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Extending actor participation in value creation: an institutional view

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This article explores how seemingly distinct actors contribute to value creation and evaluation in a fundamentally similar way. It shows that the division of actors into dichotomies such as 'producers' and 'consumers,' 'paying' and 'non-paying' customers, and 'adopters' and 'non-adopters,' is based on narrow, unidirectional, transactional, and dyadic views on value creation and delivery. The article highlights the limitations of these views and draws on a service ecosystems perspective and its broader notion of co-created and contextual value to overcome these limitations. More specifically, the article, by connecting two frameworks (markets-as-practice and institutional work), extends a generic actor-to-actor conceptualization of value creation, in showing that all economic and social actors participate in value creation in a fundamentally similar way. That is, they enact value co-creation practices and simultaneously shape these practices by creating, maintaining and disrupting the institutions that guide their (re)enactment. Thus, the article proposes a unified view on actors' participation in value creation that not only points to the involvement of broader actor categories in value creation and market formation processes, but also provides important strategic implications in the form of a research agenda.

Keywords: actor-to-actor; value creation; service ecosystems; markets-as-practice; value co-creation practices; institutional work

Introduction

Most of the traditional actor categories in the marketing literature, such as 'producers' and 'consumers', 'paying' and 'non-paying customers,' and 'adopters' and 'non-adopters,' are based on unidirectional, transactional, and dyadic views on value creation and delivery. Whereas some of these dichotomies, such as 'paying' and 'non-paying customers,' the focus of this special issue, can contribute to the understanding of value, monetary payments, and indirect exchange, their use, at the same time, often perpetuates dyadic and unidirectional views on value, in which value flows from value-creating producers (i.e. firms) to value-destroying consumers (i.e. customers). In other words, these dichotomies do not fully overcome the fallacy of unidirectional and transaction-centric notions of value that limits the understanding of value creation and determination by ignoring the interconnected and complex nature of markets and social systems. By commonly focusing on immediate results (e.g. persuading customers to transact) and the immediately reachable customer (Lemon & Seiders, 2006), the marketing discipline frequently uses a limited concept of customer that not only ignores the broader and systemic nature of value

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co-creation processes, but also the commonalities of the activities of actors who participate in these processes.

More contemporary marketing literature, on the other hand, influenced in part by the interactive network orientation of the IMP group (e.g. Håkansson & Snehota, 1995), has begun to replace these dyadic and transaction-centric notions of value. Similarly, perspectives that focus on interactivity and relationships (e.g. Gummesson, 2006) have begun to replace one-way flow models in which one entity acts on another (Ulaga & Eggert, 2006; Ballantyne & Varey, 2006). More specifically, over the past decade, research on value creation has started to highlight the foundational role of 'customers' in the creation and evaluation of value and argued that value unfolds in use (e.g. Normann, 2001; Prahalad & Ramaswamy, 2004; Vargo & Lusch, 2004).

Further extending these views, Vargo and Lusch (2004, 2008, 2011), in their work on service-dominant (S-D) logic in general and service ecosystems in particular, argue that value is co-created by multiple actors[1] through processes of exchanging and integrating public, private, and market-facing resources (e.g. driving skills, roads, cars, and gasoline) in an effort to increase the well-being of both the actors and the system. Thus, this perspective moves away from linear and sequential creation and flow perspectives of value toward the existence of more complex and dynamic exchange systems of actors (i.e. service ecosystems), in which value creation practices are guided by *institutions* (i.e. rules, norms, meanings, symbols, and similar aides to collaboration) and, more generally, *institutional arrangements* (i.e. interdependent sets of institutions).

The objective of this article is to show that seemingly distinct actors, such as firms, customers, suppliers, other stakeholders, and even non-adopters of a solution, contribute to value creation and market (re)formation in a fundamentally similar way. By drawing on multiple theories and frameworks, such as S-D logic and its service ecosystems perspective, institutional theory, and practice approaches, we contribute to the marketing literature by providing a richer explanation of how generic and systemic actors, through institutional work, participate in the shaping and reforming of the practices that enable and constrain value co-creation and arrive at shared conceptions of problems and solutions that influence value perceptions. Furthermore, we discuss important strategic implications of this generic actor-to-actor view for theory and practice.

The article is structured as follows: first, in order to address the systemic and contextual nature of value creation and determination, we introduce the concept of the service ecosystem, which recognizes institutions as the glue that enables and constrains value co-creation within these social systems. Second, we connect two frameworks, *markets-as-practice* (Kjellberg & Helgesson, 2006, 2007) and *institutional work* (Lawrence, Suddaby, & Leca, 2009), to show that, while creating and determining value, actors not only participate in the enactment of value co-creation practices, but also in their dynamic change processes and, thus, influence how value is created and evaluated in the future. We then use the evolving value co-creation practices related to the integration and use of video content for entertainment as an example to illustrate that a broad range of actors participates in institutional work. This example shows that generic actors, in a fundamentally similar way, by creating, maintaining, and disrupting institutions, participate in the shaping of value co-creation practices, and thus in the way value is co-created and evaluated. Last, we discuss the implications of this unifying view on actors' participation in value co-creation by proposing a research agenda for the study of market (re)formation, actor involvement in institutional change, and multidirectional market communication.

