

# **Customer Perceived Value of Regional Intermediary Organisations**

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## **Abstract**

The purpose of this work-in-progress paper is to report a pilot study of two customer cases of a regional intermediary's incubator. The paper aims at answering the question: *What is the value of regional incubators and their services perceived by their customers?* To answer the question, a short literature review of studies of customer perceived value, intermediary organisations and incubation is presented before the empirical case description and analysis. The main finding of the pilot study was the safety value perceived by the respondents. Financial value and knowledge or learning value were also identified in the study. Strategic value materialised in competitive advantage during the incubator period and as an outcome of the incubator relationship

## **Introduction**

In the recent years, more and more regional supportive infrastructure or knowledge generation subsystems have occurred. These systems consist of public and private organisations, etc. (Asheim and Coenen, 2005). New service organisations are established to facilitate the networking among different actors in the region.

To create deeper understanding of the private sector business customers' perspective to the above mentioned development, the work-in-progress study scrutinizes the value of regional intermediary organisations and their services for business customers. Primary empirical data will be collected by interviewing key informants of regional intermediary organisations' customer companies from different industries.

The purpose of this paper is to report a pilot study of two customer cases of a regional intermediary's incubator. The paper aims at answering the question: *What is the value of regional incubators and their services perceived by their customers?* The issue is first approached by shortly discussing earlier studies of customer perceived value, intermediary organisations and incubation. We further by introducing the empirical case supplier, a regional intermediary and its incubator. Two customer cases are then introduced and analysed. Finally, findings are discussed against the earlier literature of incubator's value for the customer and conclusions are drawn.

## **Customer perceived value**

From the customer's perspective the value gained from the services provided by intermediary organisations is the *raison d'être* to establish a relation with the service provider. Although the importance of the value for customers has been recognized in the marketing literature for over a decade, there is an abundance of definitions and conceptualizations of value. They depend on the context of the study as well as on the methodology and the measurement techniques used. (eg. Sweeney and Soutar, 2001; Woodruff, 1997; Zeithaml, 1988). As a result, there are several key influences and perspectives considering the topic in the marketing literature.

Most definitions present customer perceived value as a trade-off between benefits and sacrifices perceived by the customer in a supplier's offering. (Peter and Olson, 1996; Woodruff, 1997, Zeithaml, 1988; Monroe, 1990) Whether value attributes are meaningful, i.e. perceived as benefits or sacrifices, depends on customer's subjective goals and purposes. In summary, perceived customer value is the outcome of an evaluative judgment. It includes the attributes and consequences that contribute to a customer's instrumental goals and purposes or that are meaningful ends themselves. Perceived benefits are a combination of physical attributes, service attributes and technical support available in relation to a particular use situation (Monroe, 1990). According to Anderson, Jain and Chintagunta (1993) perceived sacrifices are sometimes

described in monetary terms. There are also other definitions that describe sacrifices more broadly, for instance as time and effort needed (eg. Komulainen, Mainela, Tähtinen and Parhi, 2005). Customer perceived value was studied by Komulainen, Mainela, Tähtinen and Ulkuniemi (2004) and Komulainen, et al. (2005) in the context of mobile advertising services. They argue for a dynamic view of value as a multi-dimensional and time-sensitive perception with past, present and future dimension, i.e. expected, realized and potential perceived values.

Within the IMP tradition, Ford and MacDowell (1999) discuss relationship value. They stress, in line with other authors, that it is often unclear what is judged as relationship value. Mandjak and Simon (2004) identified common elements in different authors' views. According to them, the value of business relationships has an important motivational role. Furthermore, a relationship provides some kind of value for both parties. Values have to be understood according to the parties' own interpretations and perceptions. Thus, they can be different regarding both their objects and their importance. As the authors put it, a relationship is a value creating process and it ensures the distribution of values between the parties. This is in line with the notion that a long-term relationship delivers more value than the sum of the individual values created by each one of the organizations (eg. Borys and Jemison, 1989; Thorelli, 1986).

