




SERVICE RESEARCH CENTER
CTF | CENTRUM FÖR TJÄNSTEFORSKNING

SEMIANNUAL REPORT 2012

SERVICE INNOVATION FOR SUSTAINABLE BUSINESS

A man with short brown hair, smiling broadly, wearing a dark blue suit jacket over a light pink button-down shirt. He is standing in front of a large window with a wooden frame, looking slightly to the right. The background shows green foliage outside.

Have you heard about Myspace, Altavista or Svenska Hem lately? Probably not! Why have these companies disappeared, while some of their competitors Facebook, Google and Ikea appear everywhere? By understanding the DNA of service innovation we will learn how to build sustainable businesses for the future!

Lars Witell, Professor and Director of SISB

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SETTING THE SCENE

The research profile Service Innovation for Sustainable Business (SISB) was established in September 2011. Since the start focus has been on establishing the theoretical foundation and building strong relationships with the partners.

- After the start-up meeting last fall it has been a hectic period that has and will result in many exciting research opportunities, international co-operations and co-production of new knowledge, says Lars Witell, Professor and Director of SISB.

The researchers have worked with each partner to set up individual research projects. The research on idea management include several partners (Ericsson and Volvo), while others such as the research on the role of employee authenticity in service innovation include one partner (Tetra Pak).

- At the present, we have on-going research projects with all our partners: Ericsson, Ica Maxi Stormarknad, Ikea, Löfbergs, Stamford, Tetra Pak and Volvo.

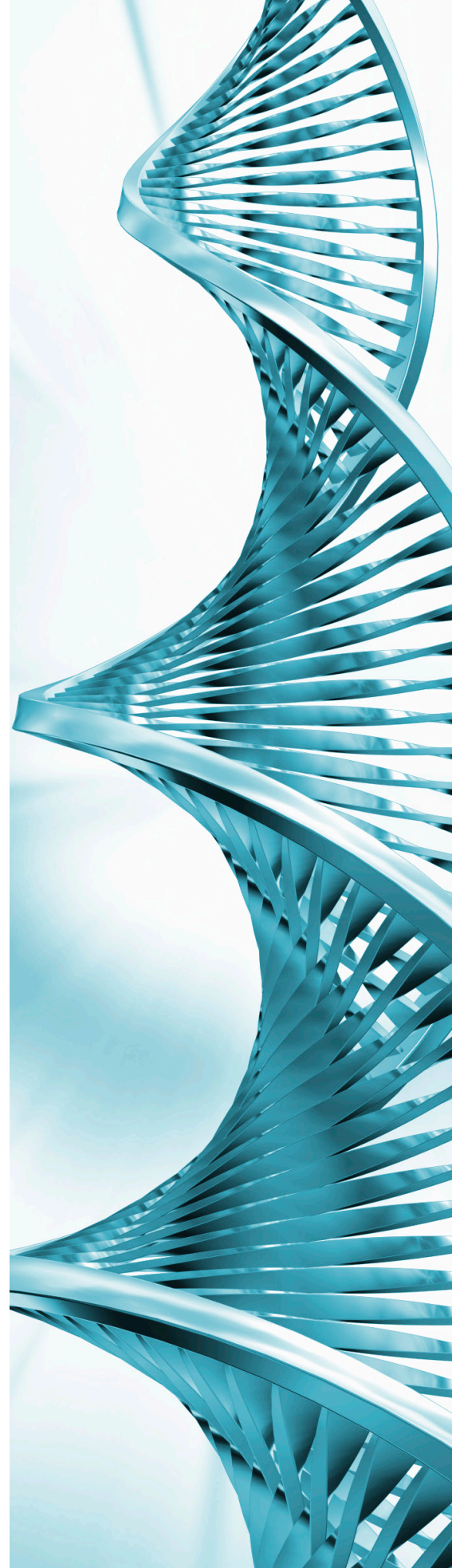
During the spring and summer some research ideas and initial findings from the research conducted so far were presented and discussed at international research conferences and workshops.