A service ecosystems perspective on value co-creation

The concept of value has been discussed and debated for over 2,000 years (Ng & Smith, 2012; Vargo, Maglio, & Akaka, 2008). Throughout this discussion, two main conceptualizations of value have emerged: 'value-in-exchange' and 'value-in-use,' both of which represent distinct ways of thinking about value and value creation (Lusch & Vargo, 2014; Vargo et al., 2008). *Value-in-exchange* is exemplified by the neoclassical economic view in which value is created by the firm and distributed in the market, usually through the exchange of goods for money (i.e. value is evaluated in monetary terms). *Value-in-use*, on the other hand, highlights that value is not embedded in firm-produced outputs and cannot be measured sufficiently in monetary terms. Instead, value manifests itself over time through use as various resources from multiple sources are integrated. S-D logic argues that value is always co-created, jointly and reciprocally, in interactions among actors through the exchange of service (i.e. applied resources such as competences and skills) (Lusch & Vargo, 2014; Vargo & Lusch, 2004).

Hence, as value emerges over extended periods of time, it is not tied to discrete, production–consumption events (Vargo, 2009), but it unfolds as new resources from multiple sources are combined with each other in the context of an actor's life (Chandler & Vargo, 2011). Stated alternatively, it is becoming increasingly apparent that even the notion of value-in-use might not adequately reflect the contextual nature of value creation. To capture a more contextual view, recent developments in S-D logic point to systemic conceptions of value and the importance of a service ecosystems perspective (Lusch & Vargo, 2014; Vargo & Lusch, 2011). Vargo and Lusch (2015) define *service ecosystems* as *relatively self-contained, self-adjusting systems of resource-integrating actors connected by shared institutional arrangements and mutual value creation through service exchange*. According to the service ecosystems perspective, value co-creation resides in the intersections of all actors and resources that are integrated, including resources and actors that influence value co-creation indirectly (Lusch & Vargo, 2014). Thus, this view underlines the complex and dynamic nature of social systems, through which service is provided, resources are integrated, and value is co-created. It urges marketing scholars and practitioners to abandon the producer and consumer divide and to see all parties as resource-integrating actors with the common goal of co-creating value for themselves and others (Vargo & Lusch, 2011). Instead of 'single-actor' centricity, such as customer or company centricity, the service ecosystems perspective urges balanced centricity (Gummesson, 2008) and a more generic actor conceptualization (Lusch & Vargo, 2014).

The definition of service ecosystems also points to the dynamic and self-adjusting nature of these systems (Vargo & Lusch, 2011). 'Each instance of resource integration, service provision, and value creation, changes the nature of the system to some degree and thus the context for the next iteration and determination of value creation' (Vargo & Lusch, 2011, p. 185). Consequently, the dynamic and self-adjusting nature of ecosystems broadens and extends the concept of value-in-use to the notion of value-in-context (e.g. Chandler & Vargo, 2011; Vargo et al., 2008). Value-in-context implies that value is not only always co-created, but also always contingent on the accessibility, evaluation, and integration of other resources and actors and thus contextually specific. Hence, value needs to be understood in the context of the social system in which it is created and evaluated.

As highlighted by the definition of the service ecosystem, resource integration, and thus, value creation and evaluation are enabled and constrained by the institutional arrangements of the involved actors, since institutions provide the structure that guide the integration of resources, and the formation of representational views on markets and perceptions of value, in service ecosystems (Edvardsson, Tronvoll, & Gruber, 2011; Lusch & Vargo, 2014; Vargo, Wieland, & Akaka, 2015). In this context, we use a conceptualization of institutions that views them as humanly devised meanings, norms, and rules that enable and constrain the behavior of social actors and make social life predictable and meaningful (DiMaggio & Powell, 1991; North, 1990; Scott, 2014). Thus, it is important to note that we, consistent with most institutional theorists in various disciplines, do not refer to organizations when we discuss institutions and institutional arrangements (i.e. sets of interrelated institutions).

Despite this focus on contextual value creation and determination, it is important to point out that value-in-exchange remains an essential component in the co-creation of value, as it provides a way of estimating future value-in-use among actors and their contexts (cf. Vargo et al., 2008). In the next section, to further explicate the important distinction between value-in-exchange and value-in-context, we explore value creation in markets.

