills up the free times from the days. In my opinion the reviews are really good in Timma, because it gives extra value and I would like that it stays in the service. Some hairdressers want it to be removed, but I think it's just that some hairdressers don't get so good reviews. (Interviewee P1)

In every customer service situations, you never know who likes the service and who does not. It is really easy to give feedback, good and bad, but I think it's more positive than negative. If you get bad reviews you can do better the next time. (Interviewee P2)

The calendar is fast to add which makes it really nice. Of course there is extra work when you fill it up with the shifts, but if you compare it to the manual system it is much more easier. Also I can see the customer register, what kind of services has the consumer bought and with what has the booking been made. That might be the most important thing about the service, so before the consumer comes to the store, you can see all the information about what is her name, what has been done before and what kind of service does the consumer has now. (Interviewee P3)

5.3 Summary of the empirical results

This chapter is divided into three different sections by the research questions, key elements of value creation of the platform, service innovation construction and for the main research question: value creation in platform based service innovation. Within this chapter the results of empirical research are mirrored together with the theoretical framework.

5.3.1 Construction of service innovation process in Timma platform

During the interviews with Timma's CEO it occurred that Timma has been developing their platform together with their customer groups, hairdressers and consumers. Especially the platform side for the beauty service providers has been important, so the user experience and usability would be easy. MacDonald's et al. (2011: 67) view confirms Timma's view that consumer benefits are accomplished through the service providers actions blending with the consumer ones.

Timma's platform includes a lot of content, and the consumers watch and seek the information in the platform to make decisions. According to Grönroos & Voima (2013) the interaction is not an easy way to value creation and that is where the service provider and actors form a platform where they can co-create value. The customer groups, hairdressers and customers, create the information inside the platform. Customers write feedbacks about the services they use and hairdressers have their own pages, where is the basic information about their salons. According to Strandvik (2012) the consumers do not estimate the individual sellers or service providers but instead they think how do they adapt to future products or services. This does not apply within Timma's platform, because the customers do review the services and hairdressers separately. The information about the services and service providers is important to the consumers. In turn, consumers have doubts about commenting and reviewing in social media and internet. The reviews are an important part of the platform and all the salons read them, but there was fear among some hairdressers about bad reviews. In the other hand as Normann and Ramirez (1993: 67) have disputed that when it comes to the eventual joint production

perspective, the firm "invents value by enabling customers' own value-creation activities".

Consumers and hairdressers, the two different groups of Timma see the service concept differently from each other, because of the difference between the services Timma provides to each customer group. For consumers it is important to find the service easily from digital channels, but also hear reviews from the service platform and recommendations. For the other customer group, hairdressers, the personal introduction to the platform is very important. For consumers it was clear, that Timma is an intermediary that transfers the times from the beauty service providers and helps booking times, but it was unclear how is that process constructed. Voima (2013) has defined customer sphere as "the experiential sphere, outside direct interactions, where value-in-use (real value) emerges (is created) through the use's accumulation of experiences with resources and processes (and their outcomes) insocial, physical, mental, temporal, and/or spatial contexts." When value is created in a process, Grönroos and Voima (2012) have studied that the spheres can appear in almost any order or sequence. This confirms that in Timma's platform the joint sphere within the consumers is actually after the customer sphere.

Mirroring the results of the empirical data to the theoretical framework it emphasizes the value generation process in the platform. Grönroos and Gummerus (2015) have adapted Grönroos and Voima's (2013) value generation process into a more flexible form. As Grönroos and Voima (2013) has emphasized, the company can take the consumer to the provider sphere, the company can also take part at the consumer sphere, when the those parts change into joint sphere and create direct interaction with the consumer. Mirroring the empirical data with the value generation process, this research contains a new model made for the Timma's platform.