Biggemann and Buttle (2005) identified four types of relationship value in an empirical study conducted by interviewing over 50 people from 15 different companies from a number of industrial sectors. These are personal values, financial value, knowledge value and strategic value. Ford and MacDowell (1999) define personal value as value connected to individual's personal beliefs while Barnes (2003) integrates personal value to those forms of value that are more central to the feelings and emotions of the customer. Barnes observed that customer relationships are special emotional constructs, in which value is reflected in forms that extend beyond retention and repeated buying. Forms of emotional value include shared history, values, goals, interests, beliefs, sense of commitment, reliance, social support, intimacy, interest, respect and trust.

Biggemann and Buttle (2005) identified four various forms of financial value. First, there is a belief that customers would be willing to pay more in a long-term relationship. Second, there is the suggestion that close customer relationships represent an intangible asset that can be money-valued when a business is put up for sale, rather like goodwill. The third is the belief that quality relationships help companies meet budgeted targets. The last form of financial value is the most widespread observation that close relationships lead to increased business opportunities and improved efficiency, particularly as a result of better planning.

Knowledge-based value of relationships include value that is created in knowledge creation and transference in such forms as generating new ideas, innovation outcomes, sharing more detailed information and gaining market intelligence to respond to demands better.

Strategic value results from the increased stability and decreased uncertainty that relationships provide to parties involved, thus enabling them to extend the time horizon in planning. Another strategic value, extended network connections was, according to Biggemann and Buttle (2005), first identified and named by Anderson et al. (1993) as Anticipated Constructive Effects on Network Identity.

Biggemann and Buttle (2005, 3) noticed that "relationship value is not always perceived in a common way because of the socially constructed nature of relationships. Relationship value is ultimately evaluated in the historical context of the focal relationship, other relationships, and expectations of the future." The authors statement is in line with Komulainen et al.'s (2005) argument.

Biggemann and Buttle (2005) also discuss the influence of context on the perception of value and state that the context in which relationships are created together critically influences the value that parties assign to the relationship. Next, we take a short look at the literature on intermediary organisations in their context.

## **Intermediary organisation**

The concept of intermediating emerged in the 1980s when needs for strengthening technology transfer, commercialisation and innovative business were discovered. Usually it is referred to when describing organisations and actors that act as intermediaries between both business and research organisations and business. (Valovirta and Niinikoski, 2004) In innovation environments intermediating is an integral part. Networks are needed to both produce and launch innovative products and services efficiently and to transmit information between the actors more effectively. (For more about intermediating, see Tommila, 2005).

According to Ståhle, Smedlund and Köppä (2004) intermediary organisations can be defined in two ways in innovation environments. A narrow definition describes intermediaries as information transmitters. The broader one covers both the information transmitting related to the substance and the direct and indirect influence that the intermediaries have on the structure and dynamics of their environment.

In innovation environments the role of the intermediary organisation is linked to the levels and components the innovation environments consist of. On a regional level the dynamics component is the key focus and efforts are made to create unified strategies with a city or some other regional actor as a network coordinator. Lately, cluster thinking has gained ground and this has led to regionally specified strategy building. Substance matters are approached and the knowledge is developed on the micro or focal level. The intermediary organisation can produce services for the companies in the area, for instance, financing, planning services and risk management. All these services support intermediaries' role as a coordinating entity thus facilitating the production processes of the innovative networks. (Ståhle et al, 2004). (For more about intermediary organisations, see Mittilä, 2006).

In the last years regional development organisations have established organisations to help new entrepreneurs to start up their business or to help already existing SMEs in their development projects. The ultimate purpose is to develop the regional business life by the means of new business. These incubators will be discussed next.

## **Incubator**

According to Abduh, D'Souza, Quasi and Burley (2007) a business incubator or business incubation program can be seen as an enterprise development strategy aimed at accelerating the process of formation, development, and survivability of new enterprises in a community. Business incubators or business incubation programs have emerged as an important strategy for enterprise development at the international level (OECD, 1999; United Nations, 2000). The first incubators were established in New York in 1970's ([www.nbia.org](http://www.nbia.org)) According to Hannon (2004) it has been suggested in UK that the foundations of incubators emerged out of the growth of managed workspace and enterprise centres in the 1970s and 1980s.

