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## **Editorial: Service innovation in business-to-business firms**

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### **Introduction**

The attention granted to service innovation research and practice should come as little surprise to anyone. Services increasingly dominate the world's economies, and growing research on product innovation, service marketing, and management has paved the way for service innovation research. Although the number of publications related to service innovation, relative to product innovation, has increased in the past two decades (Carlborg et al., 2013), it remains a comparatively and unfortunately sparse research field (Ettlie and Rosenthal, 2011).

General marketing journals feature virtually no articles focused on service innovation. Since Barras's (1986) attempt to lay a foundation for a theory of service innovation, three articles have appeared in *Journal of the Academy of Marketing Science*, three in *European Journal of Marketing*, and one in *International Journal of Research in Marketing*<sup>1</sup>. In the three leading business-to-business (B2B) marketing journals—*Industrial Marketing Management*, *Journal of Business & Industrial Marketing*, and *Journal of Business-to-Business Marketing*—we find only ten articles published up until 2012. In contrast, more than 100 articles have appeared in service research journals, such as *Service Industries Journal*, and innovation research journals, such as *Research Policy*. A clear trend has emerged though: In their literature review, Carlborg et al. (2013) cite 22 service innovation articles published before 2000 and 106 articles published between 2000 and 2010.

In the studies that represent the innovation research field, we often find a distinction between innovation in manufacturing versus service sectors; the latter is synonymous with service innovation, whereas the former implies product innovation (Galloway and Windrum, 2009). However, service innovation is not the exclusive domain of firms in the so-called service sector; it also is vital for traditionally product-based firms, such as manufacturers. Product commoditization and low-cost competition have made traditional product innovation insufficient as a means to maintain sustainable competitive advantages. Although service innovation can catalyze new markets and create new business opportunities, most B2B firms stubbornly embrace “the invention model”, centred on structured, bricks-and-mortar product development processes and platforms (Ostrom et al., 2010). And in a reverse application, this model is not the exclusive domain of product-based firms; many service firms, such as banks, tend to be product centric and adhere to box pushing, marketing mainly “financial products”. In business and industrial marketing, innovation research also continues to focus mostly on products (e.g., Hsu, 2011; Lettl and Gemünden, 2005; Munksgaard and Freytag, 2011; Zablah et al., 2005), though this situation

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<sup>1</sup> We gathered these counts by searching for articles with titles, keywords, or abstracts containing the terms “service/s innovation”, “innovation in service/s”, or “service/s development”. The search included articles published through 2012; more information about the search method is available in Carlborg et al. (2013).

may be changing slowly, as more service innovation articles enter the record (e.g. Alam, 2012; Gebauer, 2007; Nicolajsen and Scupola, 2011; Spring and Araujo, 2013).

Ample evidence suggests that B2B firms must embrace a broader perspective on innovation, moving beyond traditional product-centric views (e.g., Garcia and Calantone, 2002; Hauser et al., 2006). Service innovation as a concept is not limited to the uniqueness or newness of just the service itself but also encompasses newness in the characteristics of the service system (Gallouj and Weinstein, 1997), such as innovating delivery processes, customer interfaces, or seller–buyer relationships (de Jong and Vermeulen, 2003). Thus, research on service innovation is multi-dimensional (Carlborg et al., 2013); service innovation entails any recombination of resources that creates novel benefits for customers, suppliers, or other actors in the business network. Such a perspective on service innovation—which we consider a synthesis perspective, integrating both technological and non-technological innovation (Coombs and Miles, 2000)—offers new opportunities for B2B firms in their pursuit of competitive advantage and future success.

### **The content of this special issue**

The articles in this special issue represent broad ranges of content, context, methodological approaches, and perspectives. In the selection of the contributions to include, we consciously sought to design an issue that could effectively represent the dynamic nature of service innovation in general.

The first paper comes from us, the editors of this special issue, and we use this platform to highlight the complexity of B2B service innovation with a business model approach. This approach delineates how firms that hope for success in their service innovation activities must adjust several aspects of their business model; they cannot rely on superficial changes to their market offering. On the basis of our real-world experience working with market-leading manufacturers, we argue that in most cases, too much emphasis gets placed on the development of new services and technology-push thinking. Firms tend to have inadequate understanding of, and focus on, innovation in other business model elements, such as sales and delivery processes, customer relationships, and the value network.

