

INTERACTED SERVICE IN BUSINESS NETWORKS

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Abstract

This paper builds on developments within IMP research and within the literature on Service Dominant Logic and advances the idea of *interacted service* in business networks. Interacted service involves specific and often multiple problem-coping by, for and between business actors. The paper discusses the value of the concept of interacted service and presents an empirical illustration that involves manufacturers, retailers and consumers. The paper draws conclusions about the idea of interacted service within a network of interdependent companies and presents theoretical and managerial implications.

Keywords: Interaction; service; value; networks.

INTRODUCTION

This paper forms part of an attempt to develop a conceptualisation of *interacted service* in business networks. Interacted service involves specific and often multiple problem-coping by, for and between business actors. For example, the development of chilled ready-meals involved retailers, packaging suppliers, growers, food producers, distributors and consumers working together. This development enabled retailers to offset margin reductions, packaging suppliers and distributors to develop their technologies, food producers to enhance their offerings. It also provided growers with more predictable demand and enabled consumers to cope with some of the problems of a busy lifestyle. In this development process:

Each of the actors received service of value to them through their interactions with others and through interactions in which they were not directly involved, some of which were incidental to their operations and some in which others acted on their behalf.

Similarly, each of the actors provided service to others through their direct and indirect interactions.

Each service was not defined by what was done by the actors in terms of products delivered, advice given, “services” rendered, but by the way that the service coped with one or more specific problem of the recipient.

This conceptualisation of interacted service is based on the IMP view of the business landscape as a network of interconnected but unique interaction processes that involve *reciprocal* problem-coping under conditions of uncertainty¹. Each of these interaction processes is likely to involve adaptations to aspects of the activities and resources of both of the actors and to the actors themselves (Ford and Mouzas 2010).

The conceptualisation also build on literature on Service Dominant Logic that has attempted to re-orientate the theory and practice of marketing away from an emphasis on goods and towards one of service delivery and value creation (Vargo and Lusch 2004, 2006). The S-D Logic approach is largely restricted to the idea of service delivery as a one-way process from supplier to customer that may involve the customer in value-creation. SDL does not analyse what is provided by customers for suppliers, other than the transfer of revenue between them. However, a business landscape of unique problem-coping interaction processes would seem likely to involve potentially complex “service provision” and value creation *by* customers *for* suppliers as well as vice versa. At the same time all actors in the business landscape are simultaneously customers and suppliers and are, therefore, likely to be involved in service provision for both their customers and suppliers. Similarly, the connectivity among interaction processes within a business network and the importance of remotely located activities and resources to all actors mean that the receipt and provision of services is likely to be a process that stretches across the business network rather than one that is confined within dyads (Ford 2010).

¹ For a shorthand, we refer to just problem-coping within the paper.

We provide empirical evidence in this paper of the inherent connectivity of interaction processes by presenting real-life episodes in the context of manufacturer-retailer networks and develop an interpretation of the interactive service provision by using analytical tools advanced in the context of service provision in business networks. The structure of the paper is the following: First, we start with a review of service provision in the context of business networks to develop a conceptual foundation. Second, we then move on to discuss the Service Dominant Logic (S-D Logic) approach to understanding service in a business landscape. Third, we concentrate the theoretical discussion on the value of interacted service and demonstrate that the value of service is not confined to a single business actor as receiver. Fourth, we present a case study that involves manufacturers, retailers and consumers. Fifth, we discuss the empirical evidence by using conceptual tools discussed in the theoretical part of the paper. Finally, we draw conclusions about the idea of interacted service within a network of interdependent companies and discuss theoretical and managerial implications.

SERVICE PROVISION IN BUSINESS NETWORKS.

IMP's ideas of business interaction (Hakansson 1982, Hakansson and Snehota, 1995, Ford et al 2002, Hakansson et al 2009) have important implications for views of the nature and practice of service both in general and in the particular case of business between companies. Some of the characteristics of the interacted business landscape that affect ideas of service may be outlined as follows:

Problems and uncertainties: Business interaction is driven by the particular problems and uncertainties of actors rather than the characteristics, merits or relative advantage of what may be provided by one party to the other. The process of problem interaction is influenced by the respective uncertainties of the counterparts (Håkansson, Johanson and Wootz, 1975, Ford and Håkansson, Håkansson and Ford, 2002, Ford and Mouzas 2010).

