

Work in progress paper

Exploring the value of a resource *across* business contexts

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Abstract

Scholars are increasingly recognizing the importance of contextual elements in determining the value of resources in business to business markets. This value, in fact, depends from how resources are used and combined within different interaction contexts. To stress this point, the concept of value *in* context has been recently developed; however, it is quite common that resources move from one context to another one. Given the multiplicity of contexts a resource is used this paper is aimed at identifying the key elements that determine the value in use of a resource *across* different contexts. Empirically, we studied the case of Gottifredi Maffioli Group (GMG), a company that operates in the business of ropes for yachting and which is moving to other business exploring new application of the rope. In particular, we made 47 interviews in the company's business network. The study will find out that considering the value of a resource across contexts implies managing some key elements: technological aspects, meanings associated to the resource, the value for the user, and to activate the network.

1. Introduction

This paper explores which are the key elements when a resource moves from one context to another in order to create value.

In marketing literature it has been largely debated that value should be not referred to the object of exchange. Rather, value stems from the interaction process in the business exchange. Value is not connected to the transfer or exchange of given resources but it is connected to how resources are perceived, used and combined within different interaction contexts (Hakansson, 1993; Snehota and Tunisini, 1993; Hakansson, Tunisini and Waluszewski, 2006; Edvardsson et al. 2011, Vargo and Lusch, 2008). Understanding value and value processes thus requires considering the economic, business, social and cultural contexts in which interactions take place.

The context of interaction matters for value creation from specific resource combinations. At the moment, however, there is not much empirical research on how to manage resources that move across different business contexts. In other words, if value of resources emerges in use, then there is the need to consider more in depth the context where resources are applied.

This paper is aimed at identifying the key elements that determine the use value of a resource across different contexts.

Empirically, we refer to the case study of Gottifredi Maffioli Group (GMG), a company that operates in the business of ropes for yachting. Today GMG is widely regarded both from high tech fiber producers and sailing teams as an innovation platform where new raw materials and extreme applications meet. The company is recently further developing its business and entering new markets, such as tree climbing, design and clothing, but still using its main core resource, the rope.

Over two years time (2013-2014), we made 47 interviews in the company's business network, which include the company, suppliers, business customers, final consumers, potential customers, consultants, and others players.

This paper is in progress as data analysis is not still concluded, but will be done shortly. Illustrations from the voice of the different interviewed people will be added. Comments from reviewers are very welcome to find the best interpretative lens for the case and provide a contribution to theory.

2. Literature review

The importance of resource combining for solution development has been established from a long time now (Tuli et al., 2008): *“The resource dimension is inextricably interwoven with the actor dimension and at the intersection of the actor and resource dimensions is the concept of a solution, defined as a combination of resources that has a meaning for an actor in the sense that the actor perceives it to serve some purposes”* (Cantú et al., 2012: p. 140).

The traditional Resource-Based View (RBV) (Penrose, 1959) has stressed the capacity of companies to access adequate resources for growth, core competence development and competitive advantage. This view implies the heterogeneity of resources, which can be configured in different ways and whose value comes from productive use when combined with other resources (Penrose 1959; Alchian and Demsetz 1972). However, while RBV's emphasis is on resources internal to the firm, further development of this theory have highlighted, more or less explicitly, the combination of both internal and external ones: *“We argue that when knowledge is broadly distributed and brings a competitive advantage, the locus of innovation is found in a network of inter-organizational relationships”* (Powell et al., 1996), and also that: *“by recombining existing elements, entrepreneurs are able to exploit well developed ideas, artifacts, and even people rather than invent new ones. The recombination of existing resources is an act of innovation...”* (Hargadon, 2002: 43-44).