An important topic in service innovation research is customer involvement (Alam, 2006; Gustafsson et al., 2012). Pilar Carbonell and Ana Rodriguez Escudero extend this research stream by investigating the antecedents and consequences of integrating customer-generated information into service innovation processes. Their quantitative analysis indicates that the instrumental use of such information can enhance service advantages and service newness, which in turn produces stronger higher market performance. They also link this effect to environmental change, captured as technological turbulence, and show that in high turbulence settings, customer information offers less value.

The next two articles use manufacturing industries as their starting points. This context is particularly interesting, because in these industries, the threat of commoditization is pronounced, such that their interest in service innovation, especially as a means for differentiation, is substantial. Ida Gremyr, Lars Witell, Nina Löfberg, Bo Edvardsson, and Anders Fundin use different innovation modes to explain how new service development (NSD) is conducted and how it evolves over time. They find that the degree of structure of NSD processes differs across firms, depending on its integration with new product development processes, among other things.

Then Chris Raddats and Jamie Burton argue that manufacturing firms need three capabilities to develop what the authors call multi-vendor solutions. As opposed to single-vendor solution providers, multi-vendor solution providers (MVSP)—which include other manufacturers' products in their offered solutions—require specific capabilities if they are to succeed. A particular challenge is ensuring that the MVSP remains guided by the best interests of the customer, rather than the interests of the internal product-based business units, which can create conflict when the manufacturer already possesses a strong product heritage.

Catharina von Koskull and Tore Strandvik take a different methodological approach in discussing how researchers can approach service innovation processes. They argue that understanding all the complexities and dynamics of service innovation processes demands an ethnographic approach that can capture the real-time, multi-method, longitudinal, up-close characteristics of each process. With such a view, it becomes possible to capture unforeseen events and issues at the micro-level. This perspective in turn helps reveal that

intentional plans often are only partly realised and that emerging issues strongly affect the service innovation process, which resonates with Lindblom's (1959) concept of "muddling through".

A topic of increasing interest, and one that promises to be very influential in years to come, is service innovation in networks (SIIN). Whereas service innovation research to date almost unanimously has adopted a firm-centric or dyadic focus (Carlborg et al., 2013), Mekhail Mustak conducts a thorough literature review to lay a foundation for ongoing studies in the promising and emerging area of SIIN research. The review not only reveals the rapid growth of this research area but also notes critical aspects of extant SIIN research, including the current state-of-the-art, its theoretical perspectives, determinants, and outcomes.

Unlike these emerging topics, value creation has been of perennial interest for innovation. For services and service innovation, the concept of perceived value takes on special significance though. Patricia Coutelle-Brillet, Arnaud Rivière, and Véronique des Garets analyze the perceived value of a new service in a B2B market. They find different aspects of service innovation value in a business market, identify various recipients of this value, and underline how the level of newness in the service affects the nature of perceived value. They also suggest an analytical framework of service innovation value for firms in B2B markets.

The final paper is one of few empirical studies of SIIN. Satu Nätti and Wesley J. Johnston investigate innovation communities—the most loosely coupled forms of innovation networks—and the effects of network orchestration on absorptive capacity in this context. Through a case study of the global Mobile Monday network the authors find that innovation communities rely on weak ties, openness, and diverse sources of knowledge. Furthermore, both orchestration mechanisms and contingency factors, such as power relationships, social integration, and type of knowledge, have a role in absorptive capacity development within service innovation networks.

The aim of this Special Issue has been to highlight the importance of service innovation in B2B firms, regardless of sector, as well as to illustrate different research methods for studying this subject, generate new theories, and extend some previous ones. We believe

that service innovation should have its own space in business marketing research. As Carlborg et al (2013, p. 14) put it, "service innovation research has emerged as a vital, multi-faceted research discipline that offers several promising research directions"; we hope that this Special Issue further encourages and motivates scholars to study service innovation in different business contexts, using different methodologies.

This Special Issue would not have been possible without the diligent and insightful efforts of the reviewers: Sergio Biggemann, Thomas Brashear Alejandro, Saara Brax, Per-Olof Brehmer, Christina Grundström, Nicolette Lakemond, Marko Kohtamäki, Ragnhild Kvalshaugen, Hannu Makkonen, Fredrik Nordin, Maaria Nuutinen, Saara Pekkarinen, Rodrigo Rabetino, Minna Rollins, Aku Valtakoski, and Charlotta Windahl. We are very grateful for their contributions. We also thank the Editor-in-Chief Wesley J. Johnston for his support and advice throughout this process. Of course, we could not produce this Special Issue without the insightful and thought-provoking contributions of the authors of these articles. We hope readers enjoy perusing their work.

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