From Restricted Exchange Practices to Value Co-creation Practices

Traditionally, the majority of views on markets in the marketing literature has been grounded in neoclassical economic thought, which views markets as 'a priori' realities that emphasise 'products' as the foundational ingredients in all business activities (Mele, Pels, & Storbacka, 2015; Vargo & Lusch, 2004). However, as stated, this view of markets is constricting, as it focuses mainly on dyadic relationships between producers and consumers and the monetary exchange processes between these two parties. Bagozzi (1975, p. 33) refers to these two-party quid pro quo ('give to and receives from') relationships as restricted exchange and points out that the commonly observed time intervals for these mutual reciprocities are short (e.g. transactions between sales personnel and customers).

Markets viewed from a service ecosystems perspective, on the other hand, are neither seen as predetermined nor static, but as being continually 'performed' through the enactment of practices of systemic actors (e.g. Lusch & Vargo, 2014) and their direct and indirect connections. In other words, this view highlights the participation of multiple actors, who interactively and interdependently exchange and integrate resources in ways that are much broader than restricted exchanges. Over time, these resource integration activities can turn into institutionalized and, therefore, shared practices that shape the way value is created and perceived within a specific context such as a market.

Consequently, a service ecosystems view of markets highlights that value co-creation practices are not limited to producer and consumer dyads, but that markets are continually formed and reformed through the activities of broader sets of social and economic actors (see also Azimont & Araujo, 2007). Kjellberg and Helgesson (2006, 2007) view markets as the ongoing results of three types of practices: (1) exchange practices, (2) normalizing practices, and (3) representational practices. *Exchange practices* are routinized activities related to economic exchanges in a market (including restricted exchange); *normalizing practices* are those that contribute to establishing rules or social norms related to a market; and *representational practices* are those that depict what a market is and how it works. More recently, Vargo and Akaka (2012) and Lusch and Vargo (2014) have extended Kjellberg and Helgesson's (2006, 2007) markets-as-practice framework by arguing that the concept of exchange practices should be broadened by using a more encompassing *integrative practices* classification. Integrative practices, in S-D logic, are practices that enable actors to draw on a variety of resources from multiple sources to create value for themselves and for others and are not restricted to exchanges involving money or other types of economic compensation. For example, this broader view zooms out from the exchange of market-facing resources (e.g. the restricted exchange of gas for money), to a view in which value unfolds through exchange and integration processes that also include public and private resources (e.g. the use of roads, traffic laws, and driving skills) or, stated more broadly, to a view of human systems, which are characterized by specialization and interdependencies, in which the co-creation of value is not optional but mandatory.

Parallel parking, for instance, a driving skill that many drivers are uncomfortable with, undoubtedly influences how personal transportation is perceived and enacted, as evidenced by the rapid increase in cars that possess a self-parking feature. This example shows that the transition from exchange practices to integrative practices zooms out to a broader perspective that not only highlights the co-created and systemic nature of value, but also the important distinction between value-in-exchange and value-in-context (e.g. Lusch & Vargo, 2014).

This means that the distinction between paying and non-paying customers, while maybe useful in the context of a particular business model, should not be confused with distinct roles of actors in value creation and market (re)formation. Thus, the notion of integrative practices, combined with broader views of normalizing and representational practices (e.g. views, norms and rules of personal transportation vs. those of the car market) extends the original markets-as-practice framework to that of value co-creation practices. Stated differently, consistent with the systemic and contextual lens used in S-D logic, we conceptualize value co-creation practices as consisting of sets of overlapping and interlinked bundles of integrative, normalizing, and representational practices through which actors make sense of and integrate public, private, and market-facing resources (see Figure 1).

To further illustrate how the value co-creation practices in service ecosystems are much broader than restricted exchange practices in markets, consider a value co-creation instance of having a dinner at a restaurant. Buying a meal at a restaurant obviously includes the exchange of food for money (i.e. quid pro quo), or stated differently, a restricted exchange practice. The true co-created nature of the value of this meal, however, only unfolds in the larger context of the service ecosystem. The meal, for example, might help to renew an old friendship, be a venue for professional advice, or enable the start of a romantic relationship and requires the integration of much broader sets of resources and connections of actors than those directly involved in the practice of exchanging money for food. It is easily conceivable, for example, that an actor receives a perfectly prepared meal for which she pays, but to which her dinner date never shows up. The 'non-exchanging' and 'non-paying' actor and the social stigma of being stood up, in this situation, have an enormous influence on the outcome of this specific instance of value co-creation. That is, restricted exchange practices, highlighted in the neoclassical economic view of markets, can never be more than a possible subset of much broader value co-creation processes.