Dyadic and reciprocal: Problem-coping business interaction between any two business actors is driven by the problems and uncertainties of both of them. It involves reciprocal coping whether conscious or unconscious both simultaneously and sequentially (Ford, Håkansson and Johanson, 1985, Ford 2010). The conscious attempts by business actors to address their own and/or their counterparts' problems and uncertainties have been termed "networking" (Ford et al 2002)².

Multiple actors and multiple problems: Interaction processes may be broad or narrow depending on the range of problems that are addressed within them. These problems and uncertainties may be those of a number of different individuals or subgroups (Turnbull, 1979; Belbin, 1993; Araujo, 1998; Dubois, 1998; Bowman and Narayandas, 2001; Dekker, 2004; Wilkinson & Young, 2002; Baraldi & Waluszkeski, 2007; Bocconcelli & Håkansson, 2008; Emsley & Kidon, 2007). The intensity of interaction will vary depending on the attention devoted to coping with some or all of those problems or uncertainties (Ford et al 2002).

² Networking has been examined within existing interaction processes involving choices between to conform or confront, between processes: consolidate or create and in terms of interaction approaches : coerce or concede. This latter pair of choices relates closely to choices between teaching and learning, leading and following that are heavily involve in service (Ford et al 2002, Håkansson et al 2009)

Specificity in space and time: The problems and uncertainties of business actors are unique to each interaction process and are time-specific. The evolution of problems and uncertainties takes place within the particular “relationship time” of each process (Mouzas & Ford 2009). Relationship time is often recursive and observable through a continuing cycle of episodes and evaluations. Relationship time may be fast or slow and different relationships may be in phases of inertia, development or redevelopment at any time (Ford & Rosson 1982).

Subjective attention: Business interaction is driven by the subset of problems that actors choose or are influenced to address at a particular time and by their current uncertainties, rather than by the objective urgency or importance of those problems (Håkansson et al 2009).

Substantial Interaction: Problem-coping business interaction is not restricted to information, negotiation, advice or the transfer of product/services. Business interaction is a substantial process and is likely to involve over time the adaptation or transformation of aspects of the activities and resources of either or both counterparts and of the actors themselves (Håkansson et al 2009), leading to their interdependence (Thomson, 1967; Richardson, 1972; Gadde & Håkansson, 2001, Håkansson et al 2009). Thus, both individual and corporate business actors may be considered to be the outcomes of their respective interaction experience and particularly of their most significant relationships (Goffman, 1959, 1967; Blumer, 1969; Dubois 1998; Håkansson and Ford 2002, Skarp, 2006).

Interconnected processes: Each interaction process forms part of a pattern of interdependencies that stretch across the business network. Problem coping in anyone process involves the resources and activities of the actors directly involved in it. This problem coping involves activities and resources included in other interaction processes and is interconnected with problem coping in those processes. IMP research has used the concepts of mutuality, particularity, jointness and reciprocity to examine these interconnections (Ford, Hakansson and Johanson 1985, Ford 2010). It has been suggested that the extent of business interdependence means that the activities and resources within a company or dyad are less for that company and its associated interaction processes than the activities and resources to which they are connected across the network ((Granovetter 1985; Powell 1990; Burt 1992; Castells, 1996; Uzzi, 1997; Podolny, 1994, 2001; Halinen *et al.*, 1999; Möller & Svahn, 2006, Hakansson et al 2009).

Products, Services Offerings and Solutions: Business interaction often involves actors in the transfer of an offering that incorporates a combination of physical products and “services”. This combination may contribute to a counterpart’s attempt to cope with one or more of its problems (Ford et al 2002). This combination of products and services depends on the resources and activities of the interacting counterparts, on how they are combined and how they evolve and are adapted within interaction (Krugman, 1991; Håkansson & Snehota, 1995; Lundvall, 1988; Leonard-Barton, 1992; Lundgren, 1994; Laage-Hellman, 1997; Malmberg & Maskell, 2002).