Researchers have conducted a number of studies concerned with the services that business incubators offer to their customers (eg. Dowling, 1999; Gardner and Kenyon, 1994; Tornatzky, Batts, McCrea, Lewis and Quittman, 1996). The studies suggest that business incubators offer a wide range of business assistant services ranging from tangible, e.g. physical facilities and office equipment to such intangible services as emotional support, from direct counselling by incubator management to interaction with other customers and bridging connections and networks to business people outside incubators. Abduh et al. (2007) classify incubator services into three main groups that are facilities related services, counselling and business assistance related services and accessibility to incubator networks.

Hannon (2004) studied the environments within which incubation takes place and their descriptors as used across the industry. His paper proposes a classification of incubation environment types based upon a qualitative approach to understand the incubation marketplace through its language, specifically the application of metaphor. Hannon introduces three environment-types. A germinator provides a protective environment for the germination of a new plant life. An incubator provides a protective environment for the early growth of new plant life. The third type, accelerator, provides a controlled environment for rapid growth. Hannon also characterises management capabilities against the three incubation environment-types within a business incubation context. A germinator's role is the management of facility or programme to ensure regular flow of business ideas, latent entrepreneurs and proposals for new ventures. An incubator's role includes the management of facility or programme to ensure seedling growth into healthy young plants. Accelerators manage the facility or programme to ensure accelerated rates of growth in excess of natural processes and resource inputs.

According to Abduh et al. (2007), little is known about the contributions of incubator programs to and from the customer's perspective. In a survey during the period of 1997 to 2001, conducted among (nascent) founder managers and graduate (technology) students who participated in a university programme which was conceptualised as a facilitation method, not a physical premise, Eriksson and Gjellan (2003) found that all the participants of the incubation programme were successful in developing their business plans. Of the nascent founder managers 76 per cent transformed into successful founder managers in technological terms. The founder managers classified themselves as "moderately" successful in commercial terms. The participating students reported to have increased their start-up competence and to have received valuable start-up team experience. Moreover, they also increased their entrepreneurial motivation.

Abduh et al. (2007) studied how the customers rate the importance and the effectiveness of individual types of assistance services provided by their incubator programmes. They also investigated whether the customers were satisfied with the services provided by their business incubators. Furthermore, they studied to what degree the customers were satisfied or dissatisfied with the individual types of incubator services. Their general conclusion was that the customers of incubation programmes hold favourable perceptions with regard to the usefulness of most of the services items examined. The customers' perceptions of the performance of incubators in terms of providing services were relatively low for almost all types of services. As to the satisfaction<sup>1</sup> or dissatisfaction of the customers the researchers found gaps between the expected level of services and the ability of incubators in providing the services.

In the following case perceived customer value is studied in a Finnish regional development incubator context by looking at a triad that includes an intermediary organization and two of its customers.

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<sup>1</sup> Abduh et al. (2007) note that issue of satisfaction/dissatisfaction is a complex one. Other researchers have repeatedly witnessed conflicting survey results of high satisfaction scores correlating with declining market share (Gale, 1994; Jones and Sasser, 1995). Cross (1997, in Eggert and Ulaga, 2002) has called for the replacement of the satisfaction construct by the value construct as a better predictor of outcome variables in business markets. Eggert and Ulaga provide an overview of major conceptual differences between the satisfaction construct and customer perceived value. According to them, both constructs aim at different directions. Customer satisfaction measures how well a supplier is doing with their market offering, as perceived by the existing customers. The customer value construct, in turn, points at future directions with strategic orientation aiming at assessing how value can be created for customers and by which means a supplier's offering can best meet customers' requirements.

## The case

The case data was collected primarily by theme interviews. The business development manager of the incubator was first interviewed in April 2006 and thereafter discussed with in many occasions. The customer respondents were interviewed in March 2007. From the company later referred as Senior, the managing director and the communications manager were interviewed in a joint session. The managing director of the company later referred as Junior was the interviewee in the other customer interview. Additional data concerning the case was acquired from the companies' Internet sites. The preunderstanding of the phenomena stems from the researcher's experience as a member of the guiding board of Media Club, the predecessor of the current incubator.