By using a service ecosystem view, it can be seen that, for example, a student viewing YouTube videos in the library and a paying customer of Netflix engage in the practice of integrating video content for entertainment in a fundamentally similar way. That is, they integrate their private resources (i.e. preferences for content, knowledge of content availability) with public and market-facing resources (i.e. the internet, computer hardware, video content). 'Customers' or 'consumers' of videos and movies, on the

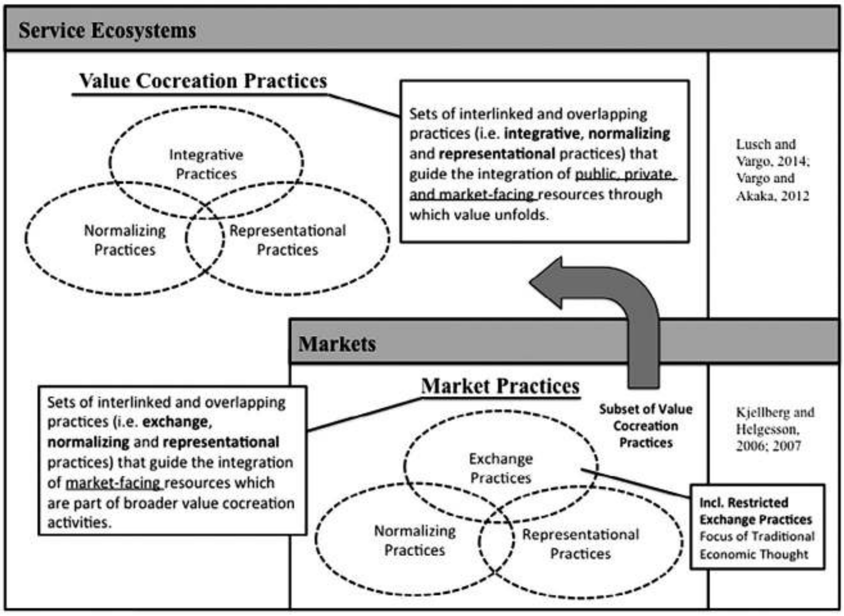

Figure 1. Zooming out from market practices to value co-creation practices.

other hand, provide their reciprocal service to the actors owning the video content (e.g. film studio) or delivering the content (e.g. YouTube) in monetary form (rights for future service) by accepting that their video content is interrupted by advertisements, or by providing access to their behavioral, demographic, and psychographic data (i.e. by providing user information to social media sites). Similarly, Netflix and YouTube also integrate resources from several sources such as their employees, other technology providers, content providers, content viewers, and advertisers. That is, all these actors engage in reciprocal service exchange through value co-creation practices. Thus, by illustrating that various actors participate in value creation through the enactment of integrative practices in a fundamentally similar way, a service ecosystems approach points to an actor-to-actor (A2A) perspective that not only blurs the divide between 'producers' and 'consumers', but also the one between 'paying' and 'non-paying' customers.

However, the implication of the service ecosystems perspective and its A2A approach extends not only exchange practices to integrative practices, but also broadens the conceptualizations on normalizing and representational practices. The perceptions of what meanings and symbols a dinner at a restaurant entails, and which social norms and rules apply, drastically changes when the broader value co-creation context, e.g. a blind date or a reunion with an old college roommate, is taken into consideration.

It is important to point out that these three types of practices (i.e. integrative, normalizing, and representational) are overlapping and interlinked practice bundles (cf. Kjellberg & Helgesson, 2006). For example, a restaurant entrepreneur might buy demographic and psychographic data to combine it with his and his partners' ideas and knowledge about the restaurant business (i.e. an integrative practice) to predict and advocate the size of a market opportunity (i.e. a representational practice) for a new restaurant concept that combines meals and entertainment for families. This new concept, at the same time, also shapes and is shaped by norms and rules of how families eat and play together (i.e. normalizing practices).

Thus, the three types of practices can be viewed as ideal types that help to accentuate the differences of value co-creation activities. Ideal types help the investigator to ascertain similarities and deviations in analytical constructs and typologies but 'cannot be found empirically anywhere in reality (Weber 1949, p. 90).' In other words, while we acknowledge the overlaps and the translations among the three types of market practices in empirical settings, we use them in an idealized form to analytically highlight the broadness of value co-creation practices.

Hence, whereas the traditional producer versus customer distinction is often made based on actors' participation in restricted exchange practices, the systemic and contextual approach unveils a much broader pool of actors that play a crucial role in value co-creation practices through their participation in integrative, representational, and normalizing practices (Table 1). This pool, for example, can include non-adaptors (i.e. actors who reject a specific solution or use a competing solution), governmental agencies, and many other actors. In other words, whereas the traditional view of customers (either paying or non-paying) and producers focuses on their participation in the restricted exchange practices, a service ecosystems perspective highlights that all actors, including those traditionally categorized as 'non-adopters' (Lee, Kwon, & Schumann, 2005), participate in the value co-creation practices by actively engaging in representational practices (e.g. by influencing the way in which meanings and symbols in a value co-creation instantiation are perceived) and normalizing practices (e.g. by influencing what practices are being perceived as proper and desirable). Non-adopters can also participate in integrative practices of a specific value co-creation instance indirectly. A parent, for example, can, by providing Internet access and electricity to his or her kids, participate in the value co-creation practices related to streaming YouTube video content to mobile devices without ever adopting the specific integrative practice of using video content through YouTube herself.

Table 1. Actors' participation in practice – Restricted exchange practices vs. value co-creation practices.