SERVICE DOMINANT LOGIC

There is considerable commonality between IMP ideas on business interaction and the conceptual development within Service Dominant Logic (S-D Logic)(Ford 2010). S-D logic has drawn on the idea of a business logic advocated by the early economic scholar, Frederic Bastiat (1964/1848), that “*services* are exchanged for *services*”. For Vargo & Lusch (2004) this means that service is provided in interaction *with* customers and more importantly, that goods purchased and used by customers become a delivery mechanism for service (Lusch & Vargo 2006b, pp. 283-4). IMP thinking suggests that what is transmitted to and received by an actor cannot be separated from processes that take place within all of the actors concerned. Thus business interaction cannot solely be described in terms of the product, services, offering or ‘value’ that may appear to be generated by a supplier for (or with) a customer. The production and transfer of offerings is at least a two-way, or maybe a multi-way affair that takes place interactively between actors. More importantly, the IMP view is that each business relationship is based on specific and often multiple problem-coping by and for *both* of the participants.

The S-D logic literature draws a distinction between the plural *services* that refer to a special type of output, an intangible product and the singular *service* that refers to the process of using one’s resources for another entity (Vargo and Lusch 2004, 2006).

We may bring these ideas on service and on the business landscape together in the following view of *Interacted Service*:

Interacted service derives from the particular and evolving problems and uncertainties of all of the involved counterparts, whether “supplier”, “customer” or other. Its content cannot be defined in terms of the physical product or “services” that are transferred between actors, but in terms of the different perceptions of those involved in it. Interacted service is interconnected between actors and between interaction processes and involves the resources and actors of both direct and indirectly involved actors. It arises from continuing interaction and its evolution and outcomes are affected by the networking of all of the involved actors. Interacted service may have value to each of the involved actors at the episodic, the relational and the network levels.

THE VALUE OF INTERACTED SERVICE³

In S-D logic, the “value (of service) is *always* determined by the beneficiary of service” (Vargo and Lusch 2008, p 8). IMP literature extends this idea by suggesting that value would be always determined by the beneficiary in terms of its relation to the specific problems and uncertainties of counterparts and to its effects on the wider interaction processes in which the actor was involved. Thus interacted service becomes a resource for actors in their wider and subsequent interactions. This resource, like others is *heterogeneous* and its form and usefulness is dependent on how and with which other resources it is combined (Håkansson & Snehota 1995). Many companies now hold fewer of the resources that they require for their operations and are more dependent on interacted service from their suppliers,

³ This section is developed from Ford (2010).

customers or development partners. IMP literature uses the concept of ‘jointness’ to capture this interdependence and suggests that a *capability* cannot really be considered a quality of an individual actor but of the interactions between two or more actors (Håkansson and Ford 2002). Further, the extent of business interdependence suggests that the activities and resources that exist within a company are less important than the activities and resources (both service and other) to which it has access through its interactions. In this way, the IMP view of the business actor is as a node in a network of interacted service provided by others and itself, rather than as a free-standing, independent or complete organization.

The concept of interacted service also suggests that value is not confined to one participant as receiver, but that interacted service can be of different value to multiple actors. All *episodes* of business interaction - meetings, whether productive or not; deliveries, whether on time or not; contracts, whether implemented or not; payments, whether complete or not; adaptations, investments and developments, whether as expected or deficient will be interpreted by all of those involved. All episodes may contribute more or less to coping with the particular problems of those multiple actors now or in the future, in that the specific context or in others, thus providing service of particular value for them. Each actor’s interpretations of service value will affect its conscious or unconscious approach to future interaction.