The interviews were digitally recorded and computerised with the Olympus DSS Player Pro program. In the analysis, the recordings were listened to several times and partly transcribed under the themes to identify typologies and to classify the answers.

The case region Tampere promotes a diverse and controlled cluster-based specialisation in the following fields: information and communication technology (in Hermia Ltd.<sup>2</sup>), health and biotechnology (in Finn Medi –Research Ltd.<sup>3</sup>), mechanical engineering and automation (in Hermia Ltd.) expertise-intensive business services incl. media and communication (in Professia Ltd.<sup>4</sup>), and tourism (by City of Tampere<sup>5</sup>). Furthermore, there exists a centre of expertise<sup>6</sup> for conference and meeting industry (Tampere Convention Bureau Ltd.<sup>7</sup>).

The case supplier is an intermediary organization Professia Ltd, a consultancy and a development company specialised in service business. It was established in 2002 to counterbalance the technology-oriented Hermia Ltd by the city of Tampere, University of Tampere, Finnvera and The Finnish Venture Capital Association (FVCA)<sup>8</sup>, all parties having equal shares. In March 2006, the company merged with Media Tampere, another local developer organisation. This merger brought four private companies to the shareholder portfolio.

Professia operates in three lines of business on a project basis. It a business consultant for municipalities and specialises in the development of local government service processes. Second, the company offers business development services. Professia runs one of the three incubators in Tampere. A third line of business is the running of Tampere International Business Office, TIBO, which provides information about the region, assistance, contacts and solutions for foreign business entities considering setting up business in Tampere.

Professia offers business development services in collaboration with its partners. It evaluates the development potential of pre-seed companies. It supports the utilization of service

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<sup>2</sup> see [http://www3.hermia.fi/in\\_english/](http://www3.hermia.fi/in_english/)

<sup>3</sup> see [http://www.finnmediresearch.com/in\\_english/](http://www.finnmediresearch.com/in_english/)

<sup>4</sup> see <http://www.professia.fi>

<sup>5</sup> see <http://www.tampere.fi>

<sup>6</sup> The task of the centres of expertise is to use internationally competitive knowledge and skills as a resource for business activities, the creation of new jobs and regional development. For more, see [http://www.oske.net/in\\_english/centres\\_of\\_expertise/](http://www.oske.net/in_english/centres_of_expertise/)

<sup>7</sup> see <http://www.tampere.fi/conventionbureau/bureau/>

<sup>8</sup> The goal of FVCA is to develop private equity and venture capital as an industry and promote the interests of its members in Finland. FVCA is a member of the European Private Equity & Venture Capital Association (EVCA). ([http://www.fvca.fi/english\\_fvca](http://www.fvca.fi/english_fvca))

business and IT in business as well as the development of technology-based service solutions. In the idea workshop customers get help in the development of business idea or innovation for free. They can test their idea in practice.

The incubator called Promotor offers its services to new or growth companies with sufficient competence base. Services include, for instance, applications of funding, financial calculations, cultivating of the business idea and building of the business plan together with the entrepreneur. After the establishment, a company may enter the incubator by signing a one year incubator agreement with Professia. The agreement includes the goals of the collaboration and the responsibilities of both parties. The company has to be located on the premises managed by the incubator. Companies can apply for financial incubator support from the local TE-Centre<sup>9</sup> for 12 months. It is intended to cover a part of the incubator costs and some expenditure on business.

Services offered to the incubator's customers are regular meetings and advisory and consulting in different areas of company's business development. Also services concerned with the election of suitable premises for starting companies and the placement of a company are available. After the incubator agreement, the relationship between Professia and former incubator customers may continue in various forms and at different levels.

From the two customers, case company Senior is a former customer of the Media Club<sup>10</sup> incubator that operated on the premises of Media Tampere. Case company Junior is a contemporary customer of Professia's incubator. The companies were selected to gain understanding of the perceived customer value of the incubator from different time perspectives. Senior's value perception reaches a longer period of time than that of Junior.