More specifically in marketing literature the IMP (International Marketing and Purchasing Group) school of thoughts, has developed “the resource interaction approach” (Håkansson and Waluszewski, 2002, Baraldi and Waluszewski, 2005), according to which value consists in adapting and relating resources of one actor with those of other actors, realizing resources as embedded and negotiated between firms: The value of a resource depends on its combination with other resources in the network. Resources are combined, developed, exchanged or created by use of others and it is only from complex web of interacting resources that resource interfaces emerge (Håkansson and Harrison, 2001; Håkansson and Waluszewski, 2002). This is not merely a process of putting certain assets together: integration is the incorporation of an actor's resources into another actor's process.

Actors and economic activities are thus characterized by a growing heterogeneity. Thus value is not intrinsic with respect to a specific resource; rather it is the outcome that derives from the participation to certain combinations in the context of reference, where heterogeneous resources, activities and actors interact (Hakansson and Waluszewski, 2012). Value is created from the evaluation, manipulation, and deployment of resources in contexts in which actors are embedded (Chandler and Vargo, 2011). Recently Cantù et al. (2012) also observed that, in the development of complex innovative solutions, each actor acts simultaneously as a provider, who brings resources to the combination, and as a user, who makes use of the resulting combination to solve his specific problem. Actors can be both providers and users of resources depending on the context of reference. From the interaction between these two roles the resource interfaces emerge and the innovative solutions develop.

Starting point of this study is that resources are not given entities; rather actors interpret what a resource is and its potential application according to their interpretative framework and context of reference. This makes the adaptation of a resource in different context a critical process that needs to be properly managed. The effects of such process are relevant as they determine how resources will be combined and which solutions will emerge.

3. The case

Gottifredi Maffioli (GM) was founded in 1926 in Novara by Maria Gottifredi. The firm entered the fishing net market in 1950 and in 1954 was the first to develop the nylon climbing rope used for the historical Italian expedition to K2. At the end of the 70s, GM began to produce twines, braids and ropes with high-tech fibers, debuting in the sailing rope business as supplier of Azzurra, America's Cup 1983.

As time passed by, the experience that GM gained allowed the company to become a leader of ropes supply for professional boat racing. Quality, innovation and esteem for tradition are pillars that add value to Gottifredi Maffioli's solutions.

Over the last years, however, the firm has felt a higher pressure from competitors and substitutes; innovative solutions are introduced in the market and the economic crisis had led to negative fluctuations in sales and revenues. Gottifredi Maffioli has therefore felt the need to reinforce its competitive advantage through the development

of new business areas. This implies the need to reach the necessary flexibility in order to enrich its solutions and, consequently, to enhance demands and brand awareness. The company, which has traditionally operated in a btob setting, will enter btoc markets. The company did some preliminary experiments on that thanks to new applications of the ropes as design installation in a museum in Nice, the production of the after-race shirt and of bracelets with Geneve jewelry, but just as merchandising products.

GM is now considering entering into three new business areas: tree climbing, clothing and design. Among the three, the first is the one that maintains the higher connections with existing company's heritage.

The ropes would be part of new solution development for these businesses and, in particular, since a lot of ropes get wasted after each process, GM is also thinking about recycling them and use for different applications.

3.1 Potential new applications of ropes

Tree Climbing

Tree climbing is a very peculiar activity, which includes the market for outdoor activity organizations, i.e. companies where groups of people can arrange events and hobbies. They buy their equipment in larger quantities and want every piece to have the same level of high quality, especially the ropes have to ensure customer safety.

A more diffused tree climbing activity is the one of professionals like botanists, tree removal and trimming companies. These people have to climb trees for their work and would need very high quality ropes for a daily use.

Gottifredi Mafioli is already very powerful on the yacht market and they are already well known as a sport equipment provider. Plus, they are historically known on the climbing sphere as 50 years ago, a group of people reached the top of K2 for the first time, with Gottifredi ropes. They used to be one of the most leading, innovative companies related to climbing. Right now they are not in that business anymore; 50 years later, they lost that position.

GM has the technology, people and the knowledge to enter this business again. However, efficiency might be a strong factor as the features of ropes that matter in this market relates mostly to diameter, grip, knot ability, structure, colour, weight, hardness and minimal breaking strength.