Business networking and interactive service is self-serving. But interactive service involves each actor in service for others in a process of sequential action, reaction and re-reaction by counterparts. In order to achieve their self-serving aims over time, actors are involved in attempts to cope with the problems of their counterparts as well

as of themselves. Thus the *value* to a participant from interacted service is not a characteristic of *what* is involved in it, whether offering, payment or performance. Instead, the value to each actor of interacted service is that actor's interpretation of how the service relates to the specific problems that it is addressing at that particular point in time. We can use these ideas to outline the value of interacted service on three levels, as follows:

Episodic Value: An episode of interacted service may have immediate value for some or all of the actors involved in it, depending on each actor's perception of the episode's contribution towards coping with its specific problems.

IMP research envisages business interaction as a continuing process involving the *specialization* of activities, *path* of resources and *co-evolution* of the participating actors (Håkansson and Snehota, 1995; Håkansson et al 2009). This continuing and often long-term interaction also constitutes service of differential value to the participants that we may refer to as relational value, as follows:

Relational Value: Continuing interaction may provide service of value to a participant depending that participants perception of the its potential contribution towards coping with its current or future problems

Relational value at any one time will depend on the *interdependence* of the counterpart's activities, the *heterogeneity* (or particularity) of their resources and the

jointness of the actors (Ford et al, 1986; Ford and Håkansson, 2006; Håkansson et al 2009).

Finally, IMP research has emphasised the connections between each interaction process and others within the *wider pattern of activities, constellation of resources* and *web of actors* across the network (Ford & McDowell 1999). This leads to a third level of value for interacted service as follows:

Network Value: Interacted service in any single episode or process may provide value to actors in other interaction processes and to other actors in connected processes elsewhere in a business network.

All actors face trade-offs between gaining and contributing short-term or episodic-service and longer-term relational value and all actors also face trade-offs between achieving effects in their own different relationships or in those to which they are not directly involved. No business actor is independent in any of its interactions and no interaction process operates in isolation from others. All service is interacted. So each actor in any process interacts on the basis of its jointness with others across the network. Hence episodic, relational and network value are dependent on the respective jointness with others of the participating actors.

EMPIRICAL STUDY

Methods and Setting

The empirical study investigated interacted service provision in manufacturer-retailer networks in Germany. These networks comprise fast-moving consumer goods manufacturers such as Procter and Gamble, Unilever, and Henkel and grocery retailers such as Wal-Mart, Metro, Rewe and Aldi (Villas-Boas and Zhao 2005; Hingley, 2005). Consumer goods manufacturers and grocery retailers in Germany were chosen for investigation because they are a significant part of the economy; being the largest manufacturer-retailer networks in Europe and generating an annual turnover of €120 billion in a market of 82 million consumers. One of the most intriguing empirical findings during this investigation was the observation that because of the economic interdependence within manufacturer-retailer networks, the primary concern of the manufacturers and retailers was not with the individual products or services but rather with multiple problem-coping by and for each of the business actors to create joint gains. This finding encouraged closer examination of interacted service between three manufacturers and two major retailers as well as a group of other retailers. By using case study research methods (Tsoukas, 1989; Ragin, 1992; Easton, 1998; Halinen and Törnöos, 2005; Gibbert, Ruigrock and Wicki, 2008), the research looks at interactive processes of service provision. The interviewees included business managers such as Business Unit Directors, Category Managers, Information Technology Managers, Sales Directors, Purchasing and Supply Directors, Key Account Managers. The unit of observation and analysis that bounded a 'case' was the grocery network of laundry and cleaning brands. We logged our field

observations (including impromptu chats and meetings) shortly after they occurred into a self-devised field-tracking system. These were entered into a “chronological events list” and served as a filter or index to the wider set of observations. This was crucial in the collection of empirical evidence because it helped us to carry out a closer examination and triangulation of primary data. We also made periodic entries into a field diary to supplement the collection of more formal material about the agreements gathered; these diary entries also provided reflections on the research as a whole.

