Chapter 4
Evaluating Match of Firm and Customer Resources to Maximize Value

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ABSTRACT

This chapter discusses the fundamental role of the match of firm and customer resource utilization capabilities for organizational effectiveness in value co-creation with a marketing perspective. A model is developed by applying both internal and external approaches to provide firms with an integrative strategic tool for evaluating their current value creation effectiveness. The proposed model maps out the emergence of different types of value based on the extent that firm and customers' resource utilization capabilities match.

INTRODUCTION

Resource integration is suggested as the main mechanism for value co-creation in Service Dominant Logic (SDL) (Gumesson & Mele, 2010). It is stated by Lusch et al. (2008, p.8) that value is co-created "when a potential resource is turned into a specific benefit". Likewise, Gumesson & Mele (2010) assert that for resources to be valuable for someone who wants to get benefits, they need to be applied and

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integrated. Although, there is a consensus among studies with SDL that value co-creation is the outcome of resource integration (Kleinaltenkamp et al., 2012), the types of value outcomes that occur as a result of resource integration is still vague in the extant literature. The consequence of resource integration process in terms of value outcomes is an under-investigated area of SDL. Vargo & Lusch (2017) state that even though there is a large number of scholars from various disciplines contributing to the narrative of value co-creation, it is still not possible to predict reliably how the process of resource integration will end up. They call for more practically applicable frameworks that will support the development of midrange theories. Accordingly, this chapter delineates the effects of resource integration on generation of different types of value and discusses their implications for firms. Mainly, this chapter is organized as follows. Initially, studies that investigate resources in relation with value generation has been reviewed. Then, classification of different types of value is developed based on resource integration process of firm and customer resources. Finally, a model called "resource-match model of value" is proposed demonstrating four value co-creation outcomes. The managerial implications regarding companies' value co-creation capabilities based on the developed model are also discussed.

LITERATURE REVIEW

Firm and Consumer Value Before Purchase

The concept of value has a long history of debate on different grounds in the literature, with regard to both its definition and measurement. Furthermore, it has also been a long time since value was analysed in relation to resources with the Resource-Based View (RBV). The RBV of the firm was introduced by Penrose (1959), who defined the firm as a "bundle of resources" that generate utilities for users. RBV suggests that firms consist of historically collected resources which are tied "semi-permanently" to the firm (Wernerfelt, 1984). Contrary to industrial organization economics, which is an external, market-based approach to competitive advantage (Porter, 1980), RBV offers a framework that analyzes the inter-firm variations in performance. RBV is an internal approach that shifts the emphasis from the market (external) to the firm resources (internal) in explaining competitive advantage. The VRIN framework (value, rarity, inimitability, and non-substitutability) that was offered by the seminal work of Barney (1991) - which later became the VRIO framework (value, rarity, inimitability, and organization) (Barney, 2001) - suggests the basic criteria for firm resources to achieve sustainable competitive advantage.

RBV uses the value concept from an economical point of view that primarily takes the firm's perspective. Specifically, the RBV's explanation of firm performance was

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