Clothing industry

A second business context that represents a further opportunity for business development for GMG is to use the ropes in the clothing industry. Rope fibers could be part of swim suits, for instance. Such ropes, which have to be of a soft material, would replace the traditional strings of the swimsuits for both women and men swimwear models. The creation of new clothes based on innovative materials would be based on the combination of the material for the base model and on the other side, the pieces of ropes, which would exploit the existing facilities of the company. The idea is the creation of personalized products: consumers will have the possibility to combine the swimsuit model they prefer and the color they like, with their favorite colored rope.

In addition to that, it might be an opportunity to apply ropes in the production of bags and belts, which would acquire a higher level of uniqueness. In the case of this business the original product developed by GMG is implemented by design issues and become adapted and customized.

To make possible the new business development the company is activating relationships both with existing partners, such as the supplier of the after-race shirts, and with new actors operating in the clothing industry.

Design Industry

A third business context stems from the consideration that there is much more than boats and races in yachting, a world built around it. There are harbors, restaurants, pubs and associations that live on yachting race sector. These players need for outdoor products, from sofas to armchairs, from platform roofs to tables and so on.

Gottifredi Maffioli ropes have the characteristics that allow for an extension in the design furniture business, such as resistance to atmospheric agents and UV rays, resistance to traction, friction and pests. A possibility to enter this market would be the exploitation of existing channels, such as sailing and yachting. In other words, the company is activating the existing network of relationships.

Based on these considerations, Gottifredi could for instance develop an outdoor lounge that consists in a table and armchairs, which can be used as single or be assembled to form a sofa. The photoluminescence technology can be then combined to this furniture to exploit the beauty and the emotion of lights on ropes.

5. Discussion and conclusions

The case of Gottifredi Maffioli emphasizes the link between the value of a resource and the context in which the resource is used. As the case started to show, the company is recently approaching new markets by applying its key resource, the rope, to new and different contexts, including tree climbing, clothing industry and design.

Even if our findings are preliminary, a first general consideration from the study is that customers' needs and technological aspects are not enough to explain potential new application of a resource; other elements, such as actors' interpretations of the value of resources, the context of use and relational aspects are crucial in explaining new solution development from resource combination.

In particular, when considering the value of a resource across contexts three elements started to emerge from the study as relevant: technological aspects, meanings associated to the rope, the value for the actors involved, and the activation of the network.

Technological aspects are the ones more discussed in existing literature, so we focus on the remaining others. As for meanings associated to the rope, interesting is that the company is thinking about recycling used ropes, attaching and making explicit to each of them the story of its previous application, for instance in which competition it has been used. This aspect is particularly intriguing as the rope loses its functional value and acquires a symbolic one. According to communication theory, when a resource is transferred to different usage context, a new story is created around it; rather, in the GM case the resource is adapted, but its story remains unchanged. It is thus the story attached to the rope that creates the link between past and present (the time dimension) and between different contexts of use (spatial dimension). This also shows that the adaptation of a resource *across* contexts has also emotional aspects involved, and the resource's story an object, which can be shared among different people. In this view the resource, even if part of an existing or new combination, maintain its 'individuality'.

The second aspect to be considering exploring the value of a resource across contexts connects to the actors' perspectives. If on the one side the rope maintain its individuality and story, as we stated before, on the other side the effectiveness of the resource adaptation to the new context, and thus value creation potentiality, should consider

the perspective of the actor who use it, not necessarily an end user, but the one who sees the resource combination as a solution to its specific problem.

Finally, considering the value of a resource *across* contexts implies activating the network surrounding the company. This network, however, is not ‘unique’ and objective, but again with respect to the context of interest managers will represent and activate different networks. In other words, no unique network exists for a company, but rather a multiplicity of networks co-exists which can be activated according to the context of use.

Managerial implications from the study can be relevant in order to increase the potentialities for value creation by implementing existing resources in new and different contexts. In a period of economic crisis, this could also be a way to improve the effectiveness of existing resources and thus avoiding investments in developing new ones.

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