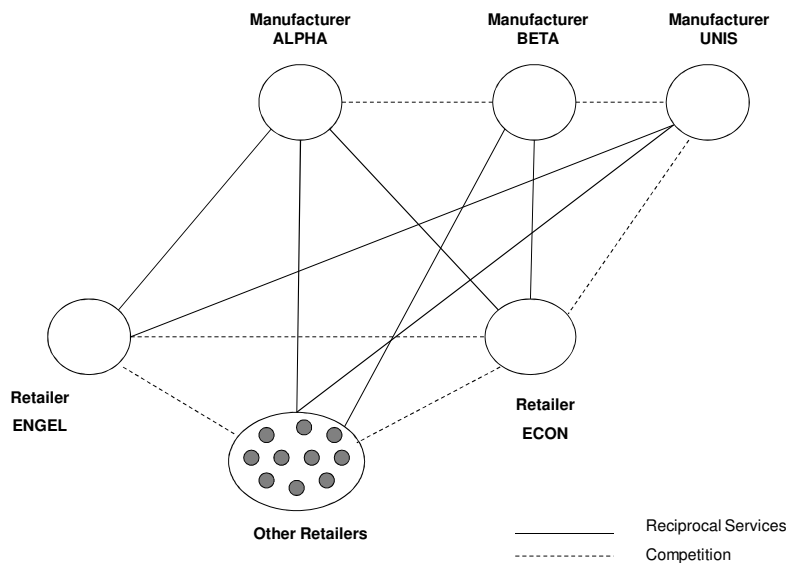
AN ILLUSTRATIVE CASE: INTERACTED SERVICE WITHIN THE GROCERY NETWORK

This case provides examples of interacted service in a number of connected episodes and interaction processes involving manufacturers, consumers and retailers.

Figure 1 illustrates the part of the network under discussion⁴. Alpha, Beta and Unis are three multi-national producers of laundry and cleaning products. Engel is a grocery retailer with a focus on large hypermarkets (greater than 4000 square meters), whilst Econ is a grocery retailer with a consistent focus on aggressive discount outlets and own-labels (1000-2000 square meters).

⁴ The names of the companies are disguised to ensure confidentiality

Figure 1: Manufacturer-Retailer Network



Manufacturer Alpha's flagship laundry detergent Proto faced the problem of sales and market share declines during the 1990's while Beta's major brand was market leader with 30 per cent market share. Manufacturer Alpha blamed its decline on the absence of superior service that was able to generate strong consumer interest and trade support. In search of a big idea, manufacturer Alpha examined the option of trying to re-develop Proto's customer-base by reorienting its offering to cope with the environmental concerns of consumers and the wish of retailers to be or to appear to be environmentally friendly. This idea had originally emerged during interactions with retailer Engel. Engel's environmental concerns dated back to the late 1980's. At that time retailer Engel had exercised enormous pressure in its relationships with detergent manufacturers for them to produce phosphate-free detergents.

To check the attractiveness of this approach to consumers, manufacturer Alpha invested heavily in *ad hoc* qualitative market research. A series of consumer research

studies confirmed that environmentally conscious consumers were prepared to pay higher prices for environment-friendly offerings, but they increasingly valued only tangible initiatives and solutions for environmental problems and rejected empty promises. The results of consumer research, led Alpha to capitalize on the experience of its mother company in the USA, and incorporate the environmental variable into its manufacturing processes and in all aspects of packaging and product development.

Alpha's key account managers and Engel's purchasing managers negotiated in the late 1990's about the listing of environment-friendly brands. The negotiation was focused on the trade allowances for the retailer in return for extending the product range that it lists. Two months after launch, the first Nielsen data on consumer off-takes of the brand were available to all market participants, including manufacturers Beta and Unis. Manufacturer Alpha now extended the launch of a series of new environment-friendly brands to all other retailers, using the available consumer data as supporting evidence in its negotiations. Alpha estimated that if all households would use the environment-friendly detergent, labelled Proto Ultra, then 160.252 tonnes less detergent and less packaging would be released into the environment. Alpha increased its marketing support for Proto liquid and launched an un-perfumed line extension. Finally, Alpha launched refill packs for all its products in response to increasing environmental concerns from consumers and government legislation.