		Actors' Participation in Practice				
		Producers	Paying Customer	Non-Paying customers	Non-adopters	Other Stakeholders
The dyadic Producer/Customer View: Highlighting Behavioral Difference						
Restricted Exchange Practices	Monetary Exchange Practices	Yes	Yes	No	No	No
	Non-Monetary Exchange Practice	Yes	Yes	Yes	No	No
The systemic A2A View: Highlighting Behavioral Similarities						
Value Co-creation Practices	Integrative practices	Yes	Yes	Yes	Yes	Yes
	Normalizing practices	Yes	Yes	Yes	Yes	Yes
	Representational practices	Yes	Yes	Yes	Yes	Yes

Stated alternatively, a service ecosystems perspective on value creation and market (re)formation overcomes the narrow focus on dyadic and unidirectional (restricted) exchange and adoption practices by highlighting the importance of broader value co-creation practices and their change processes. It points to continuous and systemic engagement by a large number of seemingly distinct actors. In the section below, in order to delineate these change processes of value co-creation practices, we not only discuss how the institutions guiding these practices change, but also how an understanding of these change processes helps to further overcome distinct actor categories in value creation.

Institutional change in the context of value co-creation practices

As stated, a service ecosystems view highlights the importance of practices in value co-creation and market (re)formation. However, as Kjellberg and Helgesson (2007, 140) point out, the term practices is somewhat problematic since it is 'frequently used as a catch-all for that which is not marketing theory.' Instead, in their work on markets-as-practice, Kjellberg and Helgesson define market practices 'broadly as all activities that contribute to constitute markets.' That is, by describing practices as activities, this definition makes no assumption about how common, accepted, or habitually performed an action is.

The institutional foundation of the service ecosystems perspective, on the other hand, points to practices as routinized action or as 'enduring regimes of activity' (Nicolini 2009, p. 1405). Institutions represent the more enduring features of social life (Giddens, 1984) as these humanly devised rules, norms, values, and beliefs make social life predictable and meaningful, while they, at the same time, enable the enactment of incremental and discontinuous change in human practices (Scott, 2014). Institutions and institutional arrangements can be viewed as the coordinating elements of service ecosystems that influence value co-creation efforts and provide the reference base for value assessments (Edvardsson, Kleinaltenkamp, Tronvoll, McHugh, & Windahl, 2014; Lusch & Vargo, 2014). In other words, they guide value co-creation practices by enabling and constraining how actors integrate resources, conceptualize markets, and perceive value (Edvardsson et al., 2014; Lusch & Vargo, 2014; Vargo et al., 2015).

In this context, it is important to point out that, consistent with the dynamic and systemic view of S-D logic, the level of analysis is not the practice (e.g. institutionalized ways of co-creating value) or the service ecosystem (e.g. system of interconnected actors), but the interplay of both. Practices are always enabled and constrained by the institutional arrangements, which are (partially) shared by the actors within a service ecosystem. At the same time, institutions are never static, but rather continually reconstituted through the actions and interactions of multiple actors trying to create value for themselves and for others, or, in other words, through the enactment of practices. More specifically, the service ecosystem view on value co-creation points to the fact that a broad range of actors engage in translations, interpretations, modifications, and accommodations of institutional configurations through the enactment of value co-creation practices (cf. Lawrence & Suddaby, 2006). That is, institutional change is the emergent outcome of activities of diverse, spatially dispersed actors and their involvement in the political struggles and interactions among them (Hardy & Maguire, 2008; Lawrence & Suddaby, 2006).

Lawrence and Suddaby (2006), in their 'institutional work' framework, emphasize the fact that actors who take part in institutional change processes are not only engaging in transformative action, but also in repairing and concealing tensions and conflicts within and across institutional configurations. Thus, *a multitude of actors, similarly, whether they participate directly in (restricted) exchange practices or not, engage in creating, maintaining, and disrupting institutions* and their action and interaction 'can paradoxically involve more than one of these categories at the same time' (Creed, DeJordy, & Lok, 2010, p. 1337).

Similarly, Zietsma and McKnight (2009) propose that actors engage in the three activities of institutional work at the same time and during substantially overlapping time periods. Thus, in line with an S-D logic view, Zietsma and McKnight conceptualize institutional work as co-created, that is as a non-linear process in which multiple actors co-create institutions through multiple iterations of institutional developments until common templates become diffused. This implies that all three components of institutional work—creation, maintenance, and disruption—are overlapping processes. This view also overcomes firm-centric views on institutional change by highlighting that value co-creation practices do not change when firms, or even networks of firms, introduce new ideas or develop new products, but through systemic processes that entail 'ongoing negotiations, experimentation, competition, and learning,' among a multitude of systemic actors whose institutional inconsistencies 'resolve over time into shared conceptions of problems and solutions in social systems' (Zietsma & McKnight, 2009, p.145).