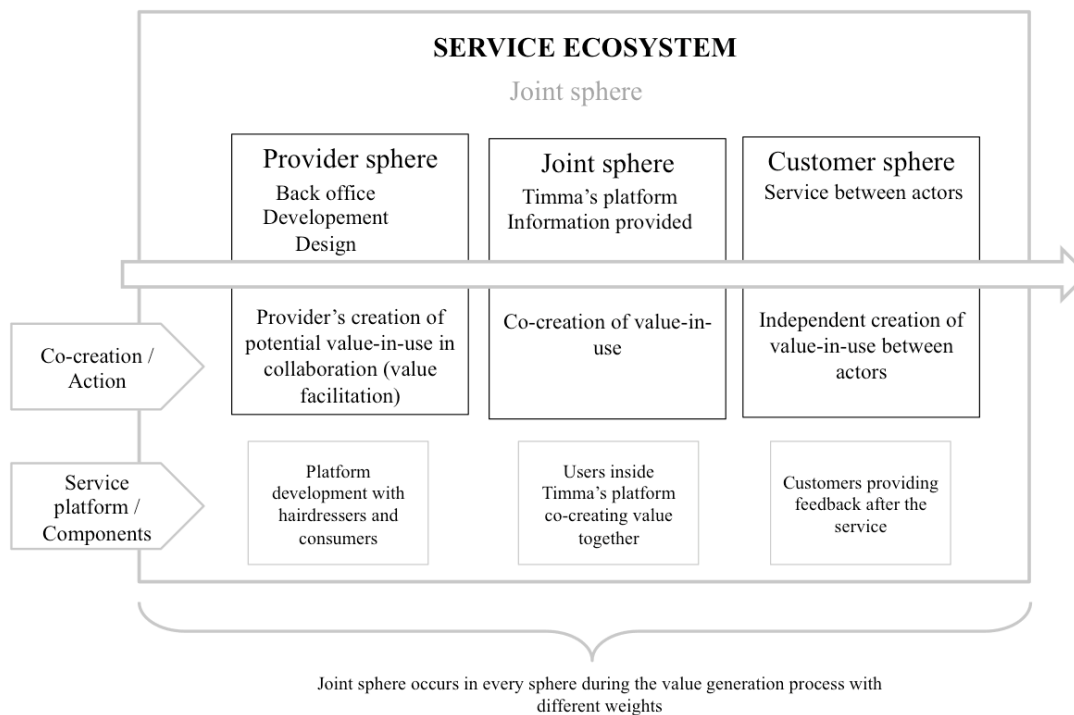


Figure 6. Value generation process: Adapted to Timma's service innovation platform value creation and co-creation according to the service logic. Source: Adapted by Grönroos & Gummerus (2014) from Grönroos & Voima (2013), p. 136

The value generation process by Grönroos & Voima (2013) is a process that guides to value for the customer and where all actors in the network co-create value (Grönroos & Gummerus, 2014). The value spheres in the value generation process are dynamic and the service provider can suggest that the customer involves in different parts of the production process. This expands the spheres and enables co-creation of value (Grönroos & Voima 2013). Inside this value generation process the provider sphere is not fully closed from the customers, because the development of the platform is made with the customers groups, so the potential value-in-use has been already validated in some respects from the customers. In the joint sphere the platform comes to it's full form, because most of the interaction happens here between Timma and the customer groups. Here the interaction is transparent for all actors in the platform. In the customer sphere the customer groups interact together

bringing value exchanging service and money inside the platform. After the service, the customer still interacts together with the platform and bringing more content and reliability in the platform by giving feedback of the services used. This part of customer sphere changes into joint sphere where the interaction happens with the service provider.

5.3.2 Key elements in value creation

The value perspective of the platform is linear with all the consumers. As Vargo and Lusch (2008a) state that companies can offer resources to value creation, but they can not do it by themselves. The key elements of the value created to consumers comes from the ease of using the platform and the money saving perspective. For the most part, the last minute booking creates value to consumers. Time saving iterated and is verified to be one of the most appreciated element of value created to consumers and hairdressers. Usability and the development of the platform constructed the value elements to the hairdressers because of the design made directly for the beauty service providers. The last minute bookings was considered a threat to the value of the brand. Grönroos & Voima (2013: 145) argue that the value proposition must be acknowledged as an assurance where customers get some value from the offering or a service. Within this platform, Timma does not promise anything but easier booking and more service providers where to choose. This view confirms the platform, but still the consumers create and get the value from among other things.