Alpha's managers had not relied solely on the environmental argument in their effort to roll-out their services. Alpha's key account managers introduced the new detergents to retailers by using the following arguments: Firstly, the new products would increase turnover and profit per square metre of store space, both perennial

issues for retailers. Secondly, according to the analysis of off-take data from Engel's scanner terminals, consumers that bought Proto Ultra also purchased a basket of other products that was worth 112 Euro; while consumers of conventional detergents purchased a basket that was worth 61 Euro. For the retailers this meant that Alpha's environment-friendly innovations would also contribute to more volume and profit, and they welcomed the series of line extensions and new brands.

The aggressive initiatives of manufacturer Alpha were first interpreted by manufacturer Beta as a spasmodic attempt to regain their market share. However, Alpha's successful roll-out to other retailers caused anxiety within manufacturer Beta. Beta's most important brand in the laundry and cleaning category, Seco was not only a leading detergent in Europe it was also the brand with the oldest tradition. It was a brand that was a legend and symbol for the company in its relationship with consumers. No one from Beta's senior managers wanted a race for launches and re-launches because they were concerned that this would cause a cannibalization among Seco's sub-brands. However, they felt that in these circumstances they had no other option but to rethink their existing approach.

Beta's managers felt that it couldn't accept the danger of losing market leadership. They regarded the risk of cannibalization among Beta's brands as being more acceptable than the risk of losing their market share due to inertia. In their assessment of options, Beta's senior management emphasized that competitive response should take into account three fundamental needs: Firstly, the need to keep the distinctiveness and uniqueness of Seco's brand positioning. Beta's top management argued that they were still market leader, because the Seco was a detergent that coped

best with the problems of fabric protection and colour fastness for consumers. Secondly, the need to respond if it became evident that competitor Alpha was gaining a share of the market on a sustainable basis. Thirdly, there was a need for real service innovation. After seven months, manufacturer Beta responded with an aggressive 'me-too' approach, but staying very close to their brand positioning philosophy.

The outcome of all these competitive responses was that a huge number of product variations pushed their way on to retailers' shelves. The increased number of new detergents from the two leading manufacturers worried the management of discount retailer Econ, who did not want to lag behind developments. Retailer Econ was also aware of consumer research showing that environmentally conscious consumers bought detergents more frequently from retailer Engel (21 per cent) than from the discounter Econ (11 per cent). But also, a significant proportion of environmentally conscious consumers bought their detergents from specialty shops (17 per cent). Discount retailer Econ recognized that if it wanted to be successful in such a dynamic environment as the laundry and cleaning business sector, then it needed to work with a capable manufacturer with the latest technology who would provide it with competitive private labels.

Econ's purchasing managers examined three options: Firstly, co-operation with manufacturer Alpha. This was immediately rejected because Alpha did not provide private labels as a matter of policy. Furthermore, retailer Econ had never listed Alpha's products in its retail outlets. Therefore, manufacturer Beta was examined as a second option. Beta used private labels as a key to developing business with key retail customers. Their objective in this was not to exploit spare production capacity, but

rather as a necessary way of growing good-will and to intensify ties and co-operation with retailers. They felt that in turn this strengthened the position of their full price brands. But this attitude did not fit in well with the exclusive own-label strategy of retailer Econ. Econ excluded full-price manufacturer brands in order to promote strong private labels. Therefore, manufacturer Beta felt that retailer Econ had attempted to turn manufacturers into mere production subcontractors of their retail operation. According to retailer Econ, the third option with the manufacturer Unis was the preferred choice among all available options. Manufacturer Unis was a successful multinational manufacturer, but the company had captured only a minor share of the market in the laundry and cleaning category. Manufacturing private labels for Econ was seen by Unis as a step towards building up a substantial volume base.

Manufacturers were by now investing heavily in advertising for both conventional and new environment-friendly brands and retailers were under pressure to carry them all. This resulted in overcrowded shelves for detergents and caused friction and conflicts between the retailers' purchasing departments and the manufacturers' sales functions. This situation made the need for transparency and rationalization within existing categories clearly evident. Consequently, manufacturer Alpha started to consider category management with retailers and retailer Engel also conducted a series of pilot projects which were then extended more widely. The objective of these extensions was to reduce the problem of overcrowded shelves and frequent friction between the retailers' purchasing and sales. Retailer Engel also evaluated the option of a new organizational structure that integrated sales and purchasing and which was based on the principle of category management. Within two years, Alpha's approach

to retailers included new elements such as: exclusivity of services, co-operation with retailers' sales managers, development of shopper insight (an intelligence service that examined consumer behaviour at the point of sale) as well as customer and category profitability analysis.