- It is our belief that testing ideas and discussing research with national and international researchers and practitioners facilitates and improves the quality of the research. In the end, we will do everything possible to reveal the DNA of service innovation.

The purpose of SISB is to describe and understand the DNA of service innovation, what it is and its influence on different sectors, companies, employees and customers.

- Now, we will initiate the up-scaling of the research and the research profile will grow to its full size in one year. We believe that we have set the scene and are ready to expand the present research projects and to initiate more research on service innovation.

SISB is one of the largest research profiles at CTF, Service Research Center at Karlstad University. It extends from 2011 to 2019, and is financed by The Knowledge Foundation, Karlstad University and the partner companies.





Johan Netz, Ph D Student at CTF, and Peter Magnusson, Associate Professor at CTF.

IDEAS - THE ORIGIN OF SERVICE INNOVATION

Together with Ericsson and Volvo we will initially study how service innovations come about when there already is an established, long-term relationship with a customer. Ericsson has different types of engagement models with customers and they want to compare them and follow the development of these models and customer relationships over time.

- The startup phase has focused on establishing a base line – “the current state” – for future activities at Ericsson and Volvo in order to measure the impact made by the research profile in the long run, says Johan Netz.

At both companies the overall research activities aim at acquiring new knowledge in the area of idea management which is a generic term for activities in the early phases (often referred to as the fuzzy front end) of new product and service development. Idea management thus include: creation, collection, and assessment of new ideas. The problem is normally not the lack of new ideas but rather difficulties processing the existing ones in an effective and efficient way. The flood of new ideas is thus bigger than they can handle.

From the pre-studies carried out during the last six months a total of 1000 ideas (+600 at Volvo and +400 at Ericsson) posted in the companies’ idea management systems have been reviewed. The review have together with interviews and participation in in-house workshops resulted in four broad conclusions: (1) Ideas are reactive rather than proactive. (2) The idea assessment phase lack consistency, which may hinder ideas with a higher degree of radicalness. (3)

There is a need for clarity in the system and its processes (lack of guidelines). (4) Lack of time and difficulties planning and estimating time and resources.

- The next step is to build a tool in order to improve the consistency of the assessment of ideas. The tool will later act as a measurement for future “changes” related to idea management, says Johan Netz.

The research aims at understanding the impact of external idea creators, e.g. will externally generated ideas have a higher degree of “usability” than internally generated ideas? The assessment tool will improve our ways of assessing service ideas and concepts depending on the desired outcome (e.g. incremental and radical services).

In addition, are ideas assessed differently by people with different roles, competence and experience? The creation of the tool also makes it possible to examine the validity of holistic expert judgments. Even though, these are partly based on intuition, research has shown that they are based upon an underlying rational based in the assessors experience.

IN THE EYE OF THE CUSTOMERS

How does the placement of a product impact our choices or how do our heuristics influence our search patterns? These are some of the research questions that we want to explore together with Ica Maxi Stormarknad in Karlstad.

Since the research profile started the researchers have conducted several retail experiments, both in CTF Consumer Lab, but also at the supermarket Ica Maxi, Karlstad, and at the local Ikea store. The later in collaboration with American researchers.

Anders Gustafsson, Professor at CTF, and Tobias Otterbring, Ph D Student at CTF, are collaborating with Ica Maxi Stormarknad, a supermarket store in Karlstad, and have conducted two experiments there during the spring 2012.

- By giving customers various shopping related tasks and providing them with state of the art technology (eye-tracking goggles), their eye movements were recorded with a high degree of precision. Thus, data about where and for how long time they have been looking at different things in the store were collected, says Tobias Otterbring.

The purpose of the experiments was to explore to which extent the customers perceive in-store information such as signage and digital displays and how this affects their visual attention, brand consideration and choice.



Christer Johansson, Ica Maxi Stormarknad, and Anders Gustafsson, Professor at CTF.

Taken together, the results suggest that exposure to in-store signage material has an effect on visual attention, but this is not automatically transferred into brand consideration or choice.