The biggest benefits consumers have, using the platform are money and time saving. The platform was called handy in several interview situations from both customer groups using the platform. Important elements that brought value to the consumers was the selection of the services and times suitable for them, because the platform brought all the times and services under one clear website. Time consumption was significant benefit to the hairdressers, because the booking system of the platform saves time during the day and the online system helps the hairdressers to control their business.

Strengths and weaknesses reflected similar aspects as in the benefits. Increased amount of companies and services was a strength, which brings credibility to the platform. Online booking is a strength to the Timma platform according to both customer groups. Consumers were satisfied with the platform elements and the platform's usability. Strengths to the hairdressers come from the prompt customer service Timma provides to the beauty service providers. The rapid speed and the ease of the booking has made an impact to the consumers. The ease of using the platform came across with the hairdressers, who use the service platform in their salons.

5.3.3 Value creation

The value creation in service systems is about cocreation among actors. As Vargo et al (2008) acknowledged service systems are dependant from others and their resources and this is why they co-create value in interaction with each other (Vargo et al., 2008). Timma's platform would not work without both customer groups using the platform sufficiently. According to Grönroos & Gummerus (2014), in many articles concerning Service Dominant Logic, value-in-use usually turns up as a central value concept, but it actually relates more how do consumers see value, not how they create it to the other actors. This perspective appeared in the interviews when the interviewees emphasized the value as they see it.

The overall value for the platform repeated the same formula as in previous questions, the ease of using the platform in every hour of the day together with the money and time saving. As Gummesson (2007) has acknowledged that when consumer uses the product or the service, the value actualization takes place and the consumer will experience the real value (Vargo and Lusch, 2011). The most successful experiences with the platform for the customers is to find a suitable time when needed, fast and easy, which is also reasonably priced. It is important to have appointments available for the next day and to have good service from the salon and the hairdresser. Successful experiences among the hairdressers is the customer service provided from Timma to them and the calendar system, which has good usability. For both consumer groups, the booking came first in the evaluation of the

platform's processes together with the actual service provided from the hairdressers from the consumer perspective.

The trust to the platform has increased among the consumers since the start of their usage and the services have incremented considerably. Among the hairdressers the platform has changed in a better direction with more features and reports. The user experience eases the usage of the platform.

Consumers are not eager to fill reviews after the service has been provided to them and the platform offers no motivation to fill the reviews. If the service is extremely over or under normal experience, the consumers want to leave reviews about the service. The reviews do affect on the decision about buying the service from the platform. The reviews, the price and the location are components which consumers do their overall decision about the purchase. Skålens' et al. (2015) research about the service innovation have confirmed Timma's reasons to success with their right resources and right practices that Timma has integrated value propositions into great practices that allows the customers use Timma.

6 CONCLUSIONS

This chapter consists of the results of this thesis and answering the research questions, that have been presented in the first chapter. In addition, theoretical and managerial conclusions will be included in this chapter. In the end of this chapter there will be the evaluation and limitations of the study and the suggestions for future research.

6.1 Answers to research questions

Within this research the focus has been in increasing understanding about value creation in platform based service innovations. The main research question was defined in the form: *How is value created in platform based service innovations?* In addition, there was two sub-research questions: *What are the key elements in value creation in platform based service innovation? And how is service innovation process constructed?*

The answer for the main research question is found with the support of empirically verified process flow built from the results of empirical data analysis. The data analysis was made from the interviews with both consumers and hairdressers, which demonstrates the value creation and processes in the platform of Timma. Each elements of the data are analyzed below when answering for research questions. Last the main research question will be answered together with the answers of sub-research questions.