### *Senior*

Senior is a marketing communications agency, established in 1999. It is specialized in company image building and reputation management. They offer advertising agency services, communications agency services and digital communications services. Today, the company employs six persons and serves about 80 customers yearly.

The enterprise started as a cooperative of 16 persons who studied at the Tampere University of Applied Sciences. In the new program in entrepreneurship and marketing students carried out business projects for company customers in Pro Akatemia. In 2002, four of the students started to work as fulltime entrepreneurs. To cultivate their business they utilized the services of Ensimetri<sup>11</sup>, Venture Cup<sup>12</sup> – course organized in connection with the Venture Cup competition (in which the company did not participate), and TE-centre. They were also accepted to enter the Media Club incubator as one of the first three enterprises.

The company's business plan was cultivated during the Venture Cup course. From the TE-centre and Ensimetri the entrepreneurs received valuable discussions and back-up, evaluations and calculations as well as different feedback. TE-centre also helped in the process of

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9 9 TE-Centres were established in Finland in 1997. They are centres of expertise concerned with the development of industries, human resources labour force, rural issues, technology and export. For more, see <http://www.te-keskus.fi/web/ktmtyht.nsf/FrameSetENG?OpenFrameSet>

10 New Media incubator Media Club was established in 2002, financed by the Tampere University of Applied Sciences, The City of Tampere and the focal Employment and Economic Development Centre (TE-Centre). A couple of years ago Media Club incubator merged with Professia's incubator.

11 Ensimetri is a service centre where people interested in setting up their own businesses can investigate the feasibility of their enterprise ideas. For more, see [http://www.ensimetri.fi/in\\_english/](http://www.ensimetri.fi/in_english/)

12 Venture Cup is a business plan competition that helps students, researchers and others to take their business idea from concept to actual startup. For more, see <http://frontpage.venturecup.org/>

changing the company form from a cooperative to a limited company. According to the interviewees this was a learning process for both parties.

The benefits perceived from the services offered by Venture Cup, TE-centre and Ensimetri were that they compelled to focus on the development of the business and on schedules and time resources. Furthermore, the services offered focused help to the company's focal problems.

As one of the first companies in the Media Club Senior and other customers had a pioneering role as to the functional form and collaboration between parties. The incubator management and the companies challenged each other. Thus, both parties had to expose themselves to risk. Much energy and effort was dedicated to the general development of the incubator.

The benefits of the incubator mentioned by the interviewees were the physical premises and service infrastructure in the city centre, access to the contacts and networks of Media Club and Media Tampere, physical closeness and sense of community in addition to the visibility gained through Media Club's communications.

The services offered by the incubator were different expert services, i.e., consulting at the company level as well as educational events at the general level. Education included, for instance, such a theme as intellectual property rights. The educational events were sporadic. There was no incubation/incubator program. During the incubator agreement the development of the company was checked and discussed in monthly meetings with the incubator host. Furthermore, the company got help in making applications and filling forms. Media Club also assisted the company by offering possibilities to introduce themselves to different stakeholder groups and by informing about available services. In addition, Media Club arranged some events as a part of e-Tampere project where the entrepreneurs had the opportunity to network with potential customers and other stakeholders. Otherwise, the club did not provide customers apart from some projects. However, it was a good advocate and spread positive word of mouth.

Senior, due to its history, already had customers when entering the incubator. During the time in the incubator, entrepreneurs developed the business and established new customer contacts. Some of the current public sector customers stem from the contacts created in the incubation phase of the company.

Relationships with other incubator companies developed mostly between the first three customers due to the similarity of business and the pioneering status. Also the location on the same premises helped the daily interaction. The respondents did not experience any competition between the companies because they focused on their own business. Later newcomers, especially those which were located in another building, even though in the near distance, did not become that close to the interviewees. Their lines of business were also somewhat different from the incubator's first customers.