- Through our participation in this research profile we gain insights about our customers' genuine experiences and in-store behavior. We get numbers on what the customers really do, not only what they say they intend to do. Such knowledge is important to make our customers more satisfied, and to simplify every day's life for me, my employees and our customers. By understanding the customers, we can give them a better treatment and a unique service in the store, says Christer Johansson, head of Ica Maxi Stormarknad in Karlstad.

The results of the experiments have been communicated and discussed at business meetings, breakfast seminars and presented at international research conferences.

- The combination of studies in real retail environment and the excellent teamwork with our participating companies gives us all the prerequisites to provide high quality research, says Tobias Otterbring.

AN INTERNATIONAL PERSPECTIVE

One of our strengths is our collaboration with other researchers outside CTF. They will provide us with inspiration, support and new perspectives.



Nancy Sirianni

Nancy Sirianni, Assistant Professor of Marketing at Texas Christian University, is one of our guest researchers.

She is an expert in employee authenticity and will help us understand how employees are influenced by service innovations in manufacturing firms. In addition, she will participate in conducting experiments with service innovations in a retail setting.

Nancy Sirianni primary areas of research are how companies create meaningful connections with customers through product and service innovation. Her current research focuses on consumer responses to elements in retail and service environments including: brand messaging, frontline employees, sensory stimuli and architecture. She is also interested in understanding emotional consumer sentiments including love, passion and authenticity.

Nancy Sirianni has presented her work at several leading conferences sponsored by organizations such as the American Marketing Association, the Society for Consumer Psychology, the Academy of Marketing Science, and the Association for Consumer Research. Her research appears in the Journal of Consumer Research and Business Horizons.

Stephen L. Vargo, Shidler Distinguished Professor and Professor of Marketing at the University of Hawaii at Manoa, is a member of our advisory board. He will help us to understand what service innovation really is.

Stephen L. Vargos primary areas of research are marketing theory and thought and consumers' evaluative reference scales. He is one of the founders of the SD-logic, which is one of the pieces needed to identify the DNA of service innovation.

He has been presented several awards for his research. His articles have been published in highly ranked scientific journals and his 2004 article in the Journal of Marketing titled "Evolving to a New Dominant Logic for Marketing" is the most-cited marketing article published in this new millennium. He is author or co-author of a series of best-selling books on marketing.

Stephen L. Vargo was appointed as a Visiting Professor at CTF in December 2011. The Visiting professorship is funded by Anne-Marie and Gustaf Ander Foundation for Media Research, which provide grants to cover the cost of a visiting professor at the CTF for a month during the next three years.



Stephen L. Vargo

ACTIVITIES

Since the start we have had a range of seminars and workshop to share and learn more on service innovation. During the spring and summer several of our researchers have presented their initial findings and research ideas from the research conducted so far at international research conferences.

Seminars and Workshops

- CTF 25th Anniversary – A panel discussion on service innovation
- Seminar on service innovation and value creation
- Workshops on business models and the business model canvas
- Breakfast meetings on consumer behavior and retailing
- Research seminar on servitization of manufacturing firms

Conference presentations

- From free to service for fee? Lars Witell, Martin Löfgren, AMA SERV SIG 2012, Helsinki, Finland
- Foundations for Service System Research. Bård Tronvoll, Bo Edvardsson, AMA SERV SIG 2012, Helsinki, Finland
- Outsourcing idea screening: Exploring users' appropriateness for judging new product/service ideas. Peter Magnusson, Erik Wästlund, Johan Netz, 10th International Open and User Innovation Workshop, Boston, Massachusetts, USA
- Influencing the Customer Experience with Gifts and Greetings. Martin Löfgren, Lars Witell, Anders Gustafsson, Paul Fombelle, 2012 Frontiers in Service Conference, Washington DC, USA
- Service Innovation: Building Structures and Capabilities for Exploration. Manfred Dasselaa, Erik Sundström, 2012 Frontiers in Service Conference, Washington DC, USA.
- Unlearning Innovation and Learning Service Innovation! Anders Gustafsson, Paul Fombelle, Lars Witell, Per Kristensson, 2012 Frontiers in Service Conference, Washington DC, USA



Workshop on business models and business model canvas with Löfbergs.