How is value generation process constructed in the platform based service innovation?

The service innovation process in Timma's platform is constructed together with Timma's employees, but also in cooperation with the customers. This has allowed Timma to validate the value proposal of the service innovation platform. The consumers of the platform watch and seek the information in the platform, but they also create it together with the hairdressers.

Grönroos and Gummerus (2015) have adapted the figure from Grönroos & Voima (2013), which constructs the value generation process. Together with the data analysis provided in chapter 5 and with the theoretical framework, the value generation process was adapted to fit Timma's platform. The concepts of the platform differ from each customer group. For consumers it was clear, that Timma is an intermediary that transfers the times from the beauty service providers and helps booking times. For hairdressers the platform consists of a booking service that includes reporting tools and customer base. Mirroring the results of the empirical data to the theoretical framework it emphasizes the value generation process in the platform. Grönroos and Gummerus (2015) have adapted Grönroos and Voima's (2013) value generation process into a more flexible form. As Grönroos and Voima (2013) has emphasized, the company can take the consumer to the provider sphere, the company can also go to the consumer sphere and create direct interaction with the consumers and this way the boundaries of figure 3 can be flexible.

Mirroring the empirical data with the theoretical framework, value generation process and the service innovation theory, this research contains a new model made for the Timma's platform. In the service innovation platform of Timma, the provider sphere is mixed with the joint sphere to allow Timma validate it's value proposals of the platform (Figure 6). The joint sphere is the service innovation platform that occurs to the customer groups, but the joint sphere has expanded in both customer and provider sphere, because of the value co-creation of the platform. In the customer sphere the customer interact with each other, while the platform is still supporting the actions. As the feedback is an important part of the value proposal for the consumers, the joint sphere appears in this form after the interaction between the customer groups, consumers and hairdressers.

What are the key elements in value creation of platform based service innovation?

This research included six interviews, from both customer groups of the platform. Within these interviews, after the data analysis, there has been noticed key elements that are important to the customers and create value to them while using the platform. The key elements of the value created to consumers are the ease of using the platform and the money saving perspective. For the most part, the last minute

booking creates value to consumers. Time saving iterated and is verified to be one of the most appreciated element of value created to consumers and hairdressers. Usability and the development of the platform constructed the value elements to the hairdressers because of the design made directly for the beauty service providers. The last minute bookings was considered a threat to the value of the brand.

Money and time saving, easiness of the platform and the ease to find right times and a large selection of services and beauty service providers are the key elements in the value creation according to the consumers. For the hairdressers, the beauty service providers, the key elements are the time consumption that has been lower after they started using Timma's platform, the customer service that they get from Timma and the easy user experience from their side of the platform. The value creation of the platform can be seen together with the value generation process modified in figure 6. This figure shows how the service ecosystem, including the platform and co-creation, meets the value generation process in the context of Timma. The service ecosystem includes all the actors, components of the platform and the service provider's actions. The co-creation are actions made together with actors and Timma to provide value-in-use. The service platform includes components, which cocreates value between actors and Timma's platform.

How value is created in platform based service innovation?

The main research question about value creation in platform based service innovations gathers all the answers from the sub-research questions and completes is with the data provided from the interviews. The results of the research mainly supported the theoretical framework presented in chapter two and three, but also new perspectives and new knowledge about service innovation platforms in the field of beauty arised. The overall value to the customers that repeated in the interviews were the ease of using the platform in every hour of the day together with the money and time saving.

The value generation process from Grönroos and Voima (2013) has been adapted to Timma in figure 6. With the insights this figure produces, we can divide the value creation into three components. First the value is created when in the platform

development phase, provider sphere, Timma has been contacting customers to comment and interact already when developing. Timma's value is created with a good development together with customers to have a platform that serves both customer groups and is easy to use. Timma has succeeded to get an interface so good, that the user experience is thanked from the users. Important parts of the value creation in the platform is how the platform has been constructed, which can be seen from the interviews where both customer groups of Timma have listed the ease of using the platform as the most important things. The cocreation happens in collaboration inside the platform, which are actions between Timma and actors.