Today, Senior takes part in such alumni operations of the contemporary incubator Promotor as the updating of the business plan, strategy development and discussions. They appreciate the dialog with the incubator's personnel. The relationship with the host of the current incubator Professia is mutual in the sense that Professia is Senior's customer. Furthermore, Senior maintains connections with its alma mater, especially with Pro Akatemia. It provides coaching for new entrepreneurs with the Pirkanmaa Federation of Enterprises. At the individual level, the respondents maintain business relations created in the incubator phase with many individuals in different companies and organizations. They discuss about the bid for tenders and other issues. Some relationships have turned into personal relationships. The respondents also maintain relationships with other companies that were in the incubator club at the same time.

*Junior*

The story of Junior started from a product idea. Three students with different skills started to develop a web service called Initiative Channel. In 2005, the current managing director of the company (the interviewee) contacted Professia to study the business possibilities of the product. They seemed bright and in 2006 the business plan was further developed. Also the incubator support application to the TE-Centre was made during this time. The limited company was established in autumn 2006 by four shareholders. Three of the shareholders work in the product development team while the fourth one's input is the help he can provide with his connections and networks.

Junior's one year agreement with the incubator started at the beginning of 2007. The incubator provides the company with working premises and infrastructure (excluding computers) in addition to the visibility and access to Professia's contact networks. Incubator serves the company with the monthly follow-up of company's activities and development. The respondent mentioned licensing, agreements, financial management and legal issues as areas where advice and help is offered.

In spring 2007 Junior's activities focus on product development which is expected to continue till the autumn of the year. The product is a modular solution which can be tailored to different customers' needs. Because of the state of the business, the main emphasis of networking and contact building is on actors needed to help the product development. The company collaborates in product development with a company located in Hermia's incubator. Together they will apply for funding from Tekes<sup>13</sup>. Here they will get professional help from their incubators.

The company is involved in a project of the Ministry of Education to test their product on the public sector. Later the year, the company is going to look for a partner from the private sector to conduct a pilot project to test the product. Names of some potential partners have come up in the discussions within the incubator. However, establishing relations and relationship is the task of the company itself. Here, as in all activities, the company is responsible for the development.

Junior has not yet contacted the other customers of the incubator due to the fact that resources are used with the collaboration parties outside the incubator.

For the time being, the future of the company after the incubator phase has not been thoroughly thought through from the business perspective because the focus is still on the product. However, it is expected that the three product development team members will have full-time occupations in the company by the end of the incubator year. According to the interviewee, the company is going to physically disengage from Promotor after the incubator agreement is over. Still, no discussions about the future after the disengagement have been conducted with Promotor.

## **Customer perceived value of the incubator**

### *Expected and realized value*

The main value perceived from the Media Club incubator by Senior seems to be the feeling of security when taking the first steps as full-time entrepreneurs. Incubator as such created competitive advantage for the company, for instance, by offering publicity and visibility. In

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<sup>13</sup> The National Technology Agency (Tekes) independently promotes and coordinates R&D projects and programmes. See <http://www.tekes.fi/eng/>

addition, the development of own company and competences during the incubator phase accelerated the creation of the company's competitive advantage.

In Junior's case the expectations that also have been fulfilled by the incubator, according to the interviewee, were the possibility to utilize Professia's contacts, the visibility gained and the back-up security. Junior's entrepreneurs also value the possibility to work fulltime and thus to speed up the product development.

The financial support by the TE-Centre was evaluated by Senior to have helped but not to have been of critical importance. It ensured a "soft landing" by allowing the company to properly organize its income formation. According to Junior, the financial support of TE-Centre is 45 % of the incubator costs. It is paid in four parts that have to be applied for. Therefore, the company has to finance the rest of the costs in different ways. It requires time and effort to find pilot customers, to create and maintain important contacts and relationships, to look for additional funding etc. The entrepreneurs have to sacrifice their extra time for all this. However, the respondent sees that the incubator has made it possible for the entrepreneurs not to have to take big loans.