The shaping of value co-creation practices: an actor-to-actor view

Up to this point, we have established that value co-creation practices are shaped through the enactment of integrative, normalizing, and representational practices, and that the enactment of these practices is enabled and constrained by institutions. Furthermore, we have highlighted that institutional change results from the heterogeneous activities of a wide array of actors (Lounsbury & Crumley, 2007) who engage in creating, maintaining, and disrupting institutions (Lawrence & Suddaby, 2006) through the enactment of the practices that these institutions enable and constrain (Figure 2).

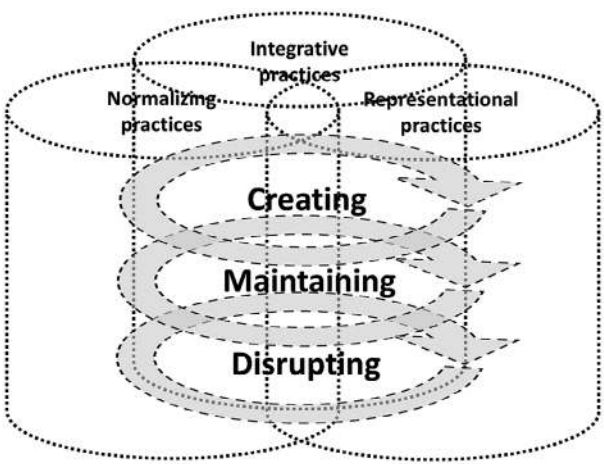

Figure 2. Value co-creation practices are shaped through institutional work.

For example, a viewer of a network television show who watches her favorite program by using a traditional television setup (i.e. a TV connected to cable or satellite) engages in institutional maintenance by integrating video content through the enactment of conventional TV-centered value co-creation practices. The actor in this example is simultaneously a paying customer of the cable company and a non-paying customer of the network, since the network receives its revenue from advertisers. In some countries, this viewer may also pay taxes to the government to fund content providers such as public television stations. Thus, this customer engages, in the context of the traditional TV-centered video market (i.e. network programing delivered through cable or satellite companies), in institutional maintenance by re-enacting the related practices.

The same actor, however, might also use the Internet to stream video content from YouTube using her smart phone or tablet. Thus, this viewer also engages in institutional change by enacting the value co-creation practices of the new video streaming market. The same customer can therefore both be a paying (e.g. cable subscriber) and a non-paying (e.g. YouTube user) resource integrator in the video market. The same customer might further, in conversations with friends and family, promote ‘cutting the cable’ by considering to switch to streaming providers such as Netflix or Hulu and letting go of her TV set altogether. While this customer is, at that specific time, not an adopter of these services, she, by actively voicing her preferences, engages in the normalizing and representational practices of the streaming-for-pay market.

Thus, this example corroborates the earlier claim that traditional actor classifications such as ‘paying’ and ‘non-paying’ customers, and ‘non-adopters,’ become blurred when viewed from a systemic and institutional perspective. As stated, all actors integrate resources from private, public, and market-facing sources to co-create value together and, in similar ways, engage in market (re)formation through their participation in institutional work (i.e. ongoing negotiations, experimentation, competition, and learning). Even actors who are traditionally viewed as producers engage in value co-creation in the same way. For example, NBC, by distributing its content using Comcast’s cable system, engages in institutional maintenance of the traditional video market. At the same time, however, NBC also engages in the disruption and change of traditional value co-creation practices related to the integration of video content by offering its programming via online platforms such as Netflix and Hulu.

Zooming out even farther, it can be easily seen that the enactment of practices associated with mobile devices, such as smartphones and tablets, is also an important part of the service ecosystem in which the video content for entertainment is integrated. These practices, due to the increasing proliferation, connectivity, and speed of mobile technologies, undoubtedly shape the perceptions of both traditional and streaming practices. Even more broadly, and consistent with a scalable systems approach, the current debate over net neutrality and the throttling of internet traffic introduces additional stakeholders in the enactment of video value co-creation practices that actively engage in institutional work. While Internet providers request more control over traffic flows, net neutrality activists, supported by firms such as Yahoo, Vonage, and Amazon, aggressively lobby against what they believe could be the end of the ‘free’ Internet. Consequently, governmental agencies and bodies also play an integral role in the shaping of video-related practices as they enact and enforce new laws and regulations. Thus, viewed from the generic A2A view of the service ecosystems perspective, not only viewers and content providers engage in value co-creation and market (re)formation in the same way by integrating resources from a large variety of actors and by engaging in institutional work in service ecosystems, but also a large number of other stakeholders, which include, but are not limited to providers and users of mobile devices, providers of internet infrastructure, net neutrally activists, and the Federal Communications Commission.