Second, the platform itself allows customers to interact with each other and for the customer to get a large selection of services and beauty service providers. The digital platform is open 24/7, which makes it easier for consumers to book times. For both customer groups the platform saves time: Customers don't have to call different hairdressers to book times and the hairdressers don't have to book times in the middle of the day, because most of the bookings come from the platform. In the platform, the joint sphere, consumers can go and read reviews about the hairdressers and decide on the information based on other users whether or not to book the time. The information provided in the platform for consumers is one value component of the platform. For hairdressers the feedback they get by the platform gives them motivation for their work and to improve their work. Value-in-use is co-created with the actors inside the platform, where the weight of the value is the biggest from all spheres.

Third, in the customer sphere the interaction between the customer and the hairdresser is part of the value creation. The hairdresser provides the service to the customer, what the customer has booked from the platform. For consumers the service what they get in a salon is important, but for hairdressers the importance was in the platform, that it works and has the important information about next consumers coming in. In this customer sphere the consumers get a chance to interact with Timma and the hairdresser by leaving feedback about the service. The feedbacks are important for the consumers that are booking the time, but it is not common, according to the data provided, to leave feedback if it is normal service. If the service is above or below normal, the consumers leave feedback. In this customer

sphere the platform supports the feedback giving process, but the interaction is between the customer and the hairdresser through the platform.

These components that create value are attached to each other and can not be evaluated separately. For consumers the most important parts was the ease using the platform and finding a suitable time, which is reasonably priced. The information provided in the platform, created together with Timma and the customer groups, is used in both customer groups.

6.2 Theoretical implications

The goal of this research was to focus on value creation in platform based service innovation and into a field of beauty. The theoretical contribution of this study is based on the earlier findings of service-dominant logic and service innovation literature. Results of this study supports the earlier findings regarding service logic and service innovation theory, but it presents also new information about digital beauty platforms that has two user groups. Service logic based value generation process was studied in the context of digital platforms, but not in a beauty platform that studies both, customer and beauty service provider's value creation. This study contributes to findings that expand current view in the context of beauty service innovation platforms. In this chapter is presented the findings that are related to previous literature.

Value creation indicates consumers' creation of value-in-use and that co-creation of value is a part of interaction (Grönroos & Voima, 2013). Gummesson (2007) acknowledges that when consumer uses the product or the service, the value actualization takes place and the consumer will experience the real value (Vargo and Lusch, 2011). Service-Dominant logic is based on value-in-use but value-in-exchange still exists to be an important component in the co-creation of value process (Vargo & Lusch, 2006). Service-Dominant logic was decided as a main theoretical perspective in value creation, because in SDL the customer is always a co-creator of value (Grönroos & Gummerys, 2014) and according to Vargo & Lusch (2008b) the service provider becomes a co-creator of value with the consumer, when the company is also a value co-creator. With this research value-in-use is used and

service dominant's logic value generation sphere is evaluating the platform's value generation. Interaction among actors is important in the service innovation platform and service systems, where Spohrer et al., (2008) has emphasized that service systems are associated through the motion of approval and the assessment of value and according to Vargo et. al. (2008) that these service systems are dependant from others and their resources, which makes them co-create value in interaction among other actors. Within this research SDL is used to describe Timma's value propositions,, because it offers the information where the value is co-created with interaction with consumers and other actors (Skålen et al, 2015).

Value generation process is an important section of this research, because answering the main research question the study had to research the value creation, because within the value generation proess the value creation is analyzed by defining value co-creation and value creation with the focus on the roles of the consumer and the company and then analyzing co-creation as a part of their interaction (Grönroos & Voima, 2012). Allowing Timma's platform to find it's own value generation process, the value generation spheres were adapted, as Normann and Ramirez (1993, p. 67) have disputed that when it comes to the eventual joint production perspective, the firm "invents value by enabling customers' own value-creation activities". As Grönroos & Voima (2013) have studied, in the value generation process the company can take the consumer to the provider sphere, the company can also go to the consumer sphere and create direct interaction with the consumers.