The value of the premises and incubator services to Senior was so high that the company stayed on the same premises after one year's incubator agreement until it moved to larger premises at the beginning of 2006. In the interviewees' opinion the location of the incubator club was good. The interviewees also valued the daily contact and physical closeness of the Media Club's post incubator services. At this phase Senior also bought consultation services from the club. The value of the premises and incubator services was mentioned by Junior, too. The physical closeness to the service provider enables the daily interaction and contacts which has value for the company. Also such facilities as the negotiation rooms are valued.

#### *Potential value*

The interviewees raised the question about the role of the experts and professional services of the case incubator(s). As discussed earlier, there was (and still isn't) an incubator program. The successful utilization of the incubator as well as other intermediary services is dependent on the company's own activity. In the respondents' opinion, the incubator could add value to its customers by offering a development program with, for instance, the TE-Centre. Another idea for service development is a calendar where all the regional education and training is collected and offered to incubator and post incubator companies. The incubator could take a consulting role and recommend courses to companies.

## **Discussion**

Hannon (2004) proposes a classification of incubation environment types into three environment-types. In Professia's case, all the types occur within the same organisation. Germination services are offered to customers, some of which later enter the incubator. Other customers may enter the incubator to accelerate their growth.

Abduh et al. (2007) classify incubator services into three main groups that are facilities related services, counselling and business assistance related services and accessibility to incubator networks. All these services were found in our study, too. In the studied case, facility services were compulsory to the customers, the core of the incubation. However, there are incubators that allow their customers to locate apart from the incubation service supplier. If so, groups of services may be emphasised differently from our case. A new finding in this study was the supplier's after incubator services which offer the customers a possibility to continue the relationship with the supplier after the predetermined period.

Barnes (2003) integrates personal value to those forms of value that are more central to the feelings and emotions of the customer. In the study, the issue of back-up and feeling safety

during the incubation came up in both interviews. On the company level these personal feelings form a shared experience which will be labelled as safety value here.

From Biggemann and Buttle's (2005) various forms of financial value the belief that customers would be willing to pay more in a long-term relationship is not relevant in the context of the study because of the nature of the relationship. Also the suggestion that close customer relationships represent an intangible asset that can be money-valued when a business is put up for sale, is not an issue. From the customer perspective Senior's representatives stated that incubation relationship belongs to the history. The belief that quality relationships help companies meet budgeted targets realized in the customer cases though the deadlines and follow-up of the incubator and other important stakeholders. The last form of financial value, the observation that close relationships lead to increased business opportunities and improved efficiency, was found also in this study. As a matter of fact, this value seems to be the driving value of incubation.

Another basic value of incubation is knowledge-based value. Incubation is a learning process for the customers. Value is created in dialogue between customers and consulting professionals as well as network parties, by utilizing education and events offered by the incubator etc.

Strategic value results from the increased stability and decreased uncertainty that relationships provide to parties involved, thus enabling them to extend the time horizon in planning. In Senior's case the interactive working culture and team work adopted in the incubation is a strategic benefit that is greatly valued in the company. Another strategic value, extended network connections, has realised in Senior's case to the extent that some contacts created while in the incubator have developed into company's customer relationships.

The main finding of the pilot study was the safety value perceived by the respondents. Financial value and knowledge or learning value were also identified in the study. Strategic value materialised in competitive advantage during the incubator period as well as an outcome of the incubator relationship.

## **Conclusions**

In the new economy, business incubators or business incubation programs have emerged as an important strategy for enterprise development at the local regional as well as at the international level. The increased collaboration between government, universities and business in regional development has given birth for many intermediary organisations that strive to create and accelerate successful business and enhance the competitive advantage of the region. Initiated by the public sector, these new actors strive to create value for the community as well as value for customers. As the pilot study revealed, different needs of customers are fulfilled by intermediary organisations' different tasks incubation being one of them.

The main finding of the pilot study was the safety value. Strategic value materialised in competitive advantage during the incubator period as well as an outcome of the incubator relationship. For further understanding of regional incubation, different incubators and different customer relationships they need to be studied both from the supplier's and from the customer's perspective.

All in all, research on hybrid networks, relations and relationships with parties from private and public sector is still in its infancy. To better understand the value of different intermediary organisations and their services for business customers, a wide research area is to be covered in the future.

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