INTERPRETATION

The case study highlights how Alpha sought to re-develop its relationships with consumers by extending or re-orientating the service it provided to cope with the problem of environmental concerns in consumers minds. It identified these concerns through its interactions with consumers using market research. It had become aware of these consumer concerns through its previous interactions in another interaction process with a particular retailer and it was able to provide the service for consumers through taking advantage another of its relationships with its US parent company.

Alpha then faced the problem of gaining shelf space for its products. It sought to receive this service from retailer Engel. This product introduction would provide value to Engel in addressing its wish to be environmentally friendly, but this episode would involve Engel in additional cost and this required Alpha to contribute additional trade allowances. The success of this episode enabled Alpha to gain value in its relationships with other retailers. It was noteworthy that Alpha's interaction with Engel was not restricted to environmental issues: Interacted service is rarely restricted to one problem.

Alpha's interactions with its retailer and consumer counterparts led to problems for its rival Beta in its relationships with retailers and consumers. Beta sought a way to

respond innovatively without altering its basic philosophy as expressed in its previous relationships with both counterparts.

These interactions generated a set of problems for retailer Econ. Econ had well-developed relationships with consumers. This was based on its store-brand and its discount approach that addressed obvious problems for those consumers. The nature of this relationship effectively precluded Econ from stocking high-priced branded goods, so it sought to address its problem by developing relationships with a specific supplier. It would be unable to develop a relationship with Alpha who refused to produce store-brands. Similarly developing a relationship with Beta to provide it with suitable store-brand would not produce longer-term relational value because Beta would want to use their relationship to introduce its high-price manufacturer brands. Hence Econ chose to develop its relationship with Unis. Unis faced the problem of low market share and would gain value from the volume service that Econ could provide and would also reciprocally address Econ's product problem.

Finally, the attempts of each of the participants to address their particular problems by receiving from and contributing service to others led to new problems emerging in their relationships. Product range proliferation raised costs for retailers and manufacturers and confused consumers. The development of category management required interaction between the actors to address their common and individual problems.

CONCLUSIONS

This paper has tried to address the particularities of service in the interacted business landscape by building on previous IMP research and some of the conceptual development within S-D Logic. The idea of interacted service in business networks shifts the emphasis from the characteristics of what is provided by one actor (usually a supplier) to another (usually a customer) to what is received by all counterparts within and through their interaction. What are the theoretical implications of this shift in emphasis?

Firstly, the conceptualisation of interacted service in business networks allows us to view the reality at a higher level of aggregation level. This enables us to move beyond individual services provision and capture the inherent connectivity among interdependent business actors. Secondly, the idea of interacted service transforms our view of process of value creation and appropriation in networks. The value of a service is not confined to one company as the apparent receiver (Vargo and Lusch 2004, 2006); instead, interacted service can be of different value to multiple actors, including the apparent provider. Both are involved in service, both incur costs and both receive value. Third, taking an interacted service perspective allows us to incorporate time and investigate dynamic processes of problem coping. The evolution of problem-coping takes place within a recursive “relationship time” and is, therefore, observable through a continuing cycle of episodes and evaluations (Mouzas & Ford 2009).

For management, the idea of interacted service emphasises the importance of analysing the evolving problems and the uncertainties of actors and the perceptions of

those involved in the interaction. Uncertainty is a faceless topology; inter-subjectivity in the interpretation of problems and solutions is critical. Interacted service also involves a change in emphasis from things – products and services and towards specific actors and to particular episodes and processes. IN embracing the idea of interacted service in business networks, managers would view the value of service triggered in conducive circumstances; that means that service provision in networks takes an interactive form of providing receiving the rationales and resources to cope with problems.

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