Service ecosystems are systems which are self-contained and self-adjusting where actors can interact with each other by shared institutional logics and mutual value creation through the service exchange that happens inside the ecosystem (Lusch & Nambisan, 2015). Allowing the development of the network and the changes in environment is important and not just to enable information for the network. Timma enables information to both customer groups but in future has to be ready in future development of the platform. The service ecosystem consists of a service platform and value cocreation, which allows digital platforms together with value co-creation to enable each other. According to Lusch and Nambisan (2015) the different roles of value cocreation can minimize the wrong expectations in the nature of value and for example IT can be an important part of enhancing the clarity of value cocreation and

the part of IT in service innovations have raised questions about how IT can support these different roles in service innovations, but also how digital environment can complement the processes and mechanisms inside these service innovations (Lusch & Nambisan, 2015).

Combining service ecosystem with value creation in a context of digital enabled services creates digital platforms like Timma. From the study of Häikiö and Koivumäki (2016) it becomes clear that especially in B-to-B it is important to have good communication and direct interaction. Creating a platform that is human centric is a goal to all processes of the service innovation.

6.3 Managerial implications

This research emphasizes especially to managerial implications, essentially related to the importance of communications and interaction. Since the digital world enables more solutions to the service innovations the customer's interaction with other actors and companies changes in the future. The results from this study and the conclusions given are indicated to digitally enabled platforms in the field of beauty and other platforms that might turn to use.

In a digitally enabled platform that creates value to both customer groups, it is important that the interaction inside the platform is working. The platform enables easy interaction before and after the service, which is critical. Within these digital platforms, some of the natural interaction between consumer and hairdresser is replaced by them, so the user experience is highlighted even more in these digital platforms.

Cooperation between the actors and the service provider Timma is crucial, when it comes to the elements and user experience in the platform. With the cooperation Timma has successfully implicated a platform where user experience has been thanked for and the users keep on using the service. Through new innovations in the platform it is critical to have cooperation through all the actors to validate new changes and to develop new ones. With the indicates the customers give from the cooperation will strengthen the hypothesis the company has from their new

innovations. The cooperation in early stages strengthens the relationships of the company and customers and brings trust to the spheres. For companies it is important to develop from the service and customer perspective, where you can save a lot of costs. Developing IT platforms is expensive, especially if you do not validate it and have interaction with your customers.

In the end, for managerial implications it is important to highlight the importance of the communication between Timma and the customer groups is substantial to have information and the feedback about the platform at the same time the back end is being developed. Validating hypothesis of the platform is important for the company that provides the platform, and in Timma's platform they have succeeded to create a platform which is liked, from both customer groups as Häikiö and Koivumäki (2016) indicated in their study, that taking customers already in the back end phase to develop together with the platform is critical. Last, it is important to create trust between the service provider and customer, which is created during the interaction and cooperation of the service provider and actors. Within the trust between these groups it is easy to develop and suggest new services, and within a marketing perspective, good experiences from customers develop strong customer relationships.

6.4 Evaluation and limitations of this study

The reliability of research can be reviewed with multiple aspects. The commonly used in interpreting the research implementation and findings are quality, reliability and validity (Hirsjärvi & Hurme 2008:184-190). Within the evaluation of this research' reliability are often highlighted with concepts of reliability and validity. Validity concept is being referred to the assessment of proficiency in qualitative research method and the defining in the research has been tried to resolve with different kinds of meters and research methods about the ability to measure the right thing. (Koskinen, Alasuutari & Peltonen 2005: 253-257) With the concept of reliability the research is reviewed by its consistency in similar researches or cases that are placed in the same category by different observers and time (Koskinen, Alasuutari & Peltonen 2005: 255).