Strategic implications of the institutional view on value co-creation: towards the development of a research agenda

Even though institutions and institutional arrangements have received significant attention in economic, organizational, and sociological literatures, they are, with some notable exceptions (e.g. Alderson 1965; 57; Araujo and Spring 2006; Arndt 1981; Carson et al. 1999; Giesler 2008; Heide and John 1992; Humphreys 2010; Hunt 1983), not very prevalent in the marketing literature in general and in the marketing strategy literature in particular. Using a systemic view on actor participation in value creation, we highlight that institutions and institutional arrangements are crucial elements in how actors enact value co-creation practices, perceive value, and shape and reform markets. This view supports and extends the work from a number of contemporary marketing and management scholars who have called for more systemic and institutional views of exchange and value co-creation practices and their change processes, using a variety of concepts such as 'dominant ideas' (Normann 1977), 'dominant logics' (Prahalad 2004) which become 'dominant designs' (Baldwin and Clark 2006), 'industry recipes' (Spender 1989), and 'industry business logics' (Storbacka 2006; Storbacka,& Nenonen 2011).

The systemic and institutional view on value creation of S-D logic provides a more unified picture of the fundamentally similar roles of actors in service ecosystems. By arguing that various actors participate in value co-creation through integrative, normalizing, and representational practices and the (re)formation of markets by creating, maintaining, and disrupting the institutions that shape these practices, this paper proposes a view that transcends the traditional actor typologies commonly used in the marketing literature. Overcoming these traditional actor typologies has important positive and normative implications for both practitioners and academicians and paves the way for building a research agenda for the (re)formation of value co-creation practices (including the (re)formation of markets). This agenda calls for further research centered on the following four themes.

Theme 1: The nature of market practices as part of broader value co-creation practices

Although marketing scholars have begun to discuss the role and importance of practices in markets and marketing (Kjellberg & Helgesson, 2007; Schau, Muniz Jr, & Arnould, 2009; Warde, 2005; Mele et al., 2015), as well as in value cocreation (Lusch & Vargo, 2014; Vargo & Akaka, 2012), this discussion is still in its infancy. Conceptualizing market practices as interlinked and overlapping sets of practices that guide the integration of market-facing resources shows that these practices should be investigated as subsets of broader value co-creation practices in which resources are integrated from private, public, and market-facing sources through service-for-service exchange. Thus, this conceptualization highlights the need for a deeper understanding of the highly intertwined nature of market and value co-creation practices and how these practices change through the interplay with each other.

Theme 2: Market (re)formation as an institutional change process

The consideration of a service ecosystems perspective for value creation and market (re)formation emphasizes that the maintenance, disruption, and change of institutions is always a co-creational process in which actors try to resolve the nested contradictions and inconsistencies that are foundational to all institutional arrangements. Thus, both academicians and practitioners need to engage in a deeper exploration of how actors resolve these contradictions and inconsistencies in the institutional arrangements that guide the enactment of both market and value co-creation practices and, thus, the ongoing emergence and decline of new problems and solutions.

In line with the systemic perspective that is foundational to S-D logic, we believe that this exploration needs to include an investigation of the linkages between, or relationships among, various 'levels' (micro, meso, and macro) and we call for both conceptual and empirical investigations of these linkages. Furthermore, as pointed out by Mele et al. (2015), we believe that the investigation of these linkages can greatly benefit from various viewpoints such as institutional, practice-based, socio-cognitive, and discursive perspectives originating from various disciplines such as sociology, social psychology, organizational studies, and communication. In other words, a systemic and institutional view on value creation and market (re)formation can act as a bridge between various disciplines and encourage the use of more multidisciplinary approaches in business studies and in human collaboration.

Theme 3: The role of generic actors participating in the shaping of value co-creation practices

The marketing discipline has long relied on 'a relatively narrow concept of customer, with a focus on the immediate: immediate results and the immediately reachable customer' (Lemon & Seiders, 2006). More specifically, Lemon and Seiders (2006) argue that, by focusing on increasingly narrowing customer segments, firms limit their understanding of markets. A service ecosystems perspective and its inherent institutional view, on the other hand, not only allows zooming in to observe value co-creation processes of individual actors or dyads of actors, but also mandates zooming out to a view that highlights that value co-creation and market (re)formation is always a co-creational and systemic process that is not only driven by highly salient actors, such as entrepreneurs, innovating firms, and customers (whether paying or not), but by a multitude of actors with different problems, institutional arrangements, and visions of the future which they attempt to render 'real' (Emirbayer & Mische, 1998).

More foundationally, this view not only makes the importance of a broad range of actors salient, including non-adopters, governments, and other stakeholders who might not participate in restricted exchange practices and who often receive little attention in marketing thought, but also highlights that all of these actors, by engaging in institutional work, participate in the creation and evaluation of value and the (re)formation of markets, in fundamentally similar ways by shaping broader sets of value co-creation practices.