Qualitative research has been criticized about the reliability, but it's method applies well to the subject of the research, because the base to the research is to describe phenomenon of business (Hirsjärvi, Remes & Sajavaara 2009: 161). The qualitative research method also strives to understand the comprehensive understanding of the subject (Koskinen, Alasuutari & Peltonen 2005:16). The reason for the research was to collect more understanding about service innovation platforms that has been enabled digitally and how does it's value creation constructs among customers.

The research reliability is often secured by resolving multiple interviews in the research, that should be analysed and documented accordingly. With the research, a larger amount of interviewees would have increased the reliability of the research. The interviewee selection was not thought through and was made by tossing a coin. The data collection was collected properly by first recording all the interviews, writing all the interviews down and then dividing them in color segments in excel. The reliability of interviewee selection, data collection and data analysis method is mostly according.

This study contributes to a new knowledge in a certain context in a specific company and their service platform, which enables the further use. This indicates that the objective of the study has been achieved. If the researcher accomplishes similar results with one or more other researchers, the study can be considered reliable. (Koskinen, Alasuutari & Peltonen 2005: 254-255.)

The limitations of this study can be considered the fact that there was only one company that the interviews made and there were only six interviewees, three from each customer group. The amount of the companies working with platforms in the beauty sector and the interviewees could have been increased, so the researcher would have had broader data to analyse. As a phenomenon, platform and service innovation are still developing, so there are possibility to have more versatile research in the future.

6.5 Suggestions for future research

This research focuses on platform based service innovations and their value creation. This research has deepened the understanding of value creation, when it comes to the beauty platform users, both consumers and hairdressers in a digital platform. The findings of this research indicate that for value creation, it is important to create communications already in the development phase of customers and the platform provider, create the value by having an easy interface in the digital platform and giving value proposals to both customer groups that can co-create the value together with the other customer group and influence in the content that is in the platform. Together time and money saving with the good service provided creates values that the platform produces to the customer groups.

Lusch and Nambisan (2015) wrote about two key aspects that are important in the architecture of participation. The first is about the rules of exchange, so they are transparent and easy to coordinate. The second aspect is about the instruments which the actors receive value from the exchange inside the network, in other words, how are the actors rewarded from the interaction. New platforms are being constructed every day and there is definitely lot to study in the field of digitally enabled platforms. Study about the value generation process from the platform's provider perspective would be reasonable because they can broaden the understanding about the digitally enabled platforms to help expand the theoretical concepts.

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APPENDIX 1 – INTERVIEW QUESTIONS

BACKGROUND INFORMATION:

Age:

Position:

Theme 1 – Platform based service innovation

1. How long have you been using Timma?
2. How often do you use Timma?
3. Which platform do you use, the app-based or the web-based?
4. How did you start using Timma?
5. Why do you use Timma (or why haven't you used it anymore?)
6. How do you see Timma as a service? (Where do you think you are buying the service from?)
7. What benefits Timma have for you?
8. What strengths and weaknesses Timma's service have in your opinion?
9. What do you think about the usability of Timma's platform?
10. How do you use the information provided in Timma?

Theme 2 – Value creation

11. In what ways does Timma benefit you and other users?
12. Do you review the services you have used in Timma?
13. When you are booking a service from Timma, do you check the written reviews? (Only consumers)
14. In which ways do you feel about time consumption with Timma?
15. Do you feel like Timma's platform gives you advantage against other hairdressers? (Only hairdressers)

16. How has your experience changed from the first time you used Timma?
17. Miten palvelun arvioinnit vaikuttavat päätökseesi ostaa palvelu? How has the reviews influenced your decision about buying a service?
18. What kind of value does the service platform give to you?
19. In what ways do you feel benefitting, when other users and companies are using the platform?
20. Describe a successful experience with Timma platform, where you think you get value from the events that happen inside the experience?
21. VThe last question is about dividing Timma's platform in to three pieces: Booking the time, the actual service and giving feedback. Which one of these brings you the most of the value?