For marketing practitioners, the role of institutions reframes marketing research activities from gaining a better understanding of narrow customer segments to understanding broad practices and relationships of nested systems and subsystems and their institutions and institutional change processes. In line with an academic research agenda that investigates the linkages between, or relationships among, various levels of actors over time, we propose that marketing practitioners can greatly benefit from reducing their overreliance on cross-sectional data of customers (e.g. demographic and psychographic data) and markets (e.g. size of markets and market segments; market shares; competitors' offerings). Similarly, Mele et al. (2015), in their work on 'markets-as-verbs,' posit that practitioners need to gain a better understanding of the unfolding nature of value co-creation practices and their change mechanisms. This includes, but is not limited to, gaining a broader understanding of the roles of actors in seemingly disparate categories, and more longitudinal research methods into the processes through which these actors arrive at shared conceptions of problems and solutions.

Theme 4: Exploring the co-created nature of market stories and narratives

The systemic and institutional view of value co-creation presented in this paper also has important implications for market communication. As Ballantyne and Varey (2006) point out, much of marketing thought still views 'monological' or 'one-way message-making systems' as the dominant form of communication. In other words, marketing thought seems to have accepted a decoupling of interaction and communication and most communication tools seem to aim at informing, persuading, and reminding potential buyers by influencing an opinion or eliciting a response (Ballantyne & Varey, 2006). Conceptualizing the development of value co-creation practices as institutional change processes shows the fallacy of this approach.

The institutionalization of value co-creation practices (including the formation of markets) is a process in which norms, meanings, values, and rules are continually formed and reformed through the practices and interactions of various actors. That is, the shaping of value co-creation practices is a systemic process in which only truly multidirectional communication can facilitate the co-creation of institutions, since, as Ballantyne and Varey (2006) argue, only through true dialogical interactions can actors gain the ability to 'learn together.'

Similarly, Boje (1991) argues that both listeners and tellers of stories co-create narratives by pointing out that the audible part of a narrative is only a fraction of a storytelling episode, and that listeners fill the blanks and gaps between the lines with their own experiences. Thus, as highlighted by Deuten and Rip (2000), Boje (1991), and Rosa and Spanjol (2005), market stories are always co-created and interdependent. These interdependent market stories, building on, adapting, or contrasting earlier stories, can come into alignments that help to generate the institutional arrangements that enable actors to reproduce and co-creatively change market practices.

What this means for marketers is that marketing should not be done to customers, but with them (Lusch, Vargo, & O'Brien, 2007), as well as with a broad range of other actors who may not directly engage in restricted exchange practices of a specific solution (e.g. non-paying customers, users of alternative solutions), but who participate in the broader value co-creation practices through integrative, normalizing, and representational practices and, therefore, participate in the joint narrative of a specific solution. Thus, future research should explore the important linkages between institutional change and co-created narratives in general, and the co-created nature of these narratives, in which the traditional firm is only one voice among many others, in particular.

Conclusion

Most actor typologies in the marketing literature (e.g. producers and consumers, paying and non-paying customers) are based on unidirectional, transactional, and dyadic views on value creation. While we believe that the concept of value-in-exchange is useful, it limits understanding by steering attention to one specific element of value creation (nominal value) rather than on the broader and more general process. A deeper exploration of value-in-context and an actor-to-actor view, on the other hand, can help both academics and practitioners to explore the performative, effectual, and entrepreneurial nature of market shaping carried out by a much broader range of actors and move these actors and practices to the forefront of their business and research activities.

Contrary to value-in-exchange, the notion of value-in-context implies that value is not only always systemic and co-created, but also always contextually determined (Chandler & Vargo, 2011; Lusch & Vargo, 2014; Vargo & Lusch, 2011). By utilizing this broader notion of value, S-D logic and its service ecosystems perspective mandate a re-conceptualization of value creation and market (re)formation processes by overcoming the unidirectional view on value flows and the narrow focus of value-in-exchange. More specifically, the service ecosystems perspective allows re-conceptualizing 1) which actors participate in the enactment of value co-creation practices and 2) how the enactment of those practices is shaped through institutional work. We use the integration of video content for entertainment as a context to show how various actors participate in value creation in a fundamentally similar way through the enactment of value co-creation practices (i.e. integrative, normalizing, and representational practices) and, simultaneously, in a performative fashion, shape these practices by creating, maintaining, and disrupting the institutions that enable and constrain them.

As a result, we propose a more unified view on value creation and market (re)formation in terms of who and how actors participate in these practices. By overcoming the traditional actor typologies, we highlight important positive and normative implications. A service ecosystems perspective allows both academicians and practitioners to not only zoom from single actors to dyads of actors to the broader practices and relationships of multi-leveled systems and their institutions and institutional change processes, but also reframes market communication to multidirectional learning processes among systemic actors.

Disclosure statement

No potential conflict of interest was reported by the authors.

Note

1. Consistent with earlier work (Vargo & Lusch, 2011; Vargo et al. 2015), we define actors, as the human participants involved in resource integration, service exchange and value co-creation. While we acknowledge that approaches that incorporate non-human actors, such as actor-network theory (Callon, 1986, Law and Hassard, 1999; Latour, 2005), hold promise for important insights for a deeper understanding of value creation, we do not include their consideration